

PROJECT PERFORMANCE ASSESSMENT REPORT

THE GAMBIA

Growth and Competitiveness Project

Report No. 169080

MARCH 4, 2022



IEG
INDEPENDENT
EVALUATION GROUP

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The Gambia

**Growth and Competitiveness Project
(IDA-H6140)**

March 4, 2022

Finance, Private Sector, Infrastructure, and Sustainable Development

Independent Evaluation Group

Abbreviations

GDP	gross domestic product
GHE	Gambia Horticulture Enterprises
GIEPA	Gambia Investment and Export Promotion Agency
GTHI	Gambia Tourism and Hospitality Institute
IEG	Independent Evaluation Group
IFC	International Finance Corporation
MSME	micro, small, and medium enterprises
PCU	Project Coordination Unit
SWBR	Single Window Business Registry

All dollar amounts are US dollars unless otherwise indicated.

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Project Data

This is a Project Performance Assessment Report (PPAR) by the Independent Evaluation Group (IEG) of the World Bank Group on The Gambia Growth and Competitiveness (P114240) project. This instrument and the methodology for this evaluation are discussed in appendix C. Following standard IEG procedure, copies of the draft PPAR were shared with relevant government officials for their review and comment; no comments were received.

The Gambia Growth and Competitiveness (P114240)

Basic Data

Country	The Gambia	World Bank financing commitment	\$12 million
Global Practice	Finance, Competitiveness, and Innovation	Actual project cost	\$11.76 million
Project name	Growth and Competitiveness	Expected total cost of project	\$12 million
Project ID	P114240	Actual amount disbursed	\$11.76 million
Financing instrument	Specific investment loan	Environmental assessment category	Category B
Financing source	International Development Association grant		

Dates

Event	Original Date	Actual Date
Approval	September 30, 2010	September 30, 2010
Effectiveness	January 12, 2011	January 12, 2011
Restructuring	January 16, 2014	January 16, 2014
	September 5, 2015	September 5, 2015
Midterm review	June 17, 2013	June 24, 2013
Closing	December 15, 2015	December 15, 2015

Key Staff Responsible

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Summary

Project Background and Description

The Gambia is one of the lowest-income countries in Sub-Saharan Africa and had been under authoritarian control for almost two decades until 2017. At the time of appraisal of this project in 2010, the country had a per capita gross domestic product of just \$560 (IMF 2011). The Gambia's economy was undiversified and highly dependent on tourism, reexport trade, and agriculture. The policies under the former president isolated the country, weakened the economy, intimidated civil society, and agitated ethnic divisions. In April 2017, the country experienced its first transfer of power in 23 years. Exogenous factors (such as the drought, erratic rains, the Ebola crisis, and so on) and the turbulent political context have affected The Gambia's economic growth. Access to and the high cost of electricity, access to finance, the cost and time to register a property, and high tax rates were the major constraints faced by private sector firms.

The Gambia Growth and Competitiveness Project (P114240) was approved on September 30, 2010; restructured twice, on January 16, 2014, and on September 5, 2015; and closed as scheduled on December 15, 2015. The project was financed by a grant from the International Development Association for \$12 million. The objective of this project was "to improve the investment climate and strengthen the competitiveness of key sectors of The Gambian economy" (World Bank 2010, 9).

Results

What Worked

The mango outgrower program under the matching grant scheme was successful because it was built on an in-depth feasibility analysis at project design and involved an agronomist based in the Project Coordination Unit to support outgrowers at project implementation.

During the field mission, the Independent Evaluation Group found that incentives linked to access to finance and capacity building can encourage firms to become formal. High tax rates and a lack of public awareness in The Gambia are preventing businesses from registering unless they are provided with an incentive. More recently, donors are providing training and grants to small and medium enterprises on the condition that they register their businesses in the Single Window Business Registry (SWBR) implemented under this project, which is triggering the registration process.

What Didn't Work

Contrary to what was intended, The Gambia's performance on implementation of investment climate reforms was weak because of lack of political will. As a result, the progress in adopting and implementing reforms has been very slow. The biggest challenge is to coordinate and bring cabinet ministers together to carry out public-private dialogue and investment climate reforms. Despite several recommendations to the government from the International Finance Corporation's *Doing Business* team of simple reforms for improving the investment climate, the progress has been very slow.

The SWBR is not functioning as a one-stop shop because it has not succeeded in bringing together government agencies under one roof to simplify the business registration process. As a result, business owners must travel to multiple government agencies in different locations to complete the registration process. In addition, the SWBR does not have an adequate reporting mechanism to break down the information by small and medium enterprises; micro, small, and medium enterprises (MSMEs); large companies; gender; youth; and so on. Also, important aspects of the company law have not been incorporated in the registry. For example, there is no provision in the registry to determine the fee for an increase in the share capital of businesses. Finally, lack of funding to maintain and upgrade the system is a major issue affecting the registry's sustainability.

The collateral registry for the registration of securities created over movable property is operational; however, low use of the collateral registry is mainly due to (i) lenders' preference to use immovable assets over movable assets as collateral because it is difficult to collect movable assets in the case of default; and (ii) high system downtime because the US-based firm that implemented the system no longer exists. In addition, the Central Bank of The Gambia does not even collect information on what percentage of the loan portfolio is secured by movable and immovable assets.

Lack of funding, high staff turnover, and limited capacity have hampered the functioning of the Gambia Investment and Export Promotion Agency, making it difficult to attract potential investors. In addition, this agency's role in investment promotion is not very effective because several investment promotion agencies at the ministerial level and in the Office of the President of The Gambia are operating in silos. This makes the decision-making process complicated because investors do not know whom to approach for investment promotion.

Neither the vegetable nor the poultry outgrower program under the matching grant scheme has been sustainable after project closing because of (i) lack of feasibility analysis; (ii) insufficient time to implement because the programs were added toward the end of the project; and (iii) lack of an exit strategy.

The MSME business growth program under the matching grant scheme improved the capacity of MSMEs and enabled them to expand their businesses; however, beneficiaries of this program needed funding after training, especially to purchase equipment, because access to finance is one of the biggest constraints for firms in The Gambia. Unfortunately, the design of the scheme did not have a provision for funding.

The project supported the Tourism Marketing Committee and The Gambia Tourism Board by funding their marketing efforts to diversify the tourist arrivals from traditional to nontraditional markets. However, the 2014 Ebola crisis and the collapse of a major tourist operator in 2019 affected tourist arrivals. In addition, lack of funding and capacity is affecting the sustainability of the Gambia Tourism and Hospitality Institute.

Design and Preparation

In terms of the scope of activities and components, the design was complex and did not adequately capture the country conditions and weak institutional capacity of the Project Coordination Unit, which is evident from the dropping of or changes to several activities during implementation.

Existing agencies with functions similar to an investment promotion agency were not considered or factored into the design of the project, especially in an environment where the agencies are operating in silos. As a result, the role of the Gambia Investment and Export Promotion Agency in investment promotion is less effective because investors bypass this agency and approach the ministries or the Office of the President directly.

The design of the matching grant scheme, especially the MSME business growth program, did not adequately capture the needs and challenges faced by the beneficiaries, given the large informal sector and small businesses' lack of access to finance.

Given the importance of the tourism sector in The Gambia, the design of the tourism-related activities focused mainly on funding the marketing efforts to diversify tourists and building the capacity of the Gambia Tourism and Hospitality Institute. However, important activities related to tourism, such as product and infrastructure development, were not factored into the design of the project.

Implementation and Supervision

The project was restructured approximately a year before closing. Important activities related to tax administration reforms were dropped, and activity related to MSME access to finance was replaced by a poultry outgrower program without proper feasibility analysis. As a result, benefits from this program have not been sustained after project closing. The late restructuring of the project and insufficient feasibility analysis indicate lack of proactivity of the project team during supervision.

Maintenance of the SWBR has been a challenge and has led to frequent downtime because the US-based firm that implemented the registry did not transfer the administrative access rights for the system to the Ministry of Justice. The World Bank project team should have been more proactive in ensuring the smooth transfer of the administrative rights for the registry from the US-based firm to the Ministry of Justice before project closing.

The application process for matching grants to beneficiaries was overly complex. The “no objection” requirement from the World Bank, especially when procuring consultants, and inaccurate information reporting by MSMEs contributed to delays in the approval of the matching grants to beneficiaries.

The project did not have an exit strategy and handover mechanism. As a result, benefits from the project have not been sustained after project closing.

Table S.1. IEG Project Ratings for The Gambia Growth and Competitiveness Project (P114240)

Indicator	ICR	ICRR	PPAR
Outcome	Moderately satisfactory	Moderately satisfactory	Moderately unsatisfactory
Overall efficacy	High	Not Rated	Modest
Bank performance	Moderately satisfactory	Moderately satisfactory	Unsatisfactory
Quality of monitoring and evaluation	Not rated	Modest	Modest

Source: World Bank 2016, 2017.

