

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

Developing skills for youth  
empowerment



Ministry of Trade  
Republic of The Gambia



International  
Trade  
Centre





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# MSMEs are drivers of growth and dynamism

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

*The National Entrepreneurship Policy (2016)*

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

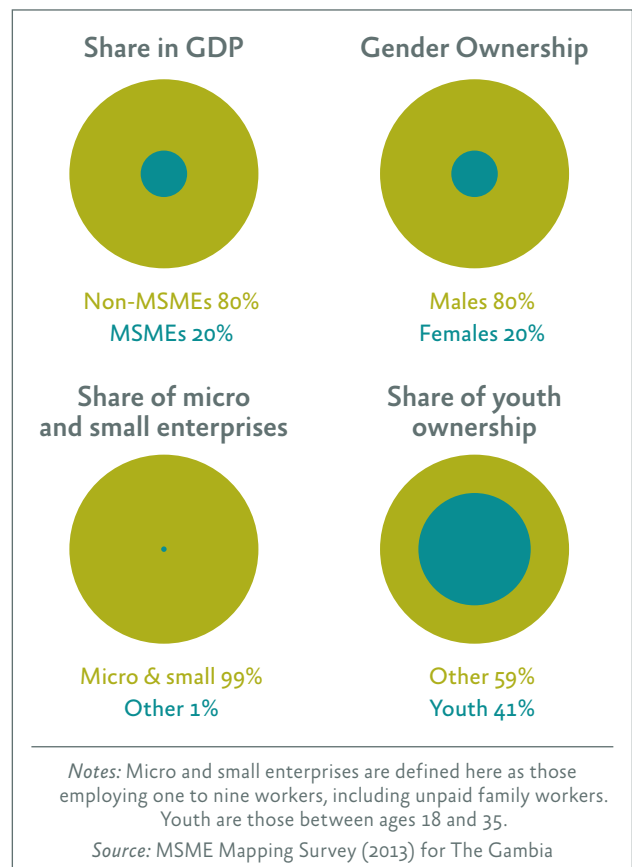
Moreover, they constitute a crucial source of work for Gambian youth (18–35 year-olds), who own more than 40% of MSMEs, emphasizing the importance of these enterprises in peoples’ livelihoods and the dynamic role that youth play in the economy. Most of these MSMEs operate in the wholesale and retail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

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

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

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

2. ITC (2018), “The Gambia: Strategic Youth and Trade Development Roadmap (SYTDR) (2018-2022).”



1. MSME Mapping Study, 2013.



# ITC SME Competitiveness Survey

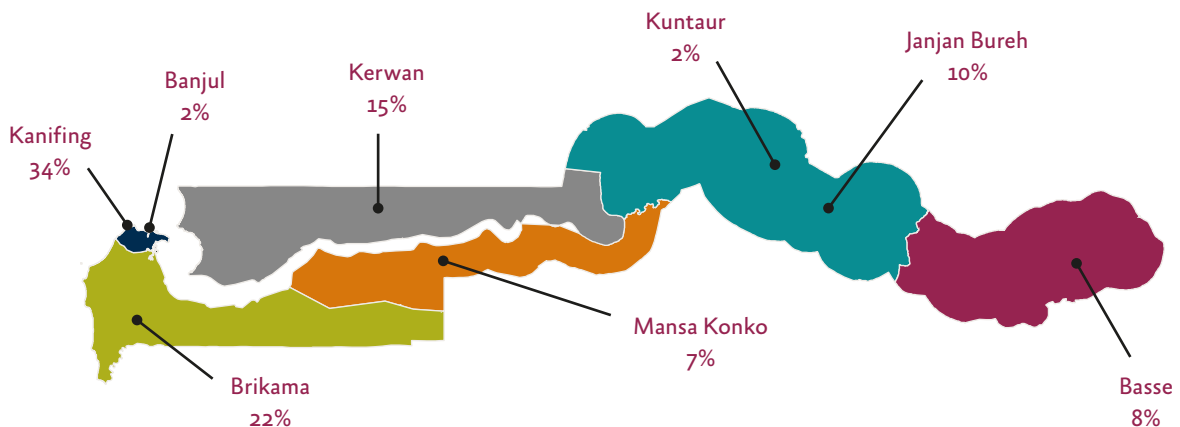
In collaboration with the Gambia Investment and Export Promotion Agency (GIEPA), ITC conducted an SME Competitiveness Survey in 2017 to inform and support the Strategic Youth and Trade Development Roadmap (SYTDR). The survey focused on firms in three sectors: agriculture, tourism and information and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

