Highlights:

Following the 2011/2 Sahel crisis, protracted food insecurity continues into 2013 in pockets of the country. Humanitarian needs remain for 40,000 people affected subsequently by 2011 drought and 2012 floods in rural and vulnerable urban areas.

Overall food production recovers but remains below potential due to overabundant rains, scarcity of seeds and inaccessibility of fertilizer. Food availability through commercial markets is stable and covers domestic cereal needs. Food access remains a major challenge for a growing number of households due to high food prices and eroding purchasing power.

Groundnut farmers benefit from significantly better terms of trade and improved purchasing power than in 2011/12 due to increasing demand and price competition. Scarcity of seeds and low access to fertilizer remains a challenge and limits growth potential.

Annual food price inflation (at 6% in December 2012) remains above overall consumer price inflation (5%). Rice prices at retail level reach a new peak in the last quarter of 2012, at 11% above 2011 and 10% above the 2008 food price crisis levels. Introduction of Value Added Tax in 2013 spurs public debate over high food prices and increasing cost of living.

Outbreak of livestock disease puts at immediate risk half of national livestock population. While 4,000 heads of cattle are reported dead, over 56% of animals so far provided with vaccines.

Malnutrition levels (wasting) of children under-5 nearly reach ‘serious’ threshold at 9.9% in September 2012. Two regions record ‘critical’ levels of chronic malnutrition (stunting) at over 30%.

Recommendations for Government and Partners:

For immediate action (May—July)

- Protracted humanitarian needs and deteriorating nutrition outcomes require continuation of countrywide livelihood and nutrition response in view of upcoming hungry season
- Countrywide livestock vaccination should intensify to contain cattle pneumonia while support to affected cattle holders should be considered in view of upcoming hungry season
- Comprehensive food security and livelihood assessment required to determine food security and livelihood status of rural households following the drought, floods and cattle disease
- Rainfall, disease and food price monitoring requires significant strengthening and better linkage with policy and operational decision making processes to enable early action

For mid- to long term action (4-18 Months)

- Extension services should be strengthened and the involvement of local communities in early warning, disaster risk reduction and emergency response should be intensified
- Development and relief interventions should be geared towards the strengthening of long-term household and community resilience in view of growing vulnerability to economic and climate shocks
Food for Thought

The Gambia under pressure: waste not, want not.

Gambia in face of mounting global food challenges; with little organizational rethink national food security still attainable

‘Global Food: Waste Not, Want Not’ is a thought-provoking piece of research towards which the London based Institution of Mechanical Engineers devoted much strategic judgment to the everlasting puzzle of how to bring global hunger to its knees, or at least attempt in doing so.

Underpinned by factual evidence it is one of those refreshing reports bringing to light the self-evident, yet brutally inconvenient tragedy of our time: that in a world of nearly 1 billion people going hungry to bed each day, we still can afford to waste 1.2 to 2 billion tons of food each year, or 30 - 50% of food produced globally, before it even reaches our stomach. That such level of waste is far from sustainable becomes apparent when anticipating another 2.5 billion people to be fed on and from this planet by 2075. Mounting dietary requirements and competition driven resource pressure, in particular for water and fertile land, will not make the solutions become easier. To make matters worse, hunger and climate change are already finding their place on the agenda of the UN Security Council and become increasingly framed as a security challenge of the future.

From the report it can be deduced that food waste is something common for all societies and developmental contexts, albeit in their own specific ways. In simple terms, the more economically developed a society is the more it seems to waste on the consumer side; the less developed the higher the waste on the production side of the supply chain. In the former category, modern consumer culture, retail and customer behavior in favor of fashionable foods and supersaver deals is by and large to be blamed for massive food waste of perfectly edible food, even though modern production, harvesting, storage and processing techniques drastically minimize food losses. In the United Kingdom for example, 30% of the vegetable crop is never harvested while in developed countries 30-50% of the food bought by the consumer is thrown away as a result of these practices.

In countries of Sub-Saharan Africa and many South-East Asian economies food is largely wasted even before it really penetrates the supply chain, mostly at the farmer-producer side. The report highlights the usual suspects: low infrastructure development, inadequate storage facilities, inefficient harvesting techniques and poor roads. These, amongst others, are to be blamed for production and post-harvest losses of rice ranging between 37 and 80%.

