

Enhancing MSMEs Resilience in the AfCFTA Implementation

**During the Recovery from the COVID-19
Pandemic**

**15/12/21 @ Sir Dawada kairaba Conference
Centre**

PRESENTATION OUTLINE

INTRODUCTION

MSMEs LANDSCAPE IN THE GAMBIA

MSMEs AT THE CENTER OF RECOVERY

CREDIT LENDING TO PRIVATE SECTOR

FACTORS HINDERING GROWTH OF MSMEs

CHALLENGES FACED BY MSMEs IN THE PANDEMIC

BUILDING NATIONAL RESILIENCE STRUCTURES

RESILIENCE IN THE CONTEXT OF AfCFTA

WAY FORWARD

INTRODUCTION

- According to the nationwide MSMEs mapping 2019, the Gambia has a total of 115, 068 MSMEs, employing 60% of the labour force
 - 98 % of which operate as a sole proprietorship
 - 21 % aged 15-30 years
 - 46.4% aged 31-45 years
 - 70 % unregistered and majority characterized as Micro and Small enterprises
 - Operating in the informal sector
 - Providing the main source of income for urban and rural poor
 - In terms of ownership, 60% of MSMEs are owned by Men, whilst 34% are women owned.

MSMES AT THE CENTER OF THE RECOVERY

First MSMEs must be at the center of the post-pandemic recovery effort

Significant engine of growth

Employment

Innovation

Social development



Secondly, the disruption in the global supplies, MSMEs are a core element of this



Thirdly, going forward, thinking must carefully be shaped around how support to MSMEs is done

Making sure we push in a direction of more resilient value chain that can withstand future disruptions