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

## GIEPA

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

Geographic distribution of surveys





## Agriculture sector

Agriculture is an important contributor to the Gambia's GDP, accounting for 20%–25% of the country's real output over the past decade.<sup>1</sup> The sector employs about a third of the total workforce<sup>2</sup> and about two-thirds of youth (15–24 years old), with even more prominence in rural areas.<sup>3</sup>

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

GIEPA

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

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

1. Gambia Bureau of Statistics, GDP 2016 Estimates.

2. ILO modelled estimates, November 2017.

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

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

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

## Businesses in agriculture satisfy their buyers' time requirements

Surveyed agricultural enterprises perform relatively well in fulfilling the time requirements of their buyers. For instance, 61% of small firms reported that they could meet their demand. Moreover, about 67% of micro enterprises and 47% of small firms said they received their supplies on time. This may be linked to the country's efforts to improve agricultural value chains<sup>6</sup> as well as to international organizations' support. It is also in line with the Gambia's improving performance in time-related aspects of doing business, especially when compared to sub-Saharan averages.<sup>7</sup>

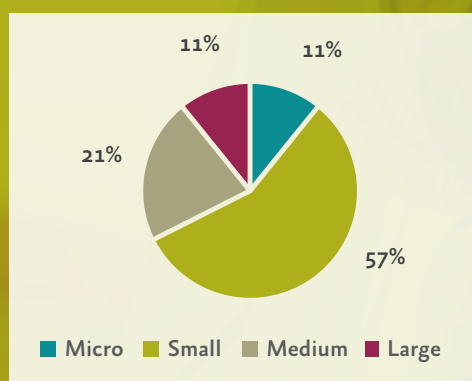
## Efficient certification bodies are no guarantee for widespread certification

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

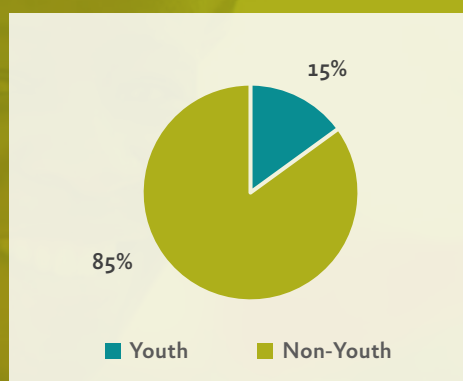
6. For example, The Gambia National Agricultural Investment Plan (2011–2015).

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

## Size distribution



## Enterprise leadership



## Benchmarking results

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

## Top three performance areas by level

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

## Top three constraints by level

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

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



## Developing skills for agriculture

### There is potential in the higher-educated agricultural workforce

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

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

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

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

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

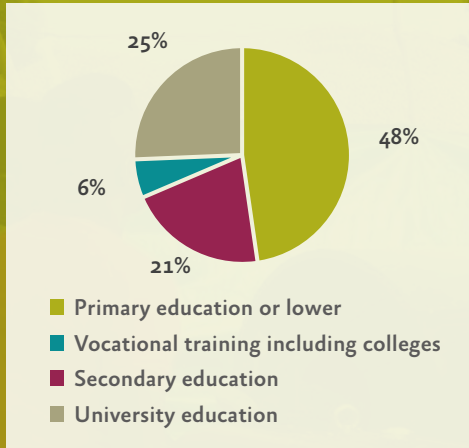
Encouraging firms to better train their staff could improve skill development in the country. Experienced staff currently provide much of the training that is offered or supported by the firms, and some firms said they had occasionally brought in external trainers.