In this context, The Gambia does not seem to be an exception, depending on crop type and variety. The problem has been long recognized and numerous initiatives have been put in place to reduce the amount of production related losses, such as the promotion of household storage silos, creation of sustainable market outlets for farmers, training in processing techniques etc. Yet, a perception remains that we are not there yet; that The Gambia is still just about to take off in the pursuit of food self-sufficiency.

Talking of waste, here some food for thought: Are we not ignoring another, more subtle yet equally important forms of waste? By virtue of its geographical location, The Gambia may find itself in a very finite resource environment with little room for whatever form of ‘expansion’. But what about those precious resources that The Gambia seems to have in full abundance, such as time, (young) people and a plenty of partnerships? Let us ask ourselves: are they being utilized in the most effective, efficient and sustainable way? Above all, are our organizational and monitoring systems fit for making that leap happen, in particular in performance measurement, resource allocation and career development of key staff?

As the reader will notice from this issue, the food challenges that The Gambia is and will be facing are serious and may require a more holistic organizational rethink. There is no room for waste.

Emergency Brief: Outbreak of Contagious Bovine Pleuropneumonia (CBPP) in Central and Upper River Regions

Government declares Animal Health Emergency and commences vaccination campaign; 4,000 heads of cattle reported dead while another 200,000 at risk of infection; 56% of animals vaccinated

On 8 November 2012, for the first time since 1971, The Gambia government declared an Animal Health Emergency, due to the outbreak of Contagious Bovine Pleuropneumonia (CBPP) disease in Central and Upper River Regions, the main livestock rearing areas of the country. First reported and confirmed in Niamina Dankunku of the Central River Region in August 2012 the disease has continued to spread and negatively affect pastoral livelihoods while putting at immediate risk nearly half of a total 400,000 heads of cattle in The Gambia. Due to lack of resources and institutional capacity to contain it, the livestock disease already caused the death of estimated 4,000 animals. Since February 2013 the Government with the support of the Food and Agriculture Organization (FAO) commenced a countrywide herd vaccination campaign to contain the disease, prevent the deterioration of food and nutrition security and further erosion of people’s coping mechanisms. According to the Department of Livestock, as at March 2013, over 56 percent of the national herd (225,000 heads of cattle) has already been vaccinated while the national vaccination campaign is expected to complete in May.

Background: CBPP is an infectious, highly contagious and one of most important trans-boundary animal diseases in Sub-Saharan Africa posing a serious threat to livestock production and food security. The mortality rates may range between 30-80% (in Niamina Dankunku reported at 40-50%) with affected animals experiencing difficulty in breathing, losing weight and overall physical condition. If uncontained, the potential monetary damage emanating from the disease may reach two billion Dalasis (US$ 65 million) with negative consequences to the economy (livestock contributes to 8.6% of national GDP) and national food security.
Tax Reform and Introduction of Value Added Tax in The Gambia

Introduction of VAT aimed to increase government revenue and enhance economic competitiveness; concerns raised over sudden price increases for basic commodities

On January 1st, 2013 the Income and Value Added Tax Act of 2012 has come into effect, thereby establishing five different forms of taxation in The Gambia. An important and prominent element of the Act is the introduction of the Value Added Tax (VAT) which has replaced the previously applied Sales and Excise Tax. The introduction of the VAT is part of the country’s Public Finance Management (PFM) reforms and the regional reform agenda under the ECOWAS in the area of tax policy and revenue administration. The reform agenda is also supported by the International Monetary Fund and the European Union through the provision of technical assistance. The objective of the VAT is a gradual increase of domestic tax revenue, the promotion of economic competitiveness as well as the facilitation and increased transparency of business operations in The Gambia. Alongside with the introduction of the VAT public concerns have been raised over the link between the new form of taxation and rising prices of basic food commodities as well as the correct implementation of VAT by business operators in The Gambia.