Youths dominate the MSMEs sector and are more innovative

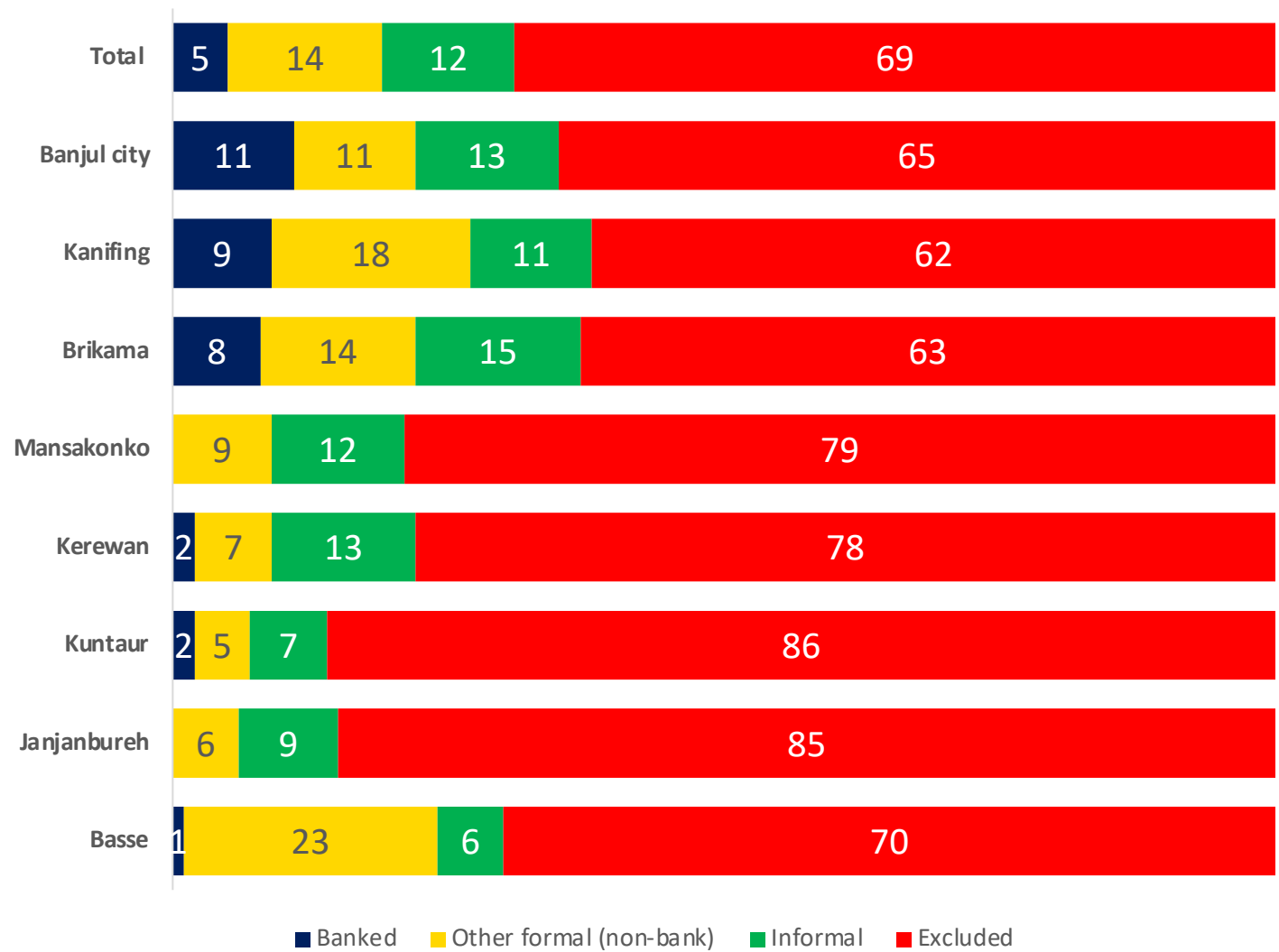
MSMEs LANDSCAPE IN THE GAMBIA

- In the Gambia, MSMEs are highly concentrated in very few sectors
 - Distributive trade industry, wholesale and retail trade account for **61.5%** of the total number of all size of enterprises followed by manufacturing .
 - Manufacturing of wearing apparel (tailoring) has the highest proportion of establishment (**36%**), followed by establishment engaged in furniture making (**23%**), the manufacturing of fabricated metals products (**11%**) and the processing and preservation of fish products having (**around 5%**).