### Hiring youth is limited due to high costs and lower expectations

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

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

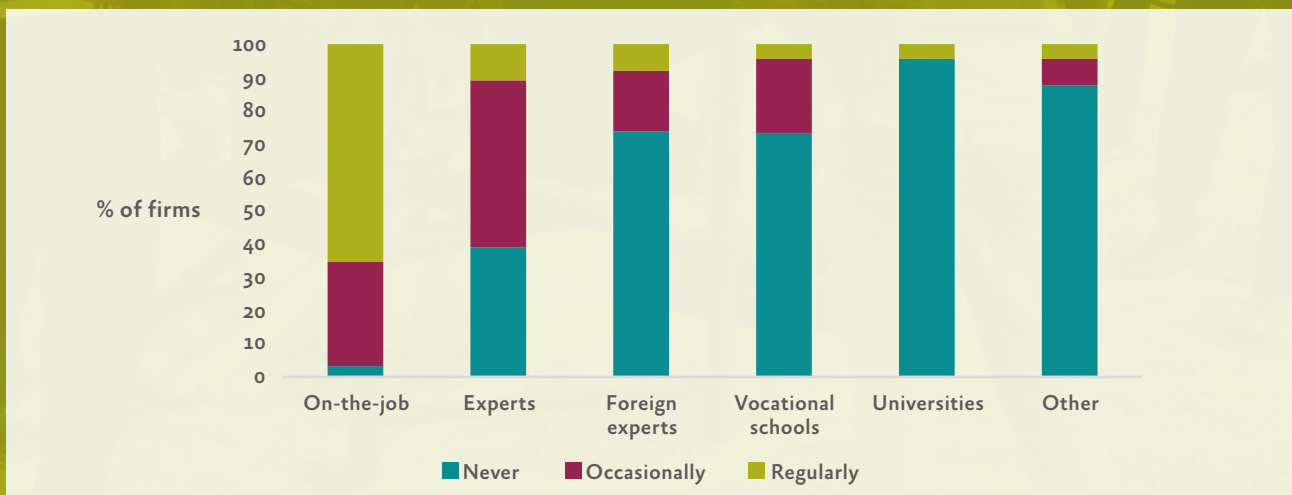
## Education



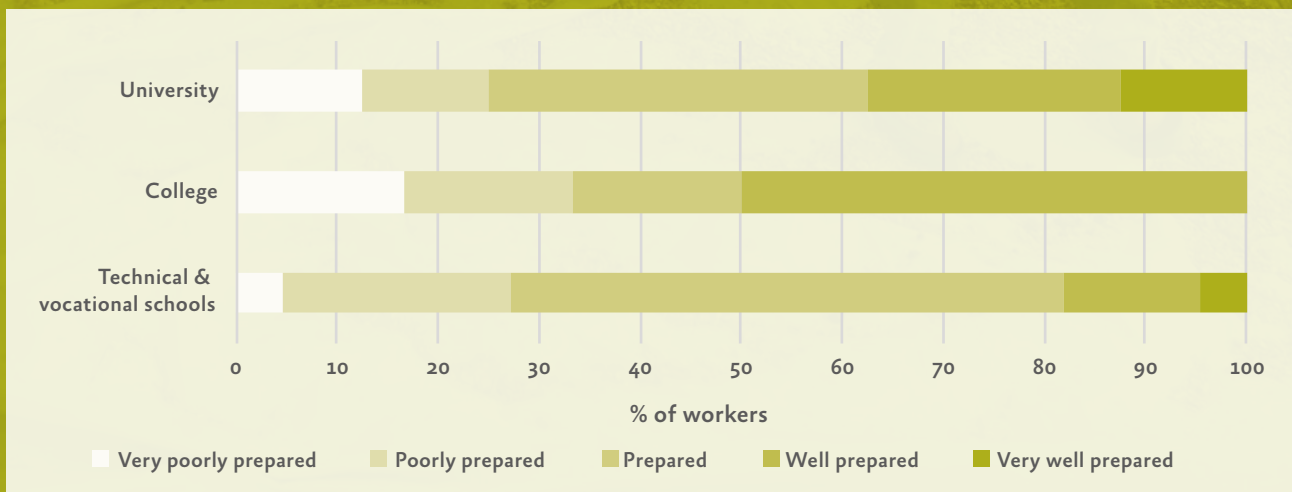
## Barriers to hiring youth



## Training activities supported by firms



## Preparedness of staff





## Tourism sector

The Gambia's tourism sector accounts for an estimated 20% of the country's GDP<sup>1</sup> – a share that is expected to increase in the coming years. Most output from services comes from tourism, which also contributes to the development of other industries, supporting further GDP growth. Tourism contributes roughly 20%–25% of direct and indirect employment<sup>2</sup> and is one of the primary foreign exchange earners for the country. The sector can support economic stability, counterbalancing oscillations in other sectors such as agriculture and trade in goods.<sup>3</sup>

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

– National Development Plan (2017–2020).