Rainfall Situation in The Gambia

Despite pre-seasonal predictions of average to below average precipitation, rainfall in 2012 reached record heights; windstorms and floods affect up to 40,000 people of which 8,000 are estimated displaced

In 2012, although the rainy season started late, consistent heavy rainfall and windstorms were recorded in the period of July – October. In certain parts of the country this caused heavy flooding, particularly in the Greater Banjul Area, Kombo and Jarra Districts, Niamina Dankunku and Upper Fulladu West, thereby negatively affecting livelihoods, productive assets, shelter conditions and increasing exposure to health risks of vulnerable populations. Of the nearly 40,000 people affected within 5,000 households, almost one third was found residing in vulnerable urban dwellings of the Greater Banjul Area and in Brikama with annually recurring flooding. An estimated 28,000 people affected in predominantly rural areas have been exposed to a protracted food insecurity situation due to the combined impact of the 2012 floods and the 2011 drought. For the households already in food stress, this further eroded their coping capacities and aggravated the effects of the drought situation. The 2012 detailed flood assessment showed that across the five rural regions most of the affected households had their crops submerged or washed away and experienced difficulties in accessing their fields, in particular in lowland cropping areas.

The 2012 floods follow an overall vulnerability trend that prompted the International Panel on Climate Change (IPCC) to put The Gambia top on the list of 100 countries that are most vulnerable to the effects of climate change, especially weather related hazards such as drought, windstorms, floods and sea rise. With a 30 year rainfall average of 835mm per annum The Gambia has surpassed this precipitation level by far in 2009 (1,024mm), in 2010 (1,154mm) and 2012 (1,139mm). Even though total rainfall was 36% above the 30 years average in 2012, significant rainfall variability was recorded across the country with some areas experiencing meteorological drought similar to the drought conditions in 2011 (URR).

Climate Context

<table>
<thead>
<tr>
<th>Year</th>
<th>National Total</th>
<th>BCC</th>
<th>WCR</th>
<th>NBR</th>
<th>LRR</th>
<th>CRR</th>
<th>URR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>-9%</td>
<td>12%</td>
<td>-2%</td>
<td>-35%</td>
<td>-19%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>2012</td>
<td>36%</td>
<td>42%</td>
<td>48%</td>
<td>27%</td>
<td>87%</td>
<td>14%</td>
<td>87%</td>
</tr>
</tbody>
</table>

Note: Regular climate forecast and rainfall observation in The Gambia for the 2013 rainy season will commence on May 1st, 2013 and will be published by the Department of Water Resources every 10 days through the Early Warning Bulletin for Food Security in The Gambia. All relevant information can be obtained from the Department of Water Resources through dwr@mofwrnam.gov.gm or under www.mofwrnam.gov.gm
Agriculture prospects for 2012/2013 season

Abundant rainfall enables steady recovery of agriculture sector, yet key crops remain below potential. Prolonged vulnerability remains in drought and flood affected areas.

Above average rainfall in most parts of the country provided good conditions for crop development and enabled a steady recovery of the agricultural sector during the 2012/2013 cropping season. According to the findings of the recently completed National Agriculture Sample Survey (April, 2013), overall cereal production is estimated to reach 245,300 metric tons, up by 22% from the 2011 drought season, and 13.5% above the 5-year average, which accounts for two years of bad harvest, 2007 and 2011. While average yield of most cereals remains below 1 metric ton per hectare, farmers are expected to source food from their own production until the month of May, with the hungry season generally expected from June to October. In single areas of the country (North Bank Region, Lower River Region, Central River Region-South) farming households continue to suffer from a prolonged state of food insecurity and vulnerability due to a combination of the 2011 drought and excessive amounts of rainfall in 2012, causing local displacement and the destruction of and reduced access to cropping areas, in particular of early maturing millet and swamp rice. In 2012/13, rice production in The Gambia is expected to rebound to 54,200 metric tons, 23% above the 5-year average (44,227 metric tons). Despite a steady recovery, millet (116,100 metric tons) and maize production (28,934 metric tons) remain below potential with 18 percent and 32 percent below 2010 record production levels. The groundnut sector is also undergoing steady recovery with national production expected at 119,600 metric tons, 43% above 2011, and 4% above record production levels of 2010 (115,100 metric tons). Total cereal needs in The Gambia have increased from 313,500 metric tons in 2012 and are set at 316,750 metric tons for 2013, based on a per capita annual cereal consumption of 175 kilograms. When adjusted downwards by 15% to account for post harvest losses and seeds, in the most optimistic scenario, total cereal production would amount to 189,000 metric tons. Domestic production is expected to cover up to 60% of the national cereal needs with the remainder of 40% or 127,750 metric tons constituting the national import requirement.

