



GROUNDNUT PRODUCTION IN THE GAMBIA

© February 2020

ABOUT US

The Library and Research Dept. of the National Assembly of The Gambia provide credible, timely and impartial research service to members and staff of the National Assembly to help them in the effective execution of their mandate.

ABSTRACT

The Gambia offers the ideal environment for groundnut production in terms of arable land, climatic condition, know-how and available skills. Groundnuts are grown throughout The Gambia and constitute one of the country's key exports. Groundnut can be grown in almost all parts of The Gambia with concentration along the north and south bank areas. It is normally grown in the start of the rainy season and harvested before the end of the season. It is mostly used as both subsistence and cash crop in The Gambia. Groundnut is almost used in all our staple food when processed such as groundnut oil, groundnut paste, etc. Groundnut is an ideal export crop that can be exported at preferential duty rates and quota free to various markets such as ECOWAS markets under the ECOWAS Trade Liberalization Scheme (ETLS), EU markets, etc.¹ This paper intends to stare at the historic background, production, processing, marketing and challenges of groundnut farming in The Gambia.

HISTORICAL BACKGROUND

The introduction of the groundnut (commonly known as the peanut) to The Gambia was by the Portuguese in the 16th century from a Brazilian species. Up until the 1830s it was grown by Gambians for domestic consumption only and not for agricultural export. It was later introduced in The Gambia by the British as a cash crop. In 1903, in order to prevent farmers from eating their seed-nuts, the British Government stepped in to store, subsidize and distribute the groundnut crop. In 1921, the British Government decided on a change of policy and established the Department of Agriculture followed by foreign advisers to organize seed storage as well as the establishment of the Gambia Co-operative Union (GCU).²

In 1973, The Gambia Produce Marketing Board (GPMB) took over the management of the crop by setting up collection depots, selling low-cost fertilizers, buying points, etc. Barges along the river transport the groundnuts down from the up-country regions to Banjul. Farmers were able to obtain credit from The Gambia Commercial & Development Bank. In 1993, GPMB was later sold to a company called Alimenta S.A due to bankruptcy who renamed it as The Gambia Groundnut Corporation (GGC). In 1999, the government shut down the company through a presidential order and then it came under government ownership.³

¹ GiEPA: Groundnut production in The Gambia, project file, <https://www.giepa.gm/sites/default/files/groundnut%20production.pdf> Retrieved: 12th February, 2020.

² Access Gambia: Groundnut Farming in The Gambia, <http://www.accessgambia.com/information/groundnuts.html>, Retrieved: 25th February, 2020.

³ Access Gambia: Groundnut Farming in The Gambia, <http://www.accessgambia.com/information/groundnuts.html>, Retrieved: 25th February, 2020.

INTRODUCTION

Groundnut production starts in the early stages of rainy seasons in The Gambia. Prior to the start of the rainfall, farmers will clear their field through the ‘slash and burn’ method and hopefully wait for the first rainfall after which the land is ploughed and the seed-nuts are sown. The groundnut requires a minimum temperature of 24 °C and a minimum rainfall of 750mm.⁴ After 3 to 4 years of cultivating on a plot, the farmers normally shift to other plots to allow the land to fallow and regain its fertility. Before the end of the rainy season, the groundnuts are harvested, dried out, trashed to release the nuts, winnowed and then taken for home use or further processing for export.

The Gambia is already a home of stakeholders in the groundnut industry including businesses, industry associations and representative groups. The presence of these associations and groups demonstrates the Gambia’s attractiveness and potential as a prime location in West Africa for the production, small-scale processing and export of groundnuts and related products. A few example of these organizations are as follows;

GROUNDNUT PRODUCTION

Groundnuts are grown throughout The Gambia and mostly in the north and south bank areas. It is estimated that 60% of groundnut producers in The Gambia are women.⁵ In the Central River Region, 70% of women are engaged in the production and selling of groundnut.⁶ Experts in agriculture and economy have stressed the need for The Gambia to explore alternative remunerative or additional cash crops as the production of traditional export crop, groundnut continues to decline.⁷ About three decades ago, The Gambia was one of the highest exporters of groundnut in the sub-region and that trend has been declining.⁸ Some of the reasons why Groundnut production has been declining in The Gambia is outlined below:

Climatic Factor: The unpredictable nature of climate such as rainfall is one of the major reasons of the decline of groundnut production in The Gambia. The untimely arrival of rainfall and its short duration is affecting the lives of groundnuts in the country. In the past two decades, The Gambia used to experience about five months of heavy rainfall that amounts to an average of 1000 milli liters per year. In today’s climatic environment, The Gambia experience a rainfall decline to an average of 800 milli liters which is not sufficient for the production of groundnut.⁹

⁴ Access Gambia: Groundnut Farming in The Gambia, <http://www.accessgambia.com/information/groundnuts.html>, Retrieved: 25th February, 2020.

⁵ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020.

⁷ The Chronicle: Gambia’s groundnut production declines, <https://www.chronicle.gm/as-gambias-groundnut-production-declines-experts-call-for-shift-to-alternative-remunerative-crops/> Retrieved: 21st February, 2020.

⁸ Ibid.

⁹ The Chronicle: Gambia’s groundnut production declines, <https://www.chronicle.gm/as-gambias-groundnut-production-declines-experts-call-for-shift-to-alternative-remunerative-crops/> Retrieved: 21st February, 2020.

Fertility and ownership of Land: There is need to revisit land fertility in The Gambia by experts. In China, one hectare of land can produce around seven tons of groundnut compared to The Gambia that produces only around half or one ton in a hectare of land. This apparently shows a big disparity of outputs of groundnut between The Gambia and China. Also, land ownership is another challenge especially for women regardless of their dominance in the groundnut industry.

Inadequate Farming Inputs: In a bid to ensuring meaningful development in agriculture vis-à-vis groundnut production, the government needs to be providing adequate farming inputs to farmers such as seeds, fertilizers and herbicides to enhance the production of groundnut.

GROUNDNUT PROCESSING

Groundnut processing in The Gambia is hugely under the prerogative of The Gambia Groundnut Corporation (GGC). The GGC which now operates under the Ministry of Agriculture was founded during the colonial period and later handed over to the government.¹⁰ However, the entire dominance of the groundnut processing sector by the GGC is discouraging for the private sector. It became difficult for the private sector to invest in groundnut processing due to the unnecessary competition they encounter against the government. It is reported that government only provides assistance to The Gambia Groundnut Corporation in the processing of groundnuts thereby condoning the private players in this industry.¹¹

The government of The Gambia, through the Ministry of Agriculture, supports the GGC by providing loans and subsidies for the corporation to enable them excel and enhance their processing activities in which the corporation is said to have often failed in this endeavour. This kind of support and commitment is not shown to the private sector which left them with no option but to leave the processing market entirely for the GGC which alone cannot boost the processing sector.¹² Groundnut processing alone can enhance and speed up the development process of The Gambia provided that the private sector and other players in the industry are engaged and supported by the government. So many investors intend to invest in the industry but the unnecessary competition with the Gambia Groundnut Corporation which apparently controls the processing industry is frustrating and discouraging thereby sending many out from the industry.

Groundnut processing if properly decentralized can help the economy in the following ways;

Reduce unemployment: The ability of the government to decentralize her support and set the stage for all players and stakeholders in the groundnut processing sector will not only enhance the processing of groundnuts but also create employment within the private sector. Engaging and involving the private sector and supporting them financially will enable them operate smoothly and also employ the masses to take part in the processing activities.¹³

Increase economic growth: Groundnut processing will enhance the export value of groundnuts in the foreign markets. Processing will add value to the raw nuts and also produce semi-finished

¹⁰ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020.

¹¹Ibid

¹² Ibid

¹³ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020

products that can be used as raw materials in other countries thereby earning foreign exchange to our economy. Investors in groundnut production in The Gambia, therefore, have the opportunity not to only export raw nuts but to also consider processing activities that would enable value-added products to be developed and sold at premiums¹⁴. Groundnut processing has a positive relationship with foreign exchange earning which is very important in achieving economic growth.