The Gambia National Development Plan (2017–2020) identifies tourism as a driver of growth, sustainability and inclusiveness. The Gambia's location, its climate and the combination of “sun, sand and sea” make tourism a sector ripe for growth. The Government intends to expand towards community-based tourism and conference tourism and to improve the institutional framework governing the sector.<sup>4</sup>

1. World Trade Organization (2018), Trade Policy Review, WT/TPR/S/365.

2. World Travel and Tourism Council, Travel and Tourism Economic Impact 2017: Gambia.

3. World Bank (2015), The Gambia: Policies to Foster Growth, Volume II. Macroeconomy, Finance, Trade and Energy.

4. PAGE II, The Gambia National Development Plan (2017–2020).

## Enterprises connect well with their customers and their business ecosystem

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

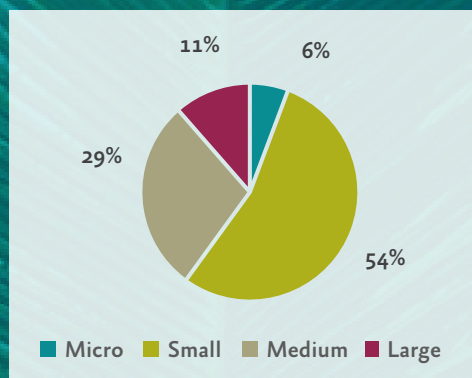
## Limited financial knowledge and access can hinder growth

Many firms have a business bank account, but some 40% of tourism enterprises report very limited knowledge about loan applications and procedures that would potentially allow them to grow. This is not only an issue among small firms, but also significantly among medium-sized and youth-led enterprises. Moreover, about 48% of enterprises report restricted access to financial institutions. This highlights the need for financial support and guidance.

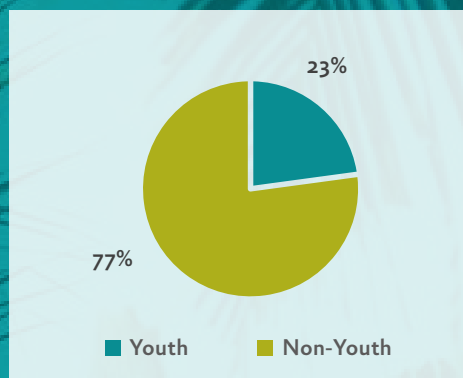
The Gambia would also benefit by encouraging enterprises in the industry to use ICT, as this could help put the country more clearly on the tourism map.



## Size distribution



## Enterprise leadership



## Benchmarking results

	All firms		Micro & small firms		Medium-sized firms	
	Firm capabilities	Business ecosystem	Firm capabilities	Business ecosystem	Firm capabilities	Business ecosystem
Quantity and cost requirements	64	48	68	53	64	48
Time requirements	84	67	83	71	84	67
Certification and standards	58	84	62	86	58	84
Competitors	61	76	62	75	61	76
ICT requirements	59	63	52	70	59	63
Linkages with customers	66	62	61	63	66	62
Linkages with businesses	71	68	70	63	71	68
Linkages with institutions	58	58	57	63	58	58
Financial requirements	64	47	72	50	64	47
Skills requirements	44	43	43	45	44	43
Intellectual property requirements	56	47	47	40	56	47
Innovation requirements	28	36	30	37	28	36

## Top three performance areas by level

Firm capabilities	
Existence of business bank account	88
Ability to meet buyers' deadlines	84
Supply-demand matching	79
Business ecosystem	
Efficiency of certification bodies	84
Competition intensity	76
Efficiency of sector associations	68

## Top three constraints by level

Firm capabilities	
Resource commitment to R&D	28
Knowledge of loan application procedures	41
Knowledge of domestic IP systems	56
Business ecosystem	
Research networks	36
Access to electricity	32
Difficulty in finding the three most-needed occupations	32

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



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# Developing skills for tourism

## Finding the most-needed occupations remains challenging

More than half of the workers in surveyed tourism enterprises has completed some vocational or technical training, and an additional 10% have university degrees. Still, firms report difficulty in finding workers in their three most needed occupations: cooks, housekeepers and servers/bartenders. Companies rate most people in these occupations as competent or very competent, but they report that a third are average at best. There is potential in training servers and bartenders for the industry, as well as salespeople and local travel guides, who firms say have less competence in the field.

## Stronger links between training institutions and firms are needed

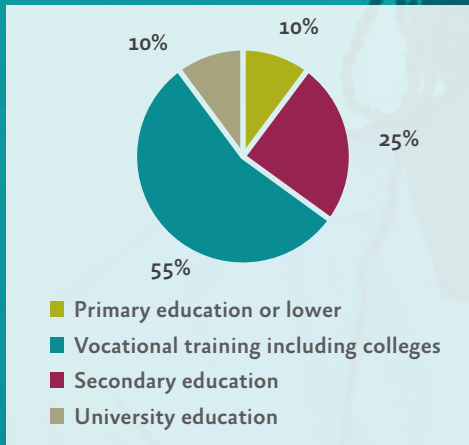
A fifth of the junior staff recruited from higher education institutions is considered to be poorly prepared, particularly those from technical and vocational training schools. Only a third are seen as well (or very well) prepared. Stronger ties between training institutions and firms would help meet industry needs. Tourism enterprises already tend to hire interns during their schooling years, which could further support these links.