Note: The Implementation Completion and Results Report (ICR) is a self-evaluation by the responsible Global Practice. The ICR Review (ICRR) is an intermediate Independent Evaluation Group (IEG) product that seeks to independently validate the findings of the ICR. PPAR = Project Performance Assessment Report.

The evaluation methodology and evidence sources are described in appendix C.

Lessons

This assessment offers the following lessons:

- It is crucial to have a permanent funding mechanism for smooth functioning and sustainability of an SWBR. Since lack of funding is a major issue, the registry

implemented by the project depends on the Ministry of Justice and Ministry of Trade, Industry, Regional Integration and Employment for funding. An option would be to retain a portion of the revenues generated from business registrations for operations and maintenance of the registry.

- Matching grant schemes need to be timely in the project's trajectory and carefully targeted to participants' specific needs. The lack of benefits from the vegetable and poultry outgrower programs was mainly due to the addition of these programs just two years before the project closing. Since access to finance is overwhelmingly the most frequently identified constraint for firms in The Gambia, and access has worsened over time, MSME beneficiaries of the matching grant scheme needed funding after training to purchase equipment so they could meet market demands. However, by design, the project's matching grant scheme did not include a provision for funding MSMEs.
- For working with low-capacity clients, especially in fragile and conflict-affected countries, design should be simple and include a realistic set of components and activities implementable by the Project Coordination Unit. The scope of the project was complex and included several activities. As a result, the project narrowly focused on tourism. The Gambia could have benefited from a separate project focused on the competitiveness of the tourism sector to include product development, marketing, and infrastructure development.
- Public-private dialogue to instigate investment climate reforms needs a key champion at the highest level of the government to bring the public and private sector entities together to adopt and implement reforms. Evidence from several better-performing countries in Sub-Saharan Africa show that a champion at the highest level of the government can play an important role in improving the investment climate because the champion can lead discussions on investment climate reforms and track the progress of these reforms.

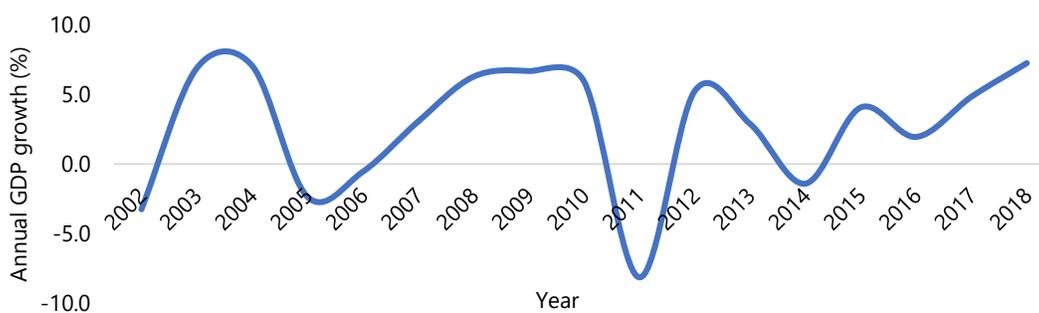
Carmen Nonay
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Independent Evaluation Group

1. Background, Context, and Design

Background and Context

1.1 The Gambia is one of the lowest-income countries in Sub-Saharan Africa and had been under authoritarian control for almost two decades until 2017. At the time of appraisal of this project in 2010, the country had a per capita gross domestic product (GDP) of just \$560 (IMF 2011). The Gambia's economy was undiversified and highly dependent on tourism, reexport trade, and agriculture. Tourism and reexport trade, which accounted for half of the GDP, were the key drivers of the economy, followed by agriculture, which accounted for one-third of the GDP. Although agriculture accounted for 70 percent of employment, it was highly dependent on the underperforming groundnut sector and had high poverty levels (World Bank 2010). The policies under the former president isolated the country, weakened the economy, intimidated civil society, and agitated ethnic divisions. After deployment of troops from the Economic Community of West African States to The Gambia to ensure stability, the president accepted defeat and left the country. As a result, the country experienced its first transfer of power in April 2017. Exogenous and political factors have affected The Gambia's economic growth (figure 1.1). For example, tourism and remittances were hit hard and declined by 10 percent and 20 percent, respectively, because of the global financial crisis (World Bank 2010). The Gambia did not perform well in global rankings on governance and transparency and was ranked 121st among 163 countries by Transparency International (World Bank 2010).

Figure 1.1. Gross Domestic Product Growth, The Gambia



Source: World Development Indicators database.

Note: GDP = gross domestic product.

1.2 Access to and the high cost of electricity, access to finance, the cost and time to register a property, and high tax rates were the major constraints faced by private sector firms in The Gambia. According to the World Bank's 2009 report *The Gambia: An*

Assessment of the Investment Climate, electricity cost in The Gambia was the highest in Sub-Saharan Africa (World Bank 2009). Moreover, manufacturing firms in The Gambia lost an average of 14 percent of sales because of power disruptions. Access to finance was also a major constraint faced by firms, especially micro, small, and medium enterprises (MSMEs), because of the high cost of finance and collateral requirements. For example, domestic credit to the private sector as a percentage of GDP was only 16 percent for The Gambia, compared with 65 percent for Sub-Saharan Africa. Long wait times hampered property registration in The Gambia because firms had to wait for about a year to get their legal titles. Finally, high tax rates in The Gambia reduced the incentive for firms to become formal. For example, a medium-size firm in The Gambia had to pay 41.4 percent of its profits in taxes, compared with 23.8 percent in Sub-Saharan Africa. The 2007 World Bank Diagnostic Trade Integration Study identified the following sector challenges that needed to be addressed to sustain economic growth in The Gambia: (i) maintaining the country's competitive advantage as a subregional transit hub through continued modernization and upgrading of logistics infrastructure and services and improving regional integration; (ii) promoting sustainable growth of the tourism industry; and (iii) facilitating private sector-led growth of agricultural export diversification (World Bank 2007).

Objective, Design, and Financing

1.3 The objective of this project was “to improve the investment climate and strengthen the competitiveness of key sectors of The Gambian economy” (World Bank 2010, 9) by the following means:

- Improve the business environment, specifically through improved business start-up and operating procedures; strengthen investment promotion and facilitation; and increase access to finance for MSMEs.
- Strengthen support for technical and business management skills, thereby improving firm-level productivity; skills development to enhance workforce productivity; and the fostering of links between small-scale producers and markets.
- Enhance the institutional capabilities of the Gambia Investment and Export Promotion Agency (GIEPA), The Gambia's tourism authority, and other relevant authorities, while strengthening private-public dialogue.

1.4 The project was restructured twice. The first restructuring of the project, on January 16, 2014, involved the following changes: (i) The activity related to tax administration reform and the indicator “time spent in preparing and filing taxes” were dropped; (ii) the activity related to the quality assurance program for the groundnut

sector was replaced by a vegetable outgrower scheme; and (iii) the activity related to MSME access to finance was replaced by a poultry outgrower scheme. The second restructuring of the project, on September 5, 2015, involved reallocation of \$350,000 from business environment reforms to support investment promotion and \$180,000 from a competitiveness program to an implementation support component.

1.5 The project involved three components, two subcomponents, and 10 activities. The scope of the investment climate component of the project involved implementation of the Single Window Business Registry (SWBR) and collateral registry and strengthening the capacity of GIEPA, an investment and export promotion agency. The scope of the horticulture program under the competitiveness program subcomponent of the project was to provide matching grants to three investor farms (Radville Farms, Gambia Horticulture Enterprises [GHE], and EMPAS Poultry Processing Company) to build the capacity and link the mango, vegetable, and poultry outgrowers to international markets. The competitiveness program subcomponent of the project also involved matching grants to MSMEs to enable them to expand their businesses. Finally, the scope of the support to the tourism development subcomponent of the project involved supporting the marketing efforts of the tourism industry to attract tourists from nontraditional markets and building the capacity of the Gambia Tourism and Hospitality Institute (GTHI).¹