(Source: NASS 2013, Pre Harvest Crop Assessment 2012)

Food Availability

Agriculture recovers in the Sub-Region. Global rice production stable and increasing.

Improved agricultural prospects in the Gambia in 2012/13 reflect the overall recovery trend in the Sahel and the West African sub-region. According to the Food and Agriculture Organization (FAO), the food security situation in the Sahel is improving with an above average cereal harvest expected in 2012, following beneficial rains and timely emergency interventions. Forecasted at 56.2 million metric tons in 2012, cereal production in low-income food deficit countries of Western Africa was expected to rebound by nearly 13% as against 2011 levels and is with 15.6% above the 5-year average. This is despite localized heavy rains and flashfloods that have affected several countries of the sub-region in 2012, in particular Nigeria as its largest producer losing 2 million hectares of crop land. Despite good crop and favorable food supply prospects in the Sahel, the implementation of income generation and asset reconstitution activities is recommended to protect the livelihoods of food secure and vulnerable people.

On the global level, world cereal production is estimated to fall by 2.8%, mainly reflecting a decrease in output for wheat (-5.6%) and coarse grains (-2.6%), driven by drought conditions in key producer countries. Compared to 2011, world rice production is set for a slight increase (+0.9%) to 487 million tons, mainly reflecting increased output and availability in Bangladesh, China, Indonesia, the Philippines, Thailand and Viet Nam. However, decreased output is expected in several key producers such as India (-4.1%) and countries of Latin America and the Caribbean (-6.1%), which currently represent the vast majority of supplying markets for imported rice available in The Gambia.

(Source: FAO Food Crop Prospects and Food Situation, 2012:4)

Table 2: Cereal production of Low-Income Food Deficit Countries (LIFDCs)

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2011 estimate</th>
<th>2012 forecast</th>
<th>Change: 2012 over 2011 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa (39 countries)</td>
<td>133.4</td>
<td>125.3</td>
<td>122.2</td>
<td>5.6</td>
</tr>
<tr>
<td>North Africa</td>
<td>18.8</td>
<td>20.0</td>
<td>21.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Eastern Africa</td>
<td>40.4</td>
<td>36.5</td>
<td>38.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>14.8</td>
<td>15.4</td>
<td>13.5</td>
<td>-12.2</td>
</tr>
<tr>
<td>Western Africa</td>
<td>55.9</td>
<td>49.8</td>
<td>56.2</td>
<td>12.8</td>
</tr>
<tr>
<td>Central Africa</td>
<td>3.6</td>
<td>3.6</td>
<td>3.5</td>
<td>-0.9</td>
</tr>
<tr>
<td>Asia (20 countries)</td>
<td>381.7</td>
<td>394.6</td>
<td>399.2</td>
<td>1.2</td>
</tr>
<tr>
<td>CIS in Asia</td>
<td>10.1</td>
<td>9.8</td>
<td>10.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Far East</td>
<td>356.7</td>
<td>371.1</td>
<td>375.6</td>
<td>1.2</td>
</tr>
<tr>
<td>China</td>
<td>220.2</td>
<td>232.2</td>
<td>230.7</td>
<td>-0.7</td>
</tr>
<tr>
<td>Near East</td>
<td>14.9</td>
<td>13.7</td>
<td>13.7</td>
<td>-0.5</td>
</tr>
<tr>
<td>Central America (3 countries)</td>
<td>2.0</td>
<td>2.1</td>
<td>1.9</td>
<td>-11.5</td>
</tr>
<tr>
<td>Oceania (3 countries)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Europe (1 country)</td>
<td>2.4</td>
<td>2.5</td>
<td>1.7</td>
<td>-30.8</td>
</tr>
<tr>
<td>LIFDC (66 countries)</td>
<td>519.6</td>
<td>524.5</td>
<td>535.1</td>
<td>2.0</td>
</tr>
</tbody>
</table>

DID YOU KNOW?