By-products and processing potentials

Groundnuts are the basis of various set of products. A recent report by the U.S Department of Agriculture's Foreign Agricultural service ascertained that, it is possible to drive around 63 by-products from a raw peanut.¹⁵ A small selection of these derivative products are as follows;

Groundnut Oil, Peanut butter, Peanut flour, Soap, shampoo, dye, fertilizer, Bioenergy (from cells), Roasted and Salted peanuts, etc.

This is apparently incomparable to The Gambia's groundnut processing capacity. The processing capacity in The Gambia is limited to decortication, groundnut oil, groundnut paste, and cake for poultry development.¹⁶ Very little groundnut processing is currently done in The Gambia and many current exports are sold as low-value products that are as good as bird feeds. This therefore presents an untapped and discouraging area of serious and potential investment.¹⁷

GROUNDNUT MARKETING IN THE GAMBIA

The importance of groundnut marketing in The Gambia cannot be over emphasized. This is evident and supported by the fact that if groundnut is scarce in our markets just for one week, groundnut dealers go as far as Ivory Coast to get groundnuts for the local market due to the high demand.¹⁸ It is a common knowledge that groundnut constitutes part of our staple foods. Almost all local meals require the use of groundnut in one way or the other. This affirms the importance of groundnuts in our markets.

It also has a vibrant opportunity in the foreign markets and can earn good foreign exchange value. The market opportunities for groundnuts produced in The Gambia are very high at the global market. The problems encountered in reaching the global market are mostly trade restrictions. Most of the trade agreements Gambia is part of are just on paper and not applicable including the ECOWAS Protocol otherwise our traders will not have their goods in just our neighbouring country Senegal and find it difficult and frustrating to transport their goods.¹⁹

The Gambia government through the Ministry of Trade should engage China in negotiations that can lead to agreements to waive or reduce entry tax on The Gambia's groundnuts that are exported

¹⁴ GiEPA: Groundnut production in The Gambia, project file, <https://www.giepa.gm/sites/default/files/groundnut%20production.pdf> Retrieved: 22nd February, 2020.

¹⁵ Ibid.

¹⁶ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020

¹⁷ GiEPA: Groundnut production in The Gambia, project file, <https://www.giepa.gm/sites/default/files/groundnut%20production.pdf> Retrieved: 22nd February, 2020.

¹⁸ ¹⁸ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020

¹⁹ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020

to China. China is a very vibrant and highly rated market regarding groundnut. They realized how valuable they are in the global market regarding groundnuts and this warrants them to charge every country at a rate of 13 – 15% of the value of goods exported to their market as entry tax.²⁰ Countries negotiate with China to arrive at agreements or protocol at bilateral levels to waive or make huge discount on this entry tax to enable them easily export their groundnuts in the Chinese markets known for high return on investment.

Countries like Malawi and even our closest neighbouring country Senegal eventually became partners with China on this course to waive the entry tax on them to enable them facilitate easy export of groundnuts to the Chinese market. The Gambia is not part of any such agreements with China and it is reported that no negotiations are launched for this initiative. Private investors in the country, who spend millions in the groundnut industry, are said to be engaging the Trade Ministry about this in order for it to engage the Chinese authority but to no avail.²¹

CHALLENGES OF GROUDNUT PRODUCTION AND MARKETING IN THE GAMBIA

Infrastructure: One of the major challenges faced by groundnut dealers in the marketing stage, specifically exports, is the poor infrastructure at The Gambia Ports Authority (GPA). GPA is not cooperative with groundnut investors as it is reported that containers with groundnuts get wet at the ports due to poor protocols and procedures. Also, according to Agribusiness Services and Producers Association, exporters lost their bags in the unsealed containers at the port because the authorities at the port would refuse to seal the containers in the name of screening the containers to prevent any form of drug trafficking.