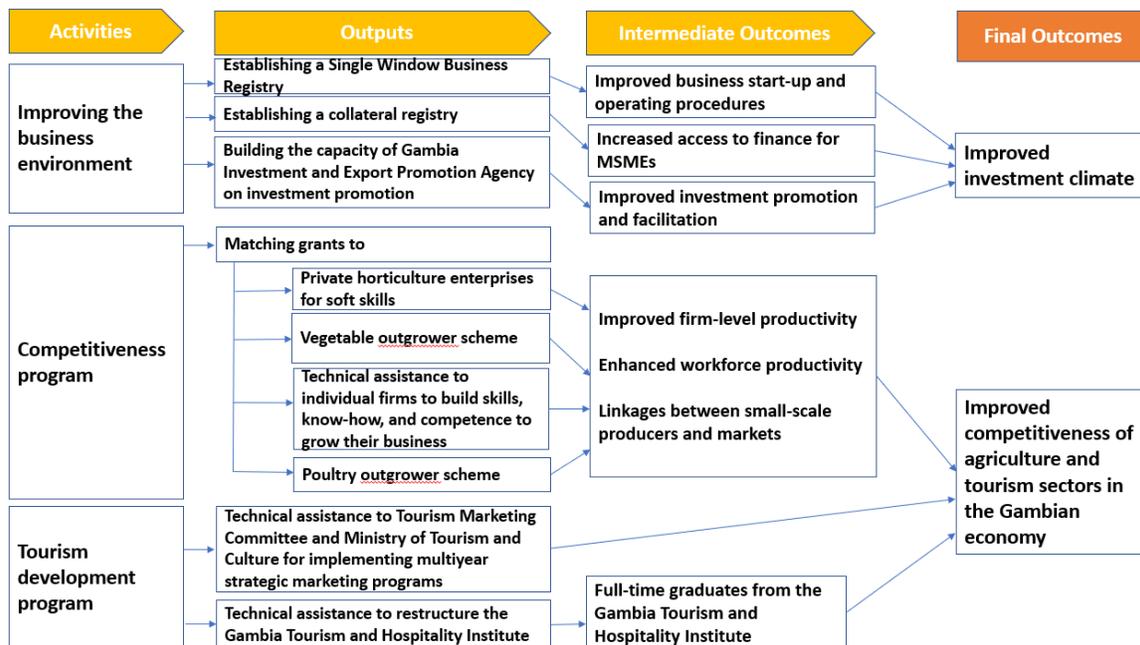
1.6 **Theory of change.** The Independent Evaluation Group (IEG) constructed a theory of change based on the information in the Project Appraisal Document (World Bank 2010), the Implementation Completion and Results Report (World Bank 2016), the Implementation Completion and Results Report Review (World Bank 2017), and information collected during the field mission (figure 1.2).

- The theory of change shows a clear chain of causality between activities and outputs for two project components, improving the business environment and the competitiveness program, leading to intermediate and final outcomes. For example, the activities and outputs related to the establishment of an SWBR, the establishment of a collateral registry, and the capacity building of GIEPA on investment promotion could contribute to the following intermediate outcomes: (i) improved business start-up and operating procedures; (ii) increased access to finance for MSMEs; and (iii) improved investment promotion and facilitation. These intermediate outcomes could in turn contribute to an improved investment climate, which is one of the final outcomes of the project.
- Similarly, the activities and outputs related to the matching grants to private horticulture enterprises, vegetable outgrowers, individual firms, and poultry outgrowers could contribute to the following intermediate outcomes: (i)

improved firm-level productivity; (ii) enhanced workforce productivity; and (iii) links among small-scale producers and markets. These intermediate outcomes could in turn contribute to improved competitiveness in the agriculture sector, which is one of the final outcomes of the project.

- However, there is a lack of causal chain links between the activities and outputs of the tourism development program component of the project leading to intermediate and final outcomes. For example, it is not clear how the activity and output related to the “technical assistance to key stakeholders in the tourism sector for implementing multiyear strategic marketing programs” could contribute directly to competitiveness in the overall tourism sector without any intermediate outcomes. Similarly, it is not clear how producing full-time graduates from a single institute (which is facing sustainability issues because of lack of funding) could contribute to competitiveness in the overall tourism sector.

Figure 1.2. Theory of Change



Source: Independent Evaluation Group.

Note: MSMEs = micro, small, and medium enterprises.

1.7 **Financing.** The estimated cost of the project at appraisal was \$12 million (table 1.1). The project was financed through a specific investment loan by the International Development Association. The actual cost of the project at closing was \$11.05 million.

Table 1.1. World Bank Financing by Component (US\$, millions)

Project Component	At Appraisal	After Restructuring	At Closing
Improving the business environment	3.00	2.60	2.33
Strengthening the economic clusters	8.00	7.50	6.84
Project implementation	1.00	1.90	1.88
Total	12.00	12.00	11.05

Sources: World Bank 2010, 2016, 2017.

2. What Worked, What Didn't Work, and Why?

Results

What Worked

2.1 The mango outgrower program under the matching grant scheme was successful because it was built on an in-depth feasibility analysis at project design and involved an agronomist to support outgrowers at project implementation. A third-party firm, DEXIS, managed the matching grant scheme and conducted an in-depth feasibility analysis of the mango outgrower program at project design. Moreover, an agronomist based in the Project Coordination Unit (PCU) was involved in providing advice to the mango outgrowers at project implementation. Two investor farms (Radville and GHE) received matching grants from the project with their guarantee of purchasing mangoes and vegetables from outgrowers to export to international markets. For example, GHE used the matching grant from the project to (i) build its capacity; (ii) receive international Good Agricultural Practices certification; (iii) purchase modern equipment to process mangoes for export; (iv) provide inputs (such as seedlings, fertilizers, pesticides, and so on) to the outgrowers; and (v) build the capacity of the outgrowers. The outgrowers in Radville and GHE were organized as cooperatives; 90 percent of them were smallholder farmers with less than 1 hectare of land, and the remaining 10 percent were farmers with large orchards. During the field mission, IEG interviewed an outgrower from Radville and found that he applied knowledge from his training and interactions with farmers in Ghana. Radville exports 100 percent of its produce to its parent company in the United Kingdom. In 2019, Radville exported 2,500 tons of mangoes. Before receiving the matching grant in 2013, GHE was exporting only 20 tons of mangoes. After the matching grant, GHE's exports increased to 70 tons in 2015 and 160 tons in 2019.

2.2 Incentives linked to access to finance and capacity building can encourage firms to become formal. Because of high tax rates and a lack of public awareness in The Gambia, businesses do not come forward for registration unless they are provided with an incentive. More recently, donors are providing training and grants to small and

medium enterprises on the condition that they register their businesses in the SWBR implemented under this project, which is triggering the registration process.

What Didn't Work

2.3 Contrary to what was intended, The Gambia's performance on the implementation of investment climate reforms was weak because of a lack of political will. This is evident from the deterioration in the *Doing Business* ranking for The Gambia, from 140 at project approval in 2010 (IFC and World Bank 2009) to 155 at the time of the IEG mission in 2020 (table 2.1; World Bank 2020). In 2017, the government established a National Business Council to carry out public-private dialogue and investment climate reforms in the country.² However, the progress in adopting and implementing reforms has been very slow because of a lack of political will. For example, only three National Business Council meetings were held in the past three years. During the field mission, The Gambia Chamber of Commerce mentioned to IEG that the biggest challenge is to coordinate and bring all the cabinet ministers together for the National Business Council meetings. Despite several attempts by the International Finance Corporation (IFC) *Doing Business* team to support the government in improving the investment climate, progress has been slow. For example, IFC's *Doing Business* team conducted a mission in The Gambia in February 2019 and recommended a set of simple reforms to the government. However, when the IFC team revisited the country in December 2019, little progress had been made because only one of the many reforms recommended by IFC had been implemented by the government.

Table 2.1. *Doing Business* Indicators for The Gambia, 2010–20

<i>Doing Business</i> Indicator	At Project Approval	During Project Implementation				At Project Closing	After Project Closing				Current
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>Doing Business</i> rank	140	146	149	147	150	138	151	145	146	149	155
Distance to frontier	—	—	—	—	—	54.81	48.99	51.70	51.92	51.72	50.30
Starting a business	114	115	120	123	130	159	169	168	171	169	119
Score of starting a business (0–100)	—	—	—	—	—	68.37	67.32	69.37	69.00	69.91	84.60
Procedures (number)	8	8	8	8	8	7	7	7	7	7	6
Time (days)	27	27	27	27	27	26	25	25	25	25	8
Cost (% of income per capita)	215.1	199.6	206.1	158.7	174.3	131.2	141.6	125.2	128.2	120.9	49.5

<i>Doing Business</i> Indicator	At Project Approval	During Project Implementation					At Project Closing	After Project Closing				Current
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Paid-in minimum capital (percentage of income per capita)	0	0	0	0	0	0	0	0	0	0	0	
Getting credit	135	138	159	165	160	160	162	118	122	134	152	
Paying taxes	176	176	178	179	184	180	177	171	169	169	172	

Source: IFC and World Bank 2008, 2009, 2010, 2012, 2013a, 2013b; World Bank 2018a, 2019, 2020; World Bank Group 2014, 2016a, 2016b.