Tourism enterprises of all sizes perform relatively poorly when it comes to offering training programmes to develop their workers' skills. The programmes that do exist often come through on-the-job training by experienced staff. A few firms have hired external experts to provide training.

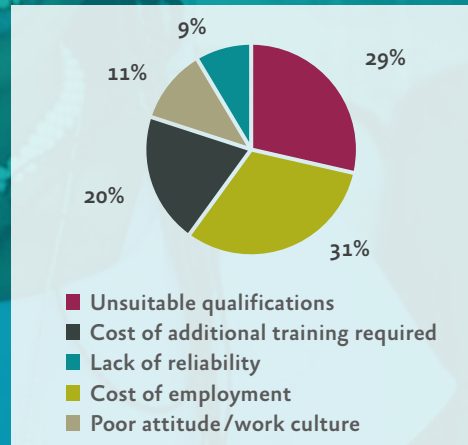
## Youth-led enterprises in the tourism business face skill challenges

Youth-led enterprises may struggle more than other firms to find skilled workers. These enterprises perform worse in terms of offering training programmes, finding competent workers and filling their most needed positions. With cost identified as one of the main barriers to hiring youth, encouraging the development of youth-led tourism enterprises may be an effective way to further integrate this age group into the market. Youth-led enterprises score better in ICT requirements, financial requirements, intellectual property (IP) and innovation requirements and thus have the potential to further develop.