60% is the share of the national cereal requirement covered by domestic production in 2012/13.

(WFP analysis, data from National Agriculture Sample Survey, 2013)
Food Stocks in Markets

National stocks of imported rice are stable while availability on local markets is adequate

Despite the drought-induced growing demand for imported rice, stocks at the level of major importers and wholesalers in The Gambia remain stable at 25,000 metric tons as at December 2012, despite declining imports. Improving export availability from Asia and price stabilization on the international market are expected to reduce inflationary pressure on imported rice locally, unless otherwise conditioned by local measures and pricing trends. Availability of rice in the local markets is expected to continue unabated, though rice accessibility will remain a concern for a growing number of households given overall inflationary trends. (Source: DoT, GRA)

2011 Agriculture Census

Census records increase in agricultural activity; structural challenges and climate shocks still hamper boost in productivity

In 2011, for the first time in 10 years, the Planning Services Unit of the Department of Agriculture conducted a nationwide Agriculture Census as part of a broader attempt to revitalize the agricultural sector and create an enabling environment for more effective food security interventions and improved productivity. The census recorded a significant increase of agricultural activity compared to 2001 despite recurring climatic shocks experienced in that period, e.g. floods and drought. The census identified nearly 82,500 agricultural households, up by 19.3% since 2001, of which 9% are female headed while the majority of agricultural households is based in the West Coast Region (30%) and Central River Region (24%). The total number of family members living in agricultural households was estimated at almost 862,000, of which 490,000 aged 10 or above are engaged in crop farming as primary means of occupation. The share of farming population engaged primarily in crop production jumped to 77.4% in 2011 as against 50.1% in 2001. While the share of active population primarily engaged in trade and civil service recorded an increase to 2% and 3.1% respectively, artisanship (0.7%), fishing (0.2%) and agro-processing (0.1%) remained negligible or even fell. On the national level 49% of agricultural households do not sell their produce but use it exclusively for home consumption, whereas 47% use part of the produce for sale. Only a remainder of 4% of households markets the entire produce. The vast majority of households (62.2%) travel only up to 2km to reach the nearest market, mostly using a horse or donkey cart (89%). However, only little more than half of the households (55%) makes use of daily or weekly markets to sell the produce, with a big proportion (45%) selling to private operators. Almost half of the farming households receive some form of assistance either from government led projects (33.6%) or through NGO’s (13.2%). Seeds (28.6%), fertilizer (8.4%) and product marketing (7.9%) are the most prominent form of support while every fourth household also benefits from micro-loan schemes. On average, only 22% of households benefits from market-information services, with the proportion being as low as 5% and 10% in Central River Region North and South respectively. With the gradual intensification of farming activity and deterioration of the overall economic climate, the vulnerability of farmers to climatic or economic shocks has increased. In 2011, only 20% of agricultural households recorded additional non-farm employment and remittances as complementary sources of income, against 52% of households in 2001. Over the last 10 years, The Gambia experienced significant growth in its animal stock and the number of animal holders. Nearly 400,000 heads of cattle have been recorded, up by 23% since 2001, most of which are concentrated in the Central River Region (43%). The number of sheep and goats grew by 11% and 34% to 144,000 and 303,000 animals respectively, while the number of poultry has more than tripled to nearly 1.9 million animals, half of which are located in the West Coast Region. Between 36 and 62% of agricultural households are animal holders while 42% are actively engaged in the sale of live animals. Reflecting an increase of agricultural activity over the decade is also greater investment in crop production. The number of fields cultivated has increased by 50% to nearly 425,000. The predominant share of households is engaged in the cultivation of upland rice and groundnut (86%), up from 36% and 54% respectively, whilst a significantly greater share of farmers is now also engaged in the cultivation of maize (69%) and NERICA rice (28%). In addition to new fields cultivated, it seems that intensification of activity in favor of these crops came at the expense of sorghum and sesame which witnessed a drop in the share of cultivation from 32 to 19% and from 25 to 2% of households respectively. However, in terms of area under cultivation, the intensification of farming activity seems less pronounced. Total area under cultivation increased by 14%, from nearly 305,000ha to 348,000ha. Even though groundnut (112,000ha) and early millet fields (89,500ha) still dominate the landscapes, closely followed by rice varieties totaling 62,000ha, total area under groundnut has dropped by 19%, while area under millet increased by 10% and rice cultivation expanded nearly fourfold.