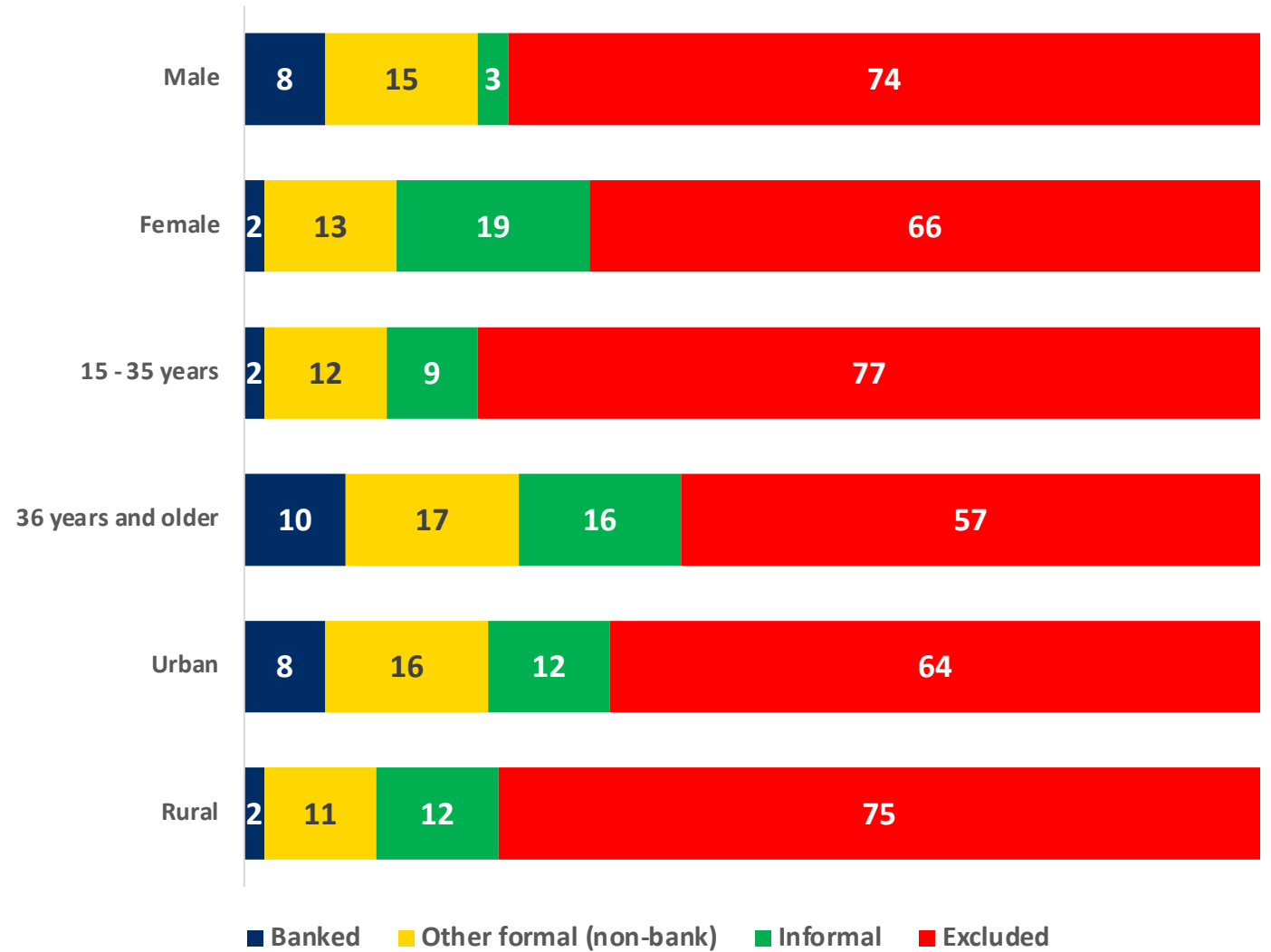
CREDIT LENDING TO PRIVATE SECTOR

	December 2020	
Banking Industry	Monthly Loans	
	Value '000	%
Agriculture	276,427	4
Fishing	2144	0
Manufacturing	71652	1
Building & Construction	2,041,422	28
Transportation	565,017	8
Distributive Trade	1,733,582	23
Tourism	416,001	6
Financial Institutions	190,284	3
Other Commercial Loans & Advances	1,000,588	14
Other Loans & Advances	1,105,119	15
Gross Total	7,402,236	100

Urban/Rural Access to Finance



ACCESS TO FINANCE BY DEMOGRAPHIC



FACTORS HINDERING GROWTH OF MSMEs

Limited market Access- under utilization of ICT, only 6% have access to international market (ECOWAS, AU, EU)

Limited access to finance

- Lack of credit inventory
- Poor financial records- due to limited formalization
- Inadequate/credible business plans
- Unfavorable terms, collateral and high interest rates
- High concentration of financial relationship (50% from MFIs and 10% from CBs)

Access to Business development services

Unfavorable tax regimes

- multiplicity of taxes/fees- 50 payments per year, about 15 different taxes

High cost of formalization

limited access of the SBRW

Cumbersome land acquisition process

CHALLENGES FACED BY MSMEs IN THE PANDEMIC

Business closures

Lack of operational cashflows

Drop in demand for production/services

Reduction in opportunities to meet new customers

Logistical challenges and shipment of products

Decline in workers productivity

Difficulties in obtaining supply of raw materials essential for production

BUILDING NATIONAL RESILIENCE STRUCTURES

- In the context of the above, resilience building to enhance growth of MSMEs should leverage on the strategic orientation of the following:
 - Set up a National Credit Reference Bureau
 - Market test report already conducted
 - Fast track the implementation of the NFIS
 - Improve the access, quality and usage of financial services
 - Create an enabling financial infrastructure
 - Promote financial innovation
 - Promote consumer protection
 - Establishment of a well funded MSMEs Fund to support financing
 - MSMEs lending policy De-risking financing through public collateralize schemes
 - Leverage on the increase use of ICT
 - To promote financial intermediation- e-payment platforms, e-commerce
 - adopt new working methods (digital) teleworking

RESILIENCE IN THE CONTEXT OF AfCFTA

1

Enhance the national entrepreneurial culture by promoting MSMEs as preferred suppliers

.... In specific sectors... tourism, public sector etc

2

Provide targeted and sector specific support for MSMEs now and post crisis

- **Such as relief funding**
- **Targeted tax regimes (reduced TOT rates, CIT, simplified tax regimes for MsMEs)**

3

Encourage R&D as a pre-requisite for innovation and growth (National commercialization Platform- ideas into products and services)

4

Support entrepreneurs with skills and capabilities to rebuild and grow after the crisis

- MSMEs would benefit from additional training in business scenario planning

5

Develop critical value chain and supply chains so MSMEs can better leverage on the African market to source inputs

....cheaper inputs, larger market of 1.4 billion people

THANK YOU FOR YOUR KIND ATTENTION

Q&A IS ONLY ACCEPTED FROM SUPPORTERS
OF THE MSMEs STRUGGLE