Note: — = Not available.

2.4 The SWBR is not functioning as a one-stop shop because it has not been successful in bringing together government agencies under one roof to simplify the business registration process. Therefore, gains from the establishment of the SWBR are limited to reductions in the cost and time to start a business. The cost to register a business in The Gambia has fallen from 215.1 percent of the gross national income in 2010 to 49.5 percent in 2020 (table 2.1). However, the time required to register a business varies. During the field mission, the IEG found that it took two days to register a business during the January-to-June peak period, one day during the July-to-December off-peak period, and one week when the SWBR system was down because of technical issues. Initially, it was expected that the SWBR would ease the business registration process by functioning as a one-stop shop. However, during the field mission, IEG found that the SWBR is not functioning as intended because after registering the company in the system, business owners must travel to multiple government agencies (such as The Gambia Revenue Authority office for taxes, the social security office for registering their employees, and so on) in different locations to complete the registration process.

2.5 The SWBR does not have an adequate reporting mechanism, and important aspects of the company law have not been incorporated in the registry; moreover, lack of funding to maintain and upgrade the system is a major issue that is affecting the sustainability of the registry. The SWBR can only provide registration information by geographic area, registrations by month, and the average number of days to register a business. It cannot break down the information by small and medium enterprises, MSMEs, large companies, gender, youth, age, nationality, and public sector employees who own businesses in The Gambia. During the field mission, IEG found that certain parts of the company law have not been incorporated in the SWBR. For example, there is no provision in the registry to determine the fee for an increase in the share capital of businesses. Also, one year after registration, a company is required to file for tax returns

by submitting its financial statements in the registry. However, most companies do not file for tax returns, and the SWBR does not have a mechanism to track them. During the field mission, IEG found that the funding to maintain and upgrade the registry is a major issue because SWBR is not an autonomous agency and depends on the Ministry of Justice for funding. Moreover, the revenues generated by the SWBR from business registration go back to the Ministry of Justice. This is interfering with the smooth functioning and sustainability of the SWBR. For example, because of insufficient funding, in 2019 the SWBR had to request funding from the Ministry of Trade, Industry, Regional Integration and Employment to contract with a local information technology company, purchase equipment to upgrade the registry, and resolve issues that were leading to system downtime.

2.6 The collateral registry for the registration of securities created over movable property is operational; however, low use of the collateral registry is mainly due to (i) lenders' preference to use immovable assets over movable assets as collateral; and (ii) high system downtime due to technical issues. In 2014, the collateral registry was established based on the Security Interests in Moveable Property Act. The system was developed by ALPHA XP, the same information technology company that developed the SWBR. The collateral registry is used by (i) the Central Bank of The Gambia for staff loans to procure vehicles; (ii) government entities and public parastatals; (iii) private sector companies; and (iv) commercial banks. As of early March 2020, 806 transactions were recorded in the collateral registry. During the field mission, IEG interviewed a large commercial bank and a microfinance institution and found that only 10–18 percent of their loan portfolios used movable assets as collateral. The reason is that financial institutions prefer land over movable assets as collateral since it is difficult in The Gambia to collect movable assets in the case of default. Moreover, technical issues in the collateral registry have led to high system downtime, exacerbated by the fact that the information technology company that implemented the system no longer exists. As a result, maintaining and upgrading the collateral registry has become a major challenge for the Central Bank. For example, the microfinance institution interviewed by IEG mentioned that it had been logged out and unable to access the collateral registry for more than a year and only received access sometime in March 2020. Finally, the Central Bank does not even collect information on what percentage of the loan portfolio is secured by movable and immovable assets during supervision visits to financial institutions.

2.7 Lack of funding, high staff turnover, and limited capacity have hampered the functioning of GIEPA, making it difficult to attract potential investors. GIEPA's funding from the Ministry of Trade, Industry, Regional Integration and Employment only covers staff salaries and does not cover the cost of conducting investor missions to attract

potential investors. As a result, GIEPA has not conducted any investor missions. Investments in The Gambia peaked only in 2017, mainly in the energy sector, because investors at that time wanted to take advantage of the newly formed government. During the field mission, IEG found that GIEPA was registering an average of three investors per day in 2017. The number of investors registered in GIEPA increased to 100 in 2018. The average volume of foreign direct investments in The Gambia was in the range of \$25–29 million in 2017–18. However, high staff turnover and the lack of information technology systems to track investments have affected the operations of GIEPA. The project also supported GIEPA in building a bilingual website in English and French; however, the website is not interactive and has not been updated since 2017. Finally, GIEPA’s role as an investment promotion agency is not very effective because there are several investment promotion agencies at the ministerial level and in the Office of the President of The Gambia. This complicates the decision-making process because investors do not know whom to approach for investment promotion. Moreover, there is a lack of synergies among these investor promotion agencies because they operate in silos.

2.8 The vegetable outgrower program under the matching grant scheme has not been sustainable after project closing because of (i) the lack of a feasibility analysis; (ii) insufficient time to implement because the program was added toward the end of the project; and (iii) the lack of an exit strategy. A quality assurance program for the groundnuts sector was replaced by the vegetable outgrower program just two years before project closing. As a result, there was insufficient time to implement the vegetable outgrower program. Moreover, the program was poorly designed because it did not conduct a proper feasibility analysis. Radville and GHE were the two investor farms that received matching grants from the project for the vegetable outgrower program. The majority of the outgrowers in this program were women and youth. As part of the matching grant scheme, Radville worked with the outgrowers in eight vegetable gardens to export vegetables to its parent company. However, after project closing, Radville no longer works with outgrowers in these vegetable gardens; one is not used because of a lack of funding to resolve water and electricity problems, and in the remaining seven gardens, men have taken over from women and youth (box 2.1).

Box 2.1. Lack of an Exit Strategy for the Vegetable Outgrower Program

During the field mission, the Independent Evaluation Group visited a vegetable garden that sold vegetables to Radville under the matching grant scheme. A total of 280 outgrowers organized in seven groups worked in this garden at project implementation. However, the vegetable garden was not self-sustainable because of low membership fees for outgrowers. Therefore, key issues related to water and electricity could not be resolved. As a result, this vegetable garden is no longer used. It should be noted that a World Bank project, The Gambia Commercialization and Value Chains, which was approved by the World Bank Board of Executive Directors in 2017, also provided matching grants to vegetable outgrowers. Therefore, the recent developments in vegetable gardens and its benefits to outgrowers cannot be attributed to The Gambia Growth and Competitiveness Project.

Source: Independent Evaluation Group field mission.

2.9 The poultry outgrower program under the matching grant scheme was not successful because, like the vegetable outgrower program, it was added toward the end of the project without a proper feasibility analysis, there was insufficient time to implement the program, and there was no exit strategy. Moreover, the PCU did not have a poultry expert to support the matching grant scheme. Three investor farms (EMPAS, Radville, and GHE) received matching grants for the poultry outgrower program. EMPAS used the matching grant to (i) build its capacity; (ii) purchase equipment for a hatchery and processing unit; and (iii) provide training to 40–50 outgrowers on broiler chicken production and 12 outgrowers on egg production. During the field mission, IEG interviewed a poultry outgrower who had received training from EMPAS in 2015. The outgrower already had capacity before the training; he was managing 20,000 layers (egg-laying poultry birds) and 20,000 broilers at that time. He took the training only to receive 1,000 layers (worth \$6,000) because access to funding is a major issue in The Gambia. This is an example of elite capture, whereby already established outgrowers access business seed funding. According to the outgrower, the project’s contributions were small in terms of both training and funding because the funding to expand his business had come mostly from family and friends, as well as from social development funds organized by the African Development Bank, Islamic Development Bank, and International Fund for Agricultural Development. A high volume of poultry imports from Argentina, Brazil, the Netherlands, and Senegal at lower prices is one of the biggest challenges faced by local poultry farmers in The Gambia. To reduce the price of locally produced chickens, poultry farmers in The Gambia need funding for hatcheries and equipment for feed mills.

2.10 The MSME business growth program under the matching grant scheme improved the capacity and enabled MSMEs to expand; however, beneficiaries of this program needed funding after training, especially to purchase equipment, because access to finance is one of the biggest constraints for firms in The Gambia.

Unfortunately, the scheme’s design did not have a provision for funding. During the field mission, three MSMEs were interviewed by IEG: (i) a marketing and advertising company; (ii) a catering and event management company that provides training to youths; and (iii) a cosmetics and skills training academy. Matching grants enabled them to build their capacity and expand their businesses. After the training, these MSMEs needed funding to purchase equipment. However, commercial banks in The Gambia do not have an incentive to lend to MSMEs because they lend to the government at higher interest rates on treasury bonds. As a result, some of these MSMEs had to cancel customer orders because they lacked the equipment to meet the market demand. These cancellations led to their businesses losing some customers.