Figure 1: Rice stocks and imports in The Gambia

![Figure 1: Rice stocks and imports in The Gambia](image)
Rice prices

Despite good rice availability prices remain elevated; food access of low-income and vulnerable households undermined.

Rising food prices have characterized the second half of 2012 in The Gambia. The nominal price for imported small-grained rice was 11% higher in the last quarter of 2012 compared to the same period in 2011 and almost 10% above the level of the 2008 food price crisis, mainly driven by rising fuel cost and seasonal price dynamics. The average retail price for the first time surpassed 20 Dalasi per kilo in August and continued to rise further, recording 20.5 Dalasi per kilo as of March 2013. The price of locally grown rice also continued the growth trend, though with significantly less upwards volatility compared to imported rice, usually at a rate of 1—2.5% per quarter during the last two years. With 17.7 Dalasi per kilo in March 2013 it remains 14% cheaper than imported rice.

For imported rice, the upward price trends at the retail level are in a marked contrast to relative price stability at the wholesale and semi-wholesale level of sale recorded during the last 16 months. Although up at a rate of 4% in the last quarter of 2012 compared to the preceding quarter, mainly reflecting the price trend of South American rice varieties during that period, over the course of the year rice prices were only 1.1% higher at the wholesale and 2.5% at the semi-wholesale level. As of December 2012, one 50kg bag of rice (excluding Saddam) was on average 900 Dalasi at the semi-wholesale and 950 Dalasi at the wholesale level of sale (30 - 32 US$).

The rice price forecast on the international markets in 2013 remains favorable and could announce better terms of trade and import prices for The Gambia. Mostly driven by increasing production and availability of exportable supplies in South-East Asia, world rice trade is forecast to reach 37.6 million tones in 2013, recording a slight increase against 2012. World rice stocks have reached the highest historical level in 2012 and are projected to further increase in 2013. With new entrants announced in the export market (e.g. Egypt), increasing export availability from Vietnam and India and growing rice stocks in Thailand price competition on the international rice market is expected. However, low exportable supply and reduced output predictions for 2013 may affect export prices in South America (MERCOSUR), currently one of the most important supply mar-

Coarse grain prices

Coarse grain prices stabilize but remain elevated; sorghum prices at a peak.

In line with seasonal patterns, the prices of major coarse grains, picked up in the third quarter (Maize: +19%, Millet and Sorghum: +11%) and remained elevated in the last quarter at levels above the same period in 2011. With 13.8 Dalasi per kilo in the last quarter the price of sorghum was 9.2% above 2011 levels. With price growth rates of 4-10% per quarter since 2009, Sorghum is now the most expensive coarse grain in The Gambia at 17 Dalasi per kilo and 40% above 2008 levels. Overall coarse grain prices have slightly stabilized over the same period but remain elevated, with maize and millet up by 30% above 2008 levels. (Source: GBOS)
In the news: Better groundnut prices bring new hope?