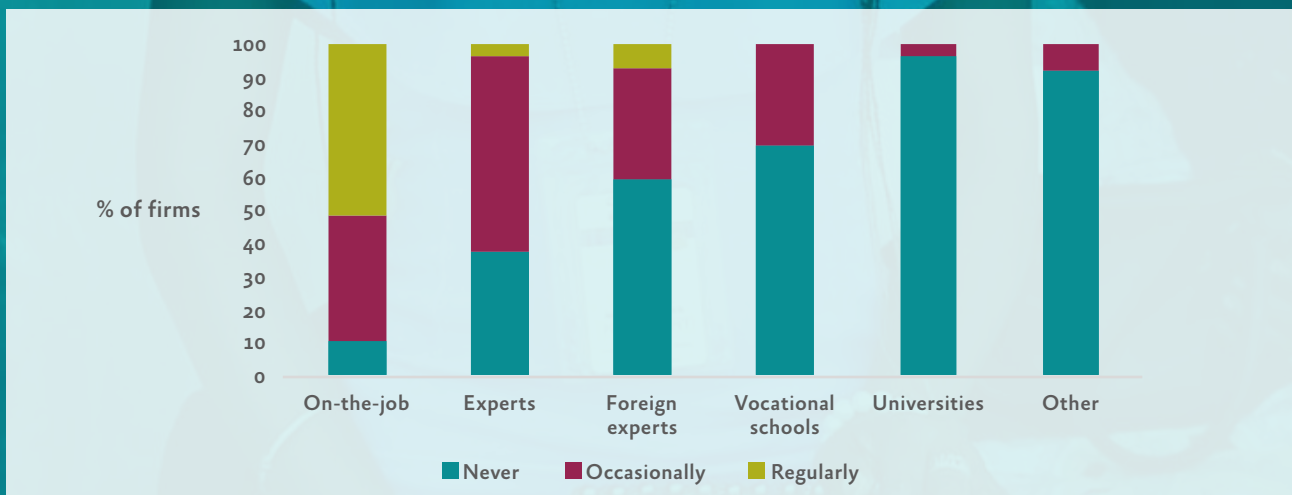
## Education



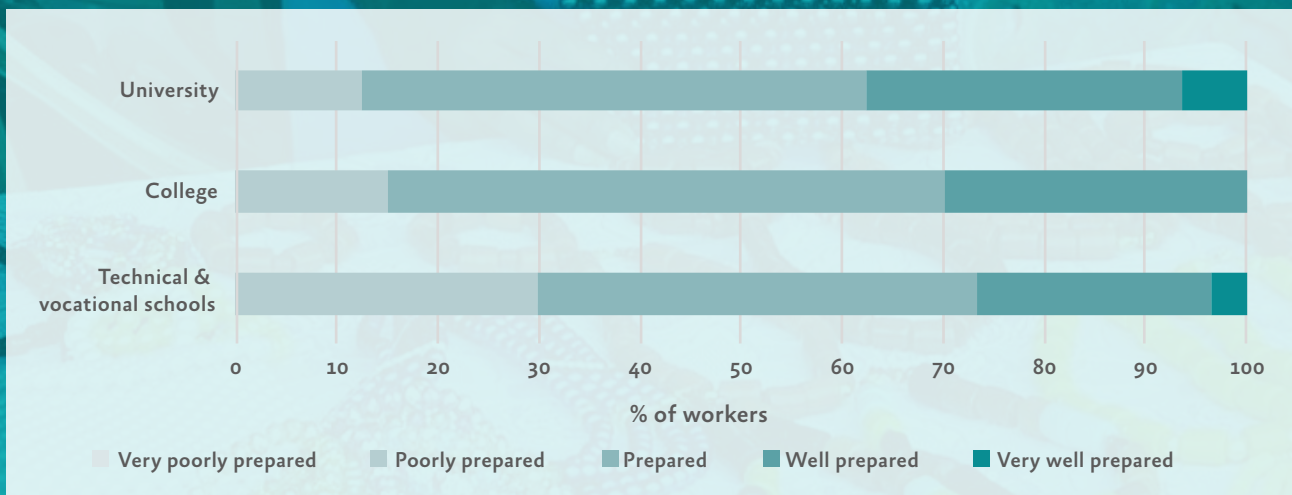
## Barriers to hiring youth



## Training activities supported by firms



## Preparedness of staff





# Information and communications technology

The ICT sector operates as both a stand-alone sector in the economy and, more importantly, as one of the main enablers of growth, connecting people and businesses locally and internationally.

*The ICT sector in the Gambia has grown from a very low base in the past 10 years due to the liberalization of the access to the Africa Coast to Europe (ACE) submarine cable system.*

*SYDTR (2018-2022), ICT Sector*

The Gambia's large population of youths is not only proficient with mobile phones and the Internet, but is eager to become entrepreneurs in the field. With the existing mobile operators, about 96% of the population is covered by cell phone signal and 86% is covered by data network, including rural areas. Data usage remains limited, however, which may be linked to the affordability of these services.<sup>1</sup> Further ICT development would not only improve the business ecosystem, but would also upgrade governmental e-services and increase e-commerce opportunities.

## ICT enterprises connect well with their customers, other businesses and public institutions

True to their very nature, surveyed ICT enterprises in the Gambia perform well in connecting with their customers, other businesses and public institutions. About 70%

of these enterprises say they have good information on customer expectations, around 68% say they have contact with ICT sector associations and 67% report good contact with public institutions. This is particularly evident among micro and small firms. Enterprises also report that advertising companies, sector associations and government services are relatively efficient for their line of work.

## Firms could benefit from stronger IP knowledge and innovation

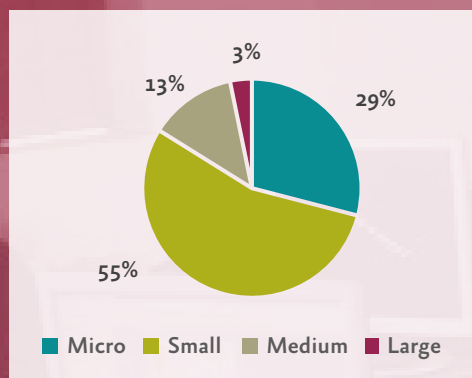
While enterprises generally have a good knowledge of Intellectual Property (IP) procedures, some challenges remain. Medium-sized firms, which may offer a wider range of ICT services, report less knowledge of domestic IP systems. This highlights the need for further support and guidance, which could also benefit youth-led enterprises.

ICT firms do not commit many resources to research and development; more than a third say they dedicate no or meager resources to R&D. This is further hampered by the fact that research networks in the country are limited. More than half of the surveyed firms noted the lack of such networks in their line of business. Youth-led enterprises score markedly lower on these indicators, which could be related to their inexperience in the business.

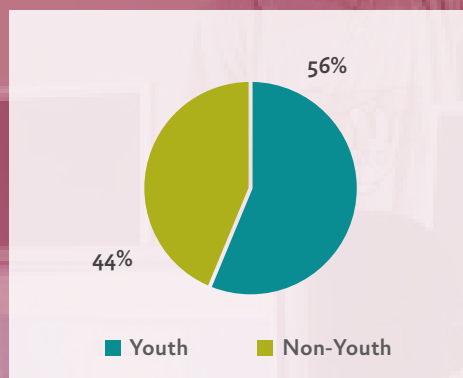
ICT companies also report some difficulty in obtaining international certification. They could benefit from further financial support.