It is reported that an investor in the groundnut sector lost D450,000 due to this problem at the ports.²² The unnecessary extra charges paid to private shipping companies such as the Maersk line which amounts to around \$100 is another bottleneck the groundnut investors face at the Ports.²³ Also, the charges made by the Drug Squad in their pursuit to screen containers to avoid drug trafficking and the 1.5% levied by The Gambia Revenue Authority (GRA) as export tax on the value of groundnuts exported, are all contributing factors that hinder the exportation of groundnuts. The Gambia Revenue Authority, Drug Squad and The Gambia Ports Authority are, therefore, relevant stakeholders in the export of groundnuts.²⁴

Interference of Food Safety and Quality Assurance Authority: The Food Safety and Quality Assurance Authority puts excessive pressure on the local investors in the groundnut sector. Most of the groundnut exports serve as industrial raw materials in the foreign market and not finished goods for direct consumption. The unnecessary harassing and intervention of this authority into the sector in the name of assessing the quality of groundnuts is discouraging the local investors. In

²⁰ Ibid

²¹ Ibid

²² Ibid

²³ Ibid

²⁴ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020

fact, the role of the food safety and quality assurance is more related to scrutinizing the incoming food products and finished food stuffs in the country than the industrial raw materials exported by the groundnut dealers. This is frustrating and discouraging to many local investors according to the Agribusiness Services and Producers Association.

Lack of regulation of players in the market: the lack of standard monitoring of activities in the buying and selling of groundnuts in The Gambia is a major challenge investors and farmers are faced with. It is reported that some smooth operators will visit the farmers especially in the provinces on false pretence that they represent The Gambia Groundnut Corporation. These players would collect groundnuts from the producers in the name of the GGC and promise to pay in the near future which they would never fulfil. It is the mandate of the GGC to watch and monitor the activities in the groundnut sector but they often fail. The Agribusiness Services and Producers Association (ASPA) intervened to this course to rescue the poor farmers from this ordeal. ASPA was able to reduce the rate of this culpable act through providing agents in the various regions in the provinces who buy from the farmers and pay them without delay.

Trade restrictions: the application of trade agreements to practice is not often forthcoming on the side of The Gambia exports promotion. the tax imposed on groundnuts in the foreign market, the cost of transportation and the barriers at the port authorities are all contributing factors to the increasing trade restrictions faced by the Gambia. Many investors are discouraged and frustrated because of the lack of easy movement of their goods to foreign markets. The Gambia is a party to the ECOOWAS protocol of the free movement of goods and services but this is just on paper and mostly not applicable. Trade restrictions hinders export promotion and leads to a negative balance of payment and low foreign exchange earnings and subsequently detrimental to sustained economic growth.

Lack of decentralization: the limited ability of the government through the Ministry of Agriculture to involve and engage the private sector in the policies and regulations of the groundnut production, processing and marketing in the sector is a main challenge. The government borrows and subsidize only the Gambia Groundnut Corporation and not the private sector to support their activities in the sector. The government need just to set the stage and engage the private sector to facilitate smooth production and marketing in the sector.

According to ASPA, the government's primary support to the private sector will be nothing more important than decentralization of policies. The government don't engage all the relevant stakeholders in their policies and this is a major bottleneck. The farmers, transporters and even the bankers are all relevant in the sector. The government is reported to have plans to revitalize the cooperatives without the proper engagement of relevant stakeholders.²⁵

CONCLUSION

The groundnut sector in The Gambia is one of the major areas that can enhance export, earn foreign exchange and boost economic growth. To achieve this, the government's support is crucial and this cannot be done without decentralization and engagement of the private sector. The private

²⁵ Agribusiness Services and Producers Association, ASPA: executive secretary; interview. 19th February, 2020

sector plays an important role in the production and marketing of groundnuts but are frustrated by the government's commitment and support towards them. The government through the Gambia Ports Authority, need to provide the sector with necessary infrastructure to facilitate easy export of groundnut.

Trade restriction is a nightmare for investors in the private sector. The government should endeavour to engage in negotiations in the foreign market to facilitate the easy movement of goods. The expansion and rehabilitation of groundnut processing centres is also very key in reducing unemployment and enhancing economic growth. The processing of groundnuts which is under the GGC should yet be decentralized to engage the private sector for greater processing capacity. The Ministry of Agriculture should decentralize the financial support by subsidizing the private players and not only limit this support to the GGC.