2.11 The project supported the Tourism Marketing Committee and Gambia Tourism Board by funding their marketing efforts to diversify tourist arrivals from traditional to nontraditional markets. However, the 2014 Ebola crisis and collapse of a major tourist operator in 2019 affected tourist arrivals. Tourists visiting The Gambia from various countries are categorized into traditional and nontraditional markets (table 2.2). Tourists from traditional markets arrive during the peak season, from October to March. But those from nontraditional markets arrive during the nonpeak season, from April to September. Evidence from The Gambia Tourism Board’s *Annual Tourism Statistics Report* shows that the share of tourist arrivals from nontraditional markets increased from 27 percent in 2010 to 37 percent in 2018, but the share from traditional markets decreased from 73 percent in 2010 to 63 percent in 2018. However, air flights and tourism in The Gambia were shut down because of the Ebola outbreak in 2014, resulting in declines in the average growth in tourist arrivals in 2014–15 in both traditional (–16 percent) and nontraditional markets (–4 percent). Moreover, the September 23, 2019, collapse of UK travel giant Thomas Cook, which had accounted for 40 percent of all foreign tourists, contributed to a 20 percent decline in tourist arrivals in 2019.

Table 2.2. Tourist Arrivals in The Gambia, 2010–18

Tourist Type	2010	2011	2012	2013	2014	2015	2016	2017	2018
Tourist arrivals from traditional markets (number)									
British	40,250	47,592	58,029	45,866	46,802	33,288	41,532	37,250	52,103
Swedish	6,493	6,494	8,057	7,953	6,209	5,856	7,423	8,565	17,571
Danish	2,627	1,350	1,660	1,448	1,756	947	1,216	1,695	2,673
Finnish	1,598	2,979	1,896	2,624	2,696	1,687	4,264	4,631	4,287
Norwegian	1,370	1,279	1,540	1,878	2,631	1,730	1,623	1,979	2,366
German	2,290	3,432	5,350	6,250	4,942	3,752	4,201	5,346	5,397
Belgian	1,983	2,369	5,322	5,068	4,297	3,535	5,063	7,346	8,531
Dutch	8,870	13,174	18,699	25,517	19,497	14,340	24,260	25,770	31,509
Spanish	3,878	5,326	3,570	5,680	5,560	5,671	5,488	6,001	7,588

Tourist Type	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total tourist arrivals from traditional markets (number)	69,359	83,995	104,123	102,284	94,390	70,806	95,070	98,583	132,025
Growth in tourist arrivals from traditional markets (percentage)		21	24	-2	-8	-25	34	4	34
Tourist arrivals from nontraditional markets (number)									
French	834	1,236	1,147	1,568	1,377	1,292	1,571	2,536	2,440
American	1,263	2,961	3,149	3,104	3,746	3,764	3,997	4,257	5,129
Italian	245	350	412	562	487	364	666	816	1,727
Austrian	254	518	402	910	305	312	759	582	719
Czech	4,472	32	193	113	2,195	5,875	4,997	418	357
Polish	219	263	272	1,980	2,527	1,900	2,565	2,536	3,347
Irish	227	2,696	2,084	1,539	668	227	356	534	601
Nigerian	1,530	6,007	5,851	7,124	4,426	4,542	3,102	3,888	5,389
Gambian	11,181	22,153	23,252	29,175	30,204	28,532	30,544	29,322	32,651
African	2,274	11,465	10,340	15,684	10,288	10,294	10,333	9,337	11,170
Other	3,733	4,211	6,098	7,156	5,200	6,652	7,166	9,266	10,618
Russian	0	0	0	0	0	0	0	0	2,961
Total tourist arrivals from nontraditional markets (number)	26,232	51,892	53,200	68,915	61,423	63,754	66,056	63,492	77,109
Growth in tourist arrivals from nontraditional markets (percentage)		98	3	30	-11	4	4	-4	21
Total tourist arrivals (number)	95,591	135,887	157,323	171,199	155,813	134,560	161,126	162,075	209,134
Growth in tourist arrivals (percentage)		42	16	9	-9	-14	20	1	29
Share of tourist arrivals from traditional markets (percentage)	73	62	66	60	61	53	59	61	63
Share of tourist arrivals from nontraditional markets (percentage)	27	38	34	40	39	47	41	39	37

Source: Data from Gambia Tourism Board *Annual Tourism Statistics Report*.

2.12 The collapse of Thomas Cook affected not only The Gambia's tourism sector but also the country's exports of fruits and vegetables. During peak tourist season, Thomas Cook had operated nine flights per week. These flights not only brought in tourists; the return flights carried mangoes and vegetables exported by Radville and GHE to other countries. However, after the collapse of Thomas Cook, the new Brussels Airlines flights operated only six times per week and had a load restriction of 600 kilograms. In addition, the produce had to be transported by road from Brussels to London, resulting in high transport costs to exporters. As a result, the volume of vegetables shipped by

GHE by air dropped by 50 percent. At the time of the IEG mission in March 2020, TUI, a UK-based company, became the largest tourist operator in The Gambia and accounted for 50 percent of tourist arrivals. Lack of diversification of tourist operators is a major issue in The Gambia, given the government's high dependence on the tourism sector for revenues.

2.13 Sustainability of GTHI is an issue because of a lack of the funding and capacity needed to run it. GTHI provides training in tourism and hospitality. It receives 25 percent of its funding from the government and the remaining 75 percent from student fees, catering events, campus restaurants, and laundry services provided to hotels. During the field mission, IEG found that GTHI was in debt and did not even have funds to pay its suppliers. Moreover, employees did not receive their salaries as of March 2, 2020. Funding is also needed to buy new kitchen and laundry equipment; most of the appliances have reached the end of their life span and are not energy efficient. As a result, 30 percent of GTHI's revenues go toward energy costs. The lack of capacity is seen in GTHI's inability to offer advanced diplomas and bachelor's degrees in culinary arts. The institute needs more qualified staff to offer higher-level courses to generate revenues. During the field mission, IEG found that out of 300–400 students who receive training from GTHI each year, about 80 percent find employment in the tourism and hospitality field (70 percent locally and 10 percent overseas).

Design and Preparation

2.14 The design in terms of the scope of activities and components was complex and did not adequately capture the country conditions and weak institutional capacity of the PCU, which is evident from the dropping of or changes to several activities during implementation. Three years after the Board of Executive Directors' approval, several changes were made to the project's scope: Activities related to the quality assurance program for the groundnuts sector were replaced by a vegetable outgrower scheme; activities related to MSMEs' access to finance were replaced by a poultry outgrower scheme; and activities related to tax administration reform were dropped. During the field mission, IEG found that the groundnuts quality assurance program was replaced because the sector was not profitable, subsidies were not well managed, and operating conditions were difficult because of much intervention from the president under the previous regime. The access to finance activity under the matching grant scheme was dropped because the project had received only two or three applications for it from commercial banks in The Gambia; these banks had no incentive to lend to the private sector because they could lend to government at high interest rates. Moreover, none of these banks had a unit or department to manage microfinance loans. Therefore, the access to finance activity was replaced by the poultry outgrower program during the 2014 restructuring. Had the access to finance activity been properly designed and

implemented, it could have benefited MSMEs because all six beneficiaries of the matching grant scheme interviewed by IEG identified funding as a major constraint to their businesses. The tax administration activity was dropped because it was difficult to implement under the previous regime.

2.15 Existing agencies with functions similar to an investment promotion agency were not considered or factored into the design of the project, which was especially a problem in an environment where the agencies operate in silos. During the field mission, IEG found that the role of GIEPA as an investment promotion agency is less effective because of several investment promotion agencies operating in silos, an issue not addressed by the project team at the time of design. Failure to address the issue has resulted in an environment where investors bypass GIEPA and approach the ministries or the Office of the President directly for investment-related decisions.

2.16 The design of the matching grant scheme, especially the MSME business growth program, did not adequately capture the needs and challenges faced by the beneficiaries, given the large informal sector and small businesses' lack of access to finance. Although the scheme improved knowledge and capacity and enabled MSMEs to expand, obtaining funding for equipment to run their businesses was the biggest challenge that MSMEs faced. By design, the matching grant scheme was for capacity building only and did not include a provision for funding MSMEs. In addition, the activity related to the MSME access to finance program was replaced by a poultry outgrower program during the 2014 project restructuring, thereby affecting the beneficiaries because access to finance is a major constraint for businesses in The Gambia.