**Buying prices at peak levels; old marketing challenges remain**

After the crop failure season of 2011/12, which halved national groundnut output and put rural livelihoods at existential risk, the 2012/13 marketing season brought new hope to Gambian groundnut farmers. Compared to the previous season, the national farm gate price for shelled groundnuts was raised by more than 12%, from 9,300 to 10,450 Dalasi (291 to 327 US$) per metric ton. With the market entry of private or foreign operators price competition was observed to increase the farm gate price in favor of groundnut farmers to nearly 14,000 Dalasi (437 US$) per ton or 50% above the official level in 2011, leaving government operated marketing outlets and cooperatives behind with less favorable offers and often empty stores. In 2013, private and foreign operators were observed to further improve farmer’s marketing conditions by making available transport vehicles and filling bags, fewer payments on credit and screening requirements while favorable prices in Senegal incentivized mobile farmers to sell their produce across the border. The new buying prices and improved marketing conditions seem to have offset significantly the annual inflation rate (5%) and the nominal increase in rice prices (11%), thereby improving groundnut farmers’ overall terms of trade and purchasing power in 2013. Growing demand from China, Russia and Korea and improved pricing conditions on the international market provide further a promising perspective for the revitalization of the groundnut sub-sector and the improvement of rural livelihoods in The Gambia. The international price of groundnut (CIF, Argentina) recorded within 15 months an increase of nearly 27%, from 1853 US$ in December 2011 to 2,359 US$ in March 2013 per ton. At the time of farm gate price setting in The Gambia (December 2012), the international groundnut price stood already at 2,119 US$, or 14% above the previous year. However, it remains to be seen to what extent the Gambian farmers and the national economy will be able to take full advantage of this trend given the unavailability of sufficient groundnut seeds to increase production, high cost of fertilizer, cross-border trade, and the dynamics of the official price setting mechanism observed during the recently concluded marketing season. (Source: Daily Observer, Foroyaa; IMF)

2011 Food Security Baseline Survey (CFSVA) re-classified

**Two-thirds of Gambian households vulnerable to food insecurity; chronic food insecurity affects 6% of the population**

According to a recent re-classification of January 2011 baseline data on food security levels in The Gambia, two-thirds of Gambian households face some form of food insecurity and are vulnerable during the period of highest economic activity and following the annual harvest. The majority of the vulnerable population (61.5%) is considered as mildly food insecure, with the ability to maintain sufficient levels of food consumption without the need to resort to negative coping strategies or undermining their livelihood base. Almost 6% of the population suffers from moderate or severe food insecurity, down from 11% during the original classification. If able at all, they can maintain a minimum level of food consumption only when selling productive assets or otherwise putting at risk their future well-being (e.g. taking children out of school). While the proportion of food secure households is generally higher in the main urban areas of Banjul, Kanifing and Brikama, about 13% of people suffer from moderate or severe food insecurity in urban hot-spots, i.e. vulnerable urban dwellings characterized by high poverty rates and constant exposure to environmental shocks.

2012 SMART Nutrition Survey

**Global acute malnutrition (wasting) reaches serious level, chronic malnutrition critical in two regions**

According to the recent SMART Nutrition Survey, the level of global acute malnutrition in The Gambia recorded 9.9% in September 2012, almost reaching the WHO classified ‘serious’ threshold. Wasting is up from 6.4% in 2005 and ranges from 7.5 in the West Coast Region to 13.1% in Central River Region. Chronic malnutrition ranges between 13.9 and 30.7% with North Bank Region and Central River Region surpassing the ‘critical’ threshold of 30%. In women of reproductive and child bearing age (15-49 years), under nutrition and over nutrition co-exist with 18.7% of women being underweight and 24.1% overweight or obese.

Map 2: Proportion of district population suffering from moderate or severe food insecurity, January 2011

Source: WFP, Comprehensive Food Security and Vulnerability Assessment based on 2011 data; re-classification in 2013
In Interview: Essa Jallow, Commissioner of Domestic Taxes, Gambia Revenue Authority on the introduction of the Value Added Tax and price increases in The Gambia

On January 1st, 2013, The Gambia replaced the sales tax with the Value Added Tax (VAT). What is the overall rationale of introducing VAT in the Gambia?

The rationale is twofold: As a member state of the Economic Community of West African States (ECOWAS), we are obliged to implement VAT after signing the relevant ECOWAS protocol. As a signatory state, Gambia now has an obligation to implement VAT just like other ECOWAS members. Apart from Liberia and Guinea Bissau, most of the West African countries have complied and are already implementing the VAT. For a country like The Gambia, which has enjoyed relative stability for a long period of time, we have no excuse for not doing it, particularly when ECOWAS is providing the enabling environment in form of technical and financial assistance for the implementation which we have accepted already in 2009. This sub-regional obligation also coincided with the list of reforms that the International Monetary Fund (IMF) wanted us to implement in The Gambia. The IMF was of the view that we should replace the existing sales tax with VAT. Experience has shown that in countries where the VAT has been implemented government revenues have increased. This is because the VAT entails a broader tax base than the sales tax which results in higher revenue yield. Therefore, the introduction of the VAT is also a revenue decision. The government is of the view that if we want to embark on the path of sustainable development we must reduce our dependence on external support, be it in the form of loans or grants, and the best way we can do it is to come up with our own internally driven strategies to mobilize revenues that are required for development financing.