1. The Strategic Youth and Development Roadmap of The Gambia: Information and Communication Technologies Sector (2018–2022).

## Size distribution



## Enterprise leadership



## Benchmarking results

	All firms		Micro & small firms		Medium-sized firms	
	Firm capabilities	Business ecosystem	Firm capabilities	Business ecosystem	Firm capabilities	Business ecosystem
Quantity and cost requirements	69	54	70	57	65	35
Time requirements	82	77	82	77	87	80
Certification and standards	46	72	52	72	0	0
Competitors	58	62	58	63	60	50
ICT requirements	63	66	64	66	75	73
Linkages with customers	70	83	66	84	90	87
Linkages with businesses	76	73	78	74	67	73
Linkages with institutions	74	61	78	61	47	53
Financial requirements	62	45	64	47	58	33
Skills requirements	50	41	52	41	45	40
Intellectual property requirements	63	66	65	66	50	0
Innovation requirements	46	34	47	33	50	40

## Top three performance areas by level

Firm capabilities	
Time to meet buyers' deadlines	82
Existence of a bank account	78
Supply-demand matching	77
Business ecosystem	
Efficiency of advertising companies	83
Timeliness of suppliers	77
Efficiency of sector associations	73

## Top three constraints by level

Firm capabilities	
Training programmes	30
International quality certificate	46
Knowledge of loan application procedures	46
Business ecosystem	
Research networks	34
Difficulty in finding the three most-needed occupations	34
Access to electricity	35

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



## Developing skills for ICT

### The sector attracts the higher-educated, but needs better training

A quarter of the workforce of surveyed ICT enterprises holds university degrees, and more than half has obtained some vocational or technical training. Additionally, about 88% of the enterprises' workforce are youth (age 35 or less), and more than half is led by youth. This highlights the importance of the sector in attracting and employing not only higher-educated Gambians, but also the increasingly young population, and especially those with an entrepreneurial spirit.

However, small and medium-sized enterprises report some difficulty in finding and hiring workers in the top three occupations they need, which are application development and testing technicians, software and multimedia developers and analysis, and data specialists and system administrators. This may be due both to the limited number of graduates in those fields and the limited level of competence they possess.

Firms also perceive junior staff coming from different educational institutions – particularly vocational and technical training institutes – as poorly prepared. The university-educated junior staff, on the other hand, seem to be relatively better prepared. This demonstrates the importance of creating stronger links between TVET institutions and the industry, not only to inform but to upgrade and better prepare the workforce.

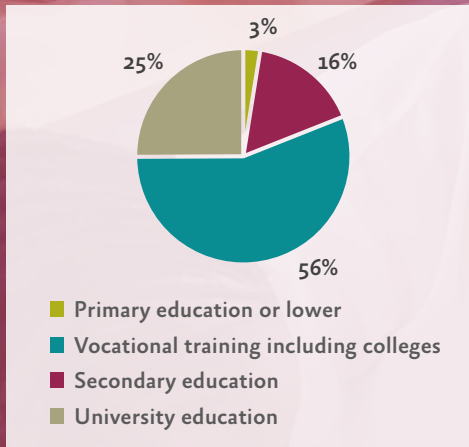
### Further cooperation and quality assurance could strengthen links between the sector and TVET institutions

ICT enterprises report more cooperation with TVET institutions to train their employees compared with the other sectors in the survey. Enterprises also report more in-house training for their employees, not only through their experienced staff, but also through external trainers, foreign experts, universities and online courses. This illustrates the industry's eagerness and capacity to develop skills.

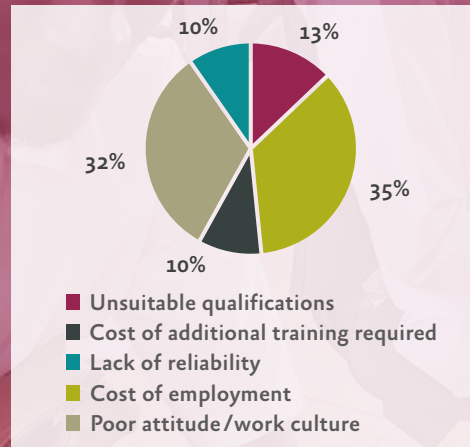
Consultations with TVET institutions in the Gambia showed that while there is a wider offering of ICT training over many areas, some challenges remain. No standardized quality assurance mechanism has been established in the country, or even between TVET institutions themselves, for instance. Moreover, many of these institutions, both public and private, still lack necessary equipment. This creates trust issues that could be tackled through further regulatory and financial mechanisms.<sup>1</sup>

1. The Strategic Youth and Trade Development Roadmap of The Gambia: Information and Communication Technologies Sector (2018–2022).