2.17 Given the importance of the tourism sector in The Gambia, the design of tourism-related activities focused mainly on funding the marketing efforts of the Tourism Marketing Committee and The Gambia Tourism Board to diversify tourists from traditional to nontraditional markets and on building the capacity of GTHI. However, important activities related to tourism, such as product and infrastructure development, were not factored into the design of the project. During IEG's field mission, the stakeholders in the tourism sector mentioned that the project design focused mainly on marketing efforts in the tourism sector but did not consider product development. For example, the tourist packages in The Gambia are the same for both new and repeat tourists. Therefore, the repeat tourists visit the same tourist attractions or locations each time they visit the country. This lack of variety results in low out-of-pocket expenditures due to a lack of spending by tourists. In addition to product development, the project design did not consider infrastructure development, even though good roads important for access to tourist attractions. This omission raises the

question of whether it is possible to achieve competitiveness in the tourism sector by narrowly focusing on only a few tourism-related activities.

Implementation and Supervision

2.18 Lack of involvement and ownership from the Ministry of Justice during the implementation of the SWBR have affected the operations of the registry after project closing. Moreover, the World Bank project team should have been more proactive in ensuring the smooth transfer of the administrative rights for the registry from the US-based firm to the Ministry of Justice before project closing. During the field mission, IEG found that staff from the Ministry of Justice were not involved during implementation of the SWBR by a US-based firm, ALPHA XP. Moreover, ALPHA EX did not transfer the administrative access rights required for maintaining the SWBR because the Ministry of Justice did not pay them in full. As a result, maintenance of the registry has been a challenge, leading to frequent downtime after project closing. For example, for any issues in the registry, the Ministry of Justice contacts a local information technology company, which in turn contacts DOT GOV, a breakaway company of ALPHA EX, because ALPHA EX no longer exists. During the field mission, IEG found that before 2019, the SWBR was down every three weeks for up to three consecutive days. This problem was resolved in 2019 after the data from servers were moved to cloud technology with funding from the Ministry of Trade, Industry, Regional Integration and Employment.

2.19 The application process for matching grants to beneficiaries was overly complex. In addition, the “no objection” requirement from the World Bank, especially when procuring consultants, contributed to delays in the matching grant process. During the field mission, beneficiaries mentioned that the application for the matching grant was not easy to complete, especially for new businesses, and that it required the help of a lawyer or an accountant. Moreover, inaccurate information reporting by MSMEs made the matching grant application process difficult and further delayed the process.

2.20 The project did not have an exit strategy and a handover mechanism to sustain the benefits after project closing. During the field mission, IEG found that the stakeholders expected a follow-on World Bank project, which did not materialize. Irrespective of a follow-on project, the project team must ensure that an exit strategy and a handover mechanism are in place before project closing. This was not the case with this project. As a result, benefits have not been sustained after project closing, which is evident from (i) issues in the operations of SWBR because administrative rights were not transferred to the Ministry of Justice; (ii) a lack of budget for smooth functioning of the SWBR; (iii) high system downtime due to technical issues with the collateral registry; (iv) issues with the sustainability of the vegetable gardens due to lack of funding to

resolve water and electricity problems; and (v) the lack of funding and capacity for functioning of GTHI.

3. Lessons

3.1 It is crucial to have a permanent funding mechanism for smooth functioning and sustainability of an SWBR. Because lack of funding is a major issue, the registry implemented by the project depends on the Ministry of Justice and the Ministry of Trade, Industry, Regional Integration and Employment for funding. An option would be to retain a portion of the revenues generated by business registrations to apply toward operations and maintenance of the registry.

3.2 Matching grant schemes need to be timely in the project's trajectory and carefully targeted to participants' specific needs. A lack of benefits from the vegetable and poultry outgrower programs was mainly due to the addition of these programs just two years before project closing. Because access to finance is overwhelmingly the most frequently identified constraint for firms in The Gambia, and access has worsened over time, MSME beneficiaries of the matching grant scheme needed funding after training to purchase equipment to meet market demands. However, by design, the project's matching grant scheme did not include a provision for funding MSMEs.

3.3 For working with low-capacity clients, especially in fragile and conflict-affected countries, design should be simple and include a realistic set of components or activities implementable by the PCU. The scope of the project was complex, with several activities. As a result, the project narrowly focused on tourism. The Gambia could have benefited from a separate project focused on the competitiveness of the tourism sector to include product development, marketing, and infrastructure development.

3.4 Public-private dialogue to instigate investment climate reforms needs a key champion at the highest level of the government to bring the public and the private sector entities together to adopt and implement reforms. Evidence from several better-performing countries in Sub-Saharan Africa show that a champion at the highest level of the government can play an important role in improving the investment climate by leading discussions on investment climate reforms and tracking the progress of these reforms.

¹ For detailed information on project components and activities, refer to World Bank (2010).

² The National Business Council comprises representatives from five cabinet ministries (public sector) and executives from seven companies (private sector).

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Appendix A. Project Ratings

Table A.1. The Gambia Growth and Competitiveness Project (P114240)

Indicator	ICR	ICRR	PPAR
Outcome	Moderately satisfactory	Moderately satisfactory	Moderately unsatisfactory
Overall efficacy	High	Not Rated	Modest
Bank performance	Moderately satisfactory	Moderately satisfactory	Unsatisfactory
Quality of monitoring and evaluation	Not rated	Modest	Modest

Sources: World Bank 2016, 2017.

Note: The Implementation Completion and Results Report (ICR) is a self-evaluation completed by the responsible Global Practice. The ICR Review (ICRR) is an intermediate Independent Evaluation Group product that seeks to independently validate the findings of the ICR. PPAR = Project Performance Assessment Report.

Relevance of the Objectives

The PDO was well aligned with the International Development Association and African Development Bank’s Joint Assistance Strategy (JAS) for fiscal years (FY)08–11, the second JAS for FY13–16, and the recent Country Engagement Note for The Gambia for FY18–21. At the time of the Board of Executive Directors’ approval of this project in 2010, the PDO was aligned with pillar II of JAS FY08–11, “Enhancing Productive Capacity and Accelerating Growth and Competitiveness.”¹ Pillar II was expected to provide a framework for strengthening investments and policy options to (i) support growth poles in The Gambia and (ii) address key barriers to investment. These poles were expected to be centered on key sectors of the economy, such as tourism and agricultural exports. The PDO of the project was also aligned with the expected result of “promoting a competitive investment climate/growth and competitiveness” from pillar II. Before the 2014 restructuring, window 2, “quality assurance program for the groundnuts sector,” and window 4, “MSME access to finance,” of the project were aligned with the expected results “strengthening the agricultural sector” and “facilitating access to financial resources by MSMEs” of pillar II.

At the time of project closing in 2015, the PDO was aligned with pillar I of the second JAS FY13–16, enhancing productive capacity and competitiveness to strengthen resilience to external shocks.² “Improved business environment” was one of the five outcomes of pillar I.³ In the recent Country Engagement Note for The Gambia for FY18–21, “poor enabling environment for private sector growth” was one of four areas identified as weak foundations for inclusive growth.⁴ The Country Engagement Note also mentioned that it would seek to improve the financial sector and business climate and address weak capabilities of small and medium enterprises.

The JAS, the second JAS, and the Country Engagement Note acknowledged the importance of tax administration and access to finance in the context of The Gambia.

However, during the first restructuring of the project in 2014, these two activities were either dropped or replaced by other activities, thereby changing the scope of the project and to some extent affecting the relevance of the PDO.

The relevance of objectives is rated as **substantial**.

1. Relevance of the Objectives

Objectives

The project development objective (PDO) was “to improve the investment climate and strengthen the competitiveness of key sectors of The Gambian economy” (World Bank 2010, 9). This objective was to be achieved by the following means:

- Improve the business environment, specifically through improved business start-up and operating procedures; strengthen investment promotion and facilitation; and increase access to finance for micro, small, and medium enterprises (MSMEs).
- Strengthen support for technical and business management skills, thereby improving firm-level productivity; skills development to enhance workforce productivity; and the fostering of links between small-scale producers and markets.
- Enhance the institutional capabilities of the Gambia Investment and Export Promotion Agency (GIEPA), The Gambia tourism authority, and other relevant authorities, while strengthening private-public dialogue.

2. Efficacy

The efficacy of this project is assessed by splitting the PDO into two subobjectives: Improve the investment climate and strengthen the competitiveness of key sectors in the Gambian economy.

Subobjective 1: Improve the investment climate. The efficacy of this subobjective is **modest** for the following reasons:

- Contrary to what was intended, The Gambia’s performance on the implementation of investment climate reforms was weak because of a lack of political will. This is evident from the deterioration in the *Doing Business* ranking for The Gambia from 140 at project approval in 2010 (IFC and World Bank 2009) to 155 at the Independent Evaluation Group (IEG) mission in 2020 (World Bank 2020).

- The Single Window Business Registry (SWBR) is not functioning as a one-stop shop because business owners must travel to multiple government agencies in different locations to complete the registration process. In addition, the SWBR does not have an adequate reporting mechanism in place, and important aspects of the company law have not been incorporated in the registry. Finally, a lack of funding to maintain and upgrade the system is a major issue that is affecting the sustainability of the registry.
- As of early March 2020, only 806 transactions were recorded in the collateral registry. Moreover, movable assets as collateral represented only 10–18 percent of the loan portfolios of a large commercial bank and a microfinance institution interviewed by IEG in March 2020. Low use of the collateral registry is mainly due to (i) lenders' preference to use immovable assets over movable assets as collateral because it is difficult to collect movable assets in the case of default; and (ii) high system downtime because the US-based firm that implemented the system no longer exists. As a result, maintaining and upgrading the collateral registry has become a major challenge for the Central Bank of The Gambia. In addition, the Central Bank does not even collect information on what percentage of the loan portfolio is secured by movable and immovable assets.
- Lack of funding, high staff turnover, and limited capacity have hampered the functioning of GIEPA, making it difficult to attract potential investors. For example, GIEPA's funding from the Ministry of Trade, Industry, Regional Integration and Employment only covers staff salaries and does not cover the cost of conducting investor missions to attract potential investors. As a result, GIEPA has not been conducting any investor missions. In addition, GIEPA's role as an investment promotion agency is not very effective because there are several investment promotion agencies at the ministerial level and in the Office of the President of The Gambia that are operating in silos. The project also supported GIEPA in building a bilingual website in English and French; however, the website is not interactive and has not been updated since 2017.

Subobjective 2: Strengthen the competitiveness of key sectors in the Gambian economy. The efficacy of this subobjective is **modest**. The following were the two components related to this objective:

1. Competitiveness program

- a. The mango outgrower program under the matching grant scheme was successful because it was built on an in-depth feasibility analysis at project design and involved an agronomist based in the Project Coordination Unit to support outgrowers at project implementation. Two investor farms (Radville Farms and Gambia Horticulture Enterprises) received matching grants from the project with the guarantee of purchasing mangoes and vegetables from outgrowers to export to international markets. An outgrower from Radville interviewed by IEG indicated that he applied the knowledge he gained from his training and interactions with farmers in Ghana. In addition, the sales of investor farms have increased. For example, before receiving the matching grant in 2013, Gambia Horticulture Enterprises was exporting only 20 tons of mangoes. After the matching grant, its exports increased to 70 tons in 2015 and 160 tons in 2019.
- b. Neither the vegetable nor the poultry outgrower program under the matching grant scheme has been sustainable after project closing because of the following factors: (i) lack of a feasibility analysis; (ii) insufficient time to implement because the programs were added toward the end of the project; and (iii) lack of an exit strategy. A quality assurance program for the groundnuts sector was replaced by the vegetable outgrower program just two years before project closing. As a result, there was insufficient time to implement the vegetable outgrower program. According to a poultry outgrower interviewed by IEG, the project's contributions were small in terms of both training and funding. The reason is that the funding to expand his poultry business came mostly from family and friends and from social development funds organized by the African Development Bank, Islamic Development Bank, and International Fund for Agricultural Development.
- c. The MSME business growth program under the matching grant scheme improved MSME's capacity and enabled them to expand their businesses; however, beneficiaries of this program needed funding after training, especially to purchase equipment, because access to finance is one of the biggest constraints for firms in The Gambia. Unfortunately, the design of the scheme did not have a provision for funding. As a result, some of these MSMEs had to cancel customer orders because they lacked the equipment to meet market demands. These cancellations led to businesses losing some customers.

2. Support for tourism development

- a. The project supported the Tourism Marketing Committee and The Gambia Tourism Board by funding their marketing efforts to diversify tourist arrivals from traditional to nontraditional markets. Evidence shows that the share of tourist arrivals from nontraditional markets increased from 27 percent in 2010 to 37 percent in 2018, but the share from traditional markets decreased from 73 percent in 2010 to 63 percent in 2018. However, the 2014 Ebola crisis and the collapse of a major tourist operator in 2019 affected tourist arrivals.
- b. During the field mission, IEG found that approximately 300–400 students receive training from the Gambia Tourism and Hospitality Institute (GTHI) each year. Of these, approximately 80 percent receive employment in the tourism and hospitality field (70 percent locally and 10 percent overseas). However, a lack of funding to run the institute and a lack of capacity to offer higher-level courses to students to generate revenues is affecting GTHI's sustainability.

Overall Efficacy

The overall efficacy is rated **modest** because the efficacy of both subobjectives of the project is rated **modest**.

3. Efficiency

Efficiency is rated as **modest**.

The ex ante economic analysis in the Project Appraisal Document (PAD) estimated the economic rate of return (ERR) and net present value (NPV) only for the matching grant and the support to the tourism sector subcomponents of the project. The ex ante analysis provided a base case and a low case sensitivity analysis. The Implementation Completion and Results Report (ICR) made two adjustments to the model in the PAD to calculate the ex post NPV and ERR. The ICR included economic impact from the support to GIEPA and considered the total project cost for all components. Analysis shows that the NPV of \$12.4 million and ERR of 38 percent calculated ex post in the ICR are much lower than the base case NPV of \$24.1 million and ERR of 45 percent that were calculated ex ante at project appraisal.

Table A.2. Estimated Net Present Value and Economic Rate of Return

	NPV (US\$, millions)	ERR (%)
Appraisal estimate base case (ex ante)	24.1	45
Appraisal estimate low case (ex ante)	17.7	37
Ex post estimate	12.4	38

Source: World Bank 2016.

Note: ERR = economic rate of return; ICR = Implementation Completion and Results Report; NPV = net present value.

4. Outcome

Substantial relevance of objectives, modest efficacy, and modest efficiency led to an outcome rating of **moderately unsatisfactory**.

5. Risk to Development Outcome

The risk to development outcome is **high** because of (i) the impact that lockdowns and travel restrictions due to the coronavirus pandemic had on the government's revenues from the tourism sector; (ii) issues in the operations of the SWBR because administrative rights were not transferred to the Ministry of Justice; (iii) a lack of budget for smooth functioning of the SWBR; (iv) high system downtime due to technical issues with the collateral registry; (v) issues with the sustainability of the vegetable gardens because of the lack of funding to resolve water and electricity problems; and (vi) a lack of funding and capacity for GTHI to function.

6. Bank Performance

Quality at Entry

The quality at entry is rated **unsatisfactory** because of major shortcomings in the appraisal or preparation of the project.

In terms of the scope of activities and components, the design was complex and did not adequately capture the country conditions and weak institutional capacity of the Project Coordination Unit, which is evident from the dropping of or changes to several activities during implementation. For example, an important activity on MSME access to finance was replaced by a poultry outgrower program during project restructuring in 2014. Had the access to finance activity been properly designed and implemented, it could have benefited MSMEs because all six beneficiaries of the matching grant scheme interviewed by IEG indicated funding as a major constraint for their businesses. In addition, vegetable and poultry outgrower programs were added toward the end of the project

without a proper feasibility analysis, enough time to implement the program, or an exit strategy.

As an investment promotion agency, GIEPA is less effective because several investment promotion agencies operate in silos, an issue not addressed by the project team at the time of design. Failure to address this issue has resulted in an environment where investors bypass GIEPA and approach the ministries or the Office of the President directly for investment-related decisions.

The design of the matching grant scheme, especially the MSME business growth program, did not adequately capture the needs and challenges faced by the beneficiaries, given the large informal sector and small businesses' lack of access to finance. For example, MSME beneficiaries of the matching grant scheme needed funding after training to purchase equipment to meet market demands. However, by design, the matching grant scheme was for capacity building only and did not include a provision for funding MSMEs.

Given the importance of the tourism sector in The Gambia, the design of the tourism-related activities focused mainly on funding marketing efforts to diversify tourists and building GTHI's capacity. However, important activities related to tourism, such as product and infrastructure development, were not factored into the design of the project. The Gambia could have benefited had there been a separate project that focused on the competitiveness of the tourism sector, with adequate funding to include product development, marketing, and infrastructure development.

Quality of Supervision

The quality of supervision is rated **unsatisfactory** because of major shortcomings in the proactive identification of opportunities and resolution of threats.