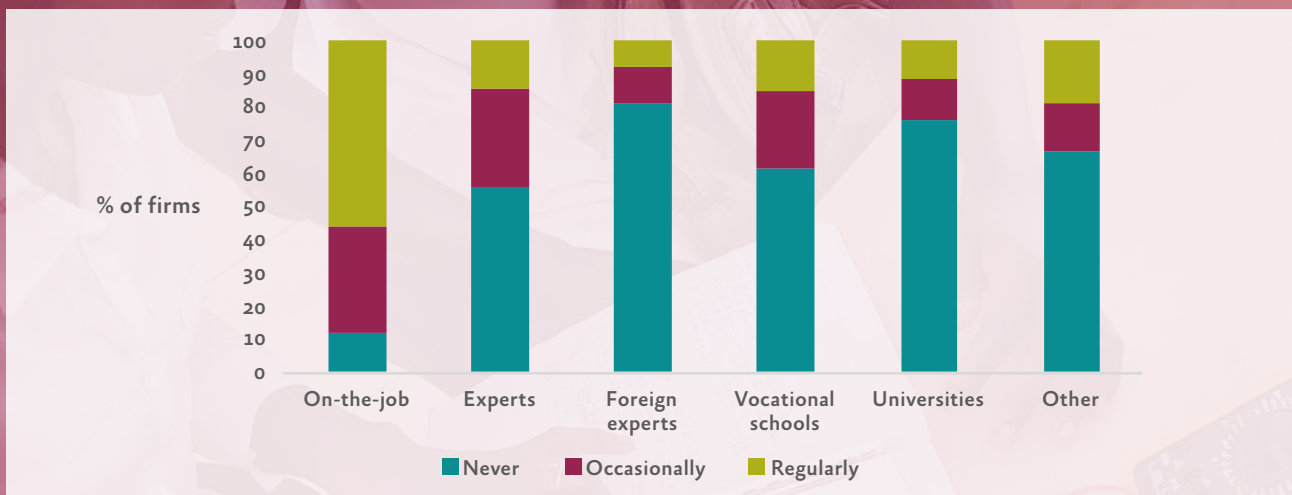
### Education



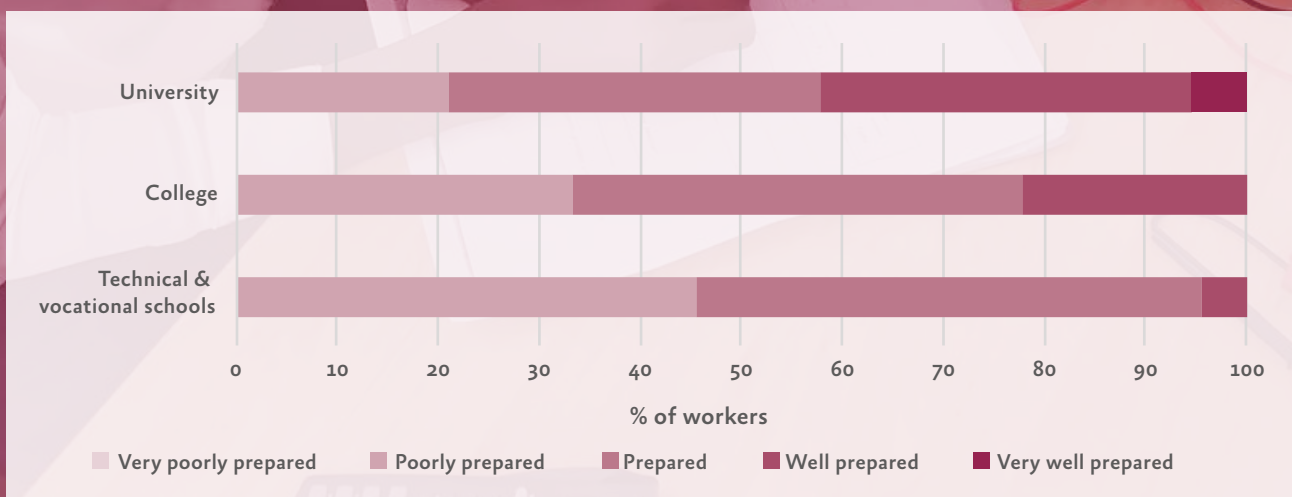
### Barriers to hiring youth



### Training activities supported by firms



### Preparedness of staff



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