The project was restructured approximately one year before closing. Important activities related to tax administration reforms were dropped, and an activity related to MSMEs' access to finance was replaced by a poultry outgrower program. This changed the scope of the project and to some extent affected the relevance of the objectives because high tax rates and access to finance were key constraints for firms in The Gambia. In addition, poultry and vegetable outgrower programs were added toward project closing without a proper feasibility analysis. As a result, benefits from these programs have not been sustained after project closing. The late restructuring of the project and an insufficient feasibility analysis indicate a lack of proactivity on the part of the project team during supervision.

Lack of involvement and ownership by the Ministry of Justice during the implementation of the SWBR have affected the operations of the registry after project closing. In addition, maintenance of the registry has been a challenge and has led to frequent downtime because the US-based firm that implemented the registry did not transfer the administrative access rights for the system to the Ministry of Justice. The World Bank project team should have been more proactive in ensuring the smooth transfer of the administrative rights for the registry from the US-based firm to the Ministry of Justice before project closing.

The application process for matching grants to beneficiaries was overly complex. The “no objection” requirement from the World Bank, especially when procuring consultants, and inaccurate information reporting by MSMEs contributed to delays in the approval of matching grants to beneficiaries.

Finally, the project did not have an exit strategy and handover mechanism. As a result, benefits from the project have not been sustained after closing.

These issues led to an overall Bank performance rating of **unsatisfactory**.

7. Quality of Monitoring and Evaluation

Design

The indicators “number of full-time graduates” and “number of continuing professional hours delivered” related to GTHI did not adequately measure the outcome “strengthening the competitiveness in the tourism sector.” The reason is that it is not clear on how producing full-time graduates from just a single institute (which is facing sustainability issues due to a lack of funding) could contribute to competitiveness in the overall tourism sector. Moreover, the indicator “number of securities registered at the collateral registry” was not sufficient for measuring the success of the collateral registry in contributing to access to finance using movable property as collateral. The reason is that this indicator does not provide information on what percentage of the total loan portfolio in the banking sector was secured by movable and immovable assets.

Implementation

The following were some of the inaccuracies in the reporting of indicators before 2013:

- There were discrepancies in the target values of some of the PDO indicators across various documents: (i) the target value of the indicator “cost of registering a business” is stated as 100 percent of gross national income per capita in both the PAD text and the official restructuring letter but as 140 percent in the PAD results framework, the Implementation Status and Results Report (July 2012),

and the aide-mémoire; and (ii) the target value of the indicator “incremental increase in total sales of horticulture products” is stated as 20 percent in the PAD text but as 15 percent in the PAD results framework and the Implementation Status and Results Report (July 2012).

- The baseline values for the indicators “percent increase in the value of new investments attributed to GIEPA” and “percent increase in the number of new investments attributed to GIEPA” were not defined in the results framework of the Implementation Status and Results Report (July 2012).
- The indicator “number of continuing professional development training hours delivered” was not computed and reported properly at that time because of a lack of clarity regarding assumptions in the PAD results framework.

Use

The monitoring and evaluation findings were communicated to various stakeholders in the form of a workshop at the end of the project. Some of the recommendations in the workshop were forward-looking in terms of what needs to be done in the next phase of the project. However, the follow-on phase did not materialize.

Quality of monitoring and evaluation is rated **modest**.

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¹ Pillar I of Joint Assistance Strategy (JAS) for fiscal year (FY)08–11 was strengthening economic management and public sector delivery.

² Pillar II of the second JAS, for FY13–16, was “Strengthening the Institutional Capacity for Economic Management and Public Service Delivery.”

³ The other four outcomes of pillar I under the second JAS FY13–16 were (i) adoption of diversified production and marketing of selected agricultural commodities; (ii) adoption of improved technologies in agriculture; (iii) improved cross-border transit time; and (iv) improved telecommunication/internet connectivity.

⁴ The other three areas of weak foundations for inclusive growth identified in the Country Engagement Note for The Gambia for FY18–21 were limited space for public investment, insufficient and unreliable energy to power growth, and inadequate human capital.

Appendix B. Fiduciary, Environmental, and Social Aspects

Financial Management

The financial management function was generally adequate and in compliance throughout the life of the project. Internal controls were sufficient. Periodic external audits and reports were satisfactory and on time.

Procurement

According to the first Implementation Status and Results Report (July 2012), implementation was delayed primarily because of the low quality of the procurement documents submitted by the Project Coordination Unit—specifically, noncompliance with procurement guidelines and incomplete or incorrect information provided in requests for “no objection.” It took one year for the Project Coordination Unit to address a number of quality concerns raised by the World Bank team. In the first and second years of the project, the finance and procurement specialists resigned. These disruptions partially explain the slow disbursement rates during the first three years of project implementation.

Environmental and Social Safeguards

The project was classified as a category B operation “with partial environmental assessment” in the Project Appraisal Document. The recipient submitted an Environment and Social Management Framework and a Pest Management Plan, which were cleared and disclosed to both The Gambia and the World Bank’s Infoshop in 2009. The Gambia’s National Environment Agency was responsible for ensuring that project activities were implemented in accordance with national and World Bank social and environmental management policies. The project received consistent satisfactory ratings for safeguards (including all subcategories) in all Implementation Status and Results Reports.

Appendix C. Methods and Evidence

This evaluation is based largely on the triangulation of evidence from the following three sources.

Desk-Based Review

First, the Independent Evaluation Group conducted a detailed desk-based review of the following background documents and evaluative materials:

- Project Appraisal Document (2010)
- Implementation Completion and Results Report (ICR) (2016)
- ICR Review (2017)
- International Development Association and African Development Bank Joint Assistance Strategy for fiscal years (FY)08–11
- International Development Association and African Development Bank Joint Assistance Strategy for FY13–16
- Country Engagement Note for The Gambia for FY18–21
- Implementation Status and Results Report (2012)
- World Bank *Doing Business* reports from 2010 to 2020

Interviews with the World Bank Group

Second, the Independent Evaluation Group conducted interviews with the following task team leaders and teams that contributed to the design and implementation of the project:

- Elene Imnadze, resident representative, The Gambia
- ICR lead: Jeremy Robert Strauss, senior private sector specialist, Washington, DC
- ICR author: Myriam Nahima Hayatou, consultant, Washington, DC
- Lydia Mesfin Asseres, operations officer, The Gambia
- Mehwish Ashraf, economist, The Gambia

Interviews with Stakeholders

Finally, the Independent Evaluation Group conducted interviews with the following stakeholders to fill in the remaining evidence gaps in order to fully respond to the relevant sections in the Project Performance Assessment Report.

- Project Coordination Unit
- Stakeholders from key ministries involved in the project
 - Permanent secretary, Ministry of Trade, Industry, Regional Integration and Employment
 - Deputy permanent secretary, Ministry of Trade, Industry, Regional Integration and Employment
 - Permanent secretary, Ministry of Finance and Economic Affairs
 - Deputy permanent secretary fiscal, Ministry of Finance and Economic Affairs
 - Permanent secretary, Ministry of Agriculture
- Stakeholders for support for the tourism development component of the project
 - Director general, Gambia Tourism Board
 - Director of marketing, Gambia Tourism Board
 - Research and development manager, Gambia Tourism Board
 - General manager, Tourism Marketing Committee
 - Director, Gambia Tourism and Hospitality Institute
- Stakeholders for the investment climate component of the project
 - Deputy registrar, Single Window Business Registry
 - Collateral registry: Director, Financial Supervision Department, Central Bank of The Gambia
 - Director of investment promotion and facilitation, Gambia Investment and Export Promotion Agency
 - Manager of export development, Gambia Investment and Export Promotion Agency

- Project development and appraisal manager, Investment Promotion and Facilitation, Gambia Investment and Export Promotion Agency
- Director of programs and operations, Gambia Chamber of Commerce and Industry
- Investor farms involved in mango, vegetable, and poultry outgrower programs
 - Human resources and corporate social responsibility manager, Radville Farms Limited
 - Managing director, Gambia Horticulture Enterprises
 - Managing director, EMPAS Poultry Processing Company
- Beneficiaries of the matching grant scheme
 - A mango outgrower
 - A community head of a vegetable garden
 - A poultry outgrower
 - Three micro, small, and medium enterprises that received matching grants for business growth
- Commercial bank using the collateral registry
 - Director general, Ecobank Gambia
 - Chief financial officer, Ecobank Gambia
- Microfinance bank using the collateral registry
 - Manager of risk and recovery, Reliance Financial Services
- Other donors
 - Subinspector/deputy inspector, diplomatic antenna in The Gambia, Government of Spain
 - Delegation of the European Union to The Gambia
 - Program manager, Trade and Employment Cooperation, International Aid
 - Program manager

- Project officer, Cooperation

This is a Project Performance Assessment Report, and the instrument and its methodology are described at <https://ieg.worldbankgroup.org/methodology/PPAR>.