Who is entitled to apply VAT?

According to the Income and VAT Act of 2012, the threshold for registration for VAT is an annual turnover of 1 million Dalasi in taxable supplies. If in the 12 months preceding the introduction of VAT, businesses operating in The Gambia have taxable sales of up to 1 million Dalasi they are legally required to register for VAT. Also, businesses which have not reached the 1 million as of December 31st, 2012, but their forecast reveals that until the end of 2013 they will be able to make sales of 1 million they will be also legally required to register. This means that registration is both retrospective and prospective and is either based on historical sales data or estimates of what sales are likely to be in 2013. I have to emphasize that these sales must be tied to taxable sales. For example, if a business is exclusively dealing with rice, sugar and flour there is no need for registration. Even if those sales have reached 5 billion Dalasi during the year, there is no requirement to register because the business is dealing with goods that are tax exempt. In terms of estimating the turnover for registration the calculation should only focus on the sales of goods and services that are taxable but it should exclude anything that the law says is exempt. The business will know what is taxable by looking at what is exempt. Everything that is not exempt is taxable. Businesses with an annual turnover between 500,000 and 1 million Dalasi can register on a voluntary basis if they fulfill the necessary compliance requirements such as proper record keeping, timely payments or filing of tax return forms. When registering, these businesses would also have a cost advantage because they would get refunded for VAT that forms part of their cost structure.

Since the introduction of the VAT in The Gambia price increases have been observed across the different markets and levels of sale, including for goods and services. How does the introduction of VAT in The Gambia relate to these price increases and is there any relation with price increases for basic food commodities?

I was also surprised by the sudden price hikes which happened in the country, I would say even weeks before the launching of the VAT. When the VAT was launched we also observed price hikes across all goods that are traded in this country, particularly goods sold by supermarkets, which affects of course the food items. Immediately after learning about the price increases we did a press conference and also had a forum at the level of the Gambia Chamber of Commerce and Industry (GCCI) with all the major players in the economy to explain our position that the VAT is not supposed to lead to an increase of prices of goods and services. Prior to the launching of the VAT all these businesses were paying the sales tax. For example, for rice there was no duty but a sales tax of 5% whereas all other food items had a sales tax of maximum 15%. With the introduction of VAT items such as rice, sugar, flour, cooking oil, infant products had a 0% VAT applied. Even for the fuel it is only at the point of importation that we apply VAT but not at the level of petrol stations or the price for domestic transport.

When the sales tax was applied these charges were embedded in the prices of goods and services that were sold to the consumer but they were not reflected as such on the receipt. With the VAT it is now coming in a very transparent manner that must be reflected on the receipt and businesses are required to show the element of VAT that is being charged. In addition, some of the taxes that used to find their way into the price now get refunded. If you compare these two situations, you had a sales tax at the rate of 15% which businesses paid for their inputs but did not get refunded and now they pay at the same rate of 15% but get refunded. For that reason we have always explained that if prices are changing upwards in this country they must change for factors that have nothing to do with VAT. They could be because of business decisions related to pricing on the world market, pricing at the level of suppliers, demand and supply dynamics or other factors. The VAT is not supposed to be inflationary because we maintained the same rate of sales tax and we introduced a refund mechanism for costs incurred by the business at the level of customs and domestic acquisitions.

But what some businesses have been doing is that once they pay at customs they count it as cost not knowing that when they file their return they will get this money back. That is where the problem is. They would increase their price and at the same time come back and claim their refund. Another part of the problem is that the VAT is visible as against the sales tax. On the whole, we are telling the businesses that whatever price they are selling the goods for they should continue selling it at that price. All what they would need to do is to understand that what used to be embedded in that price as sales tax is now VAT. They would just need to bring that out by dividing the final price between what is the price exclusive of VAT and what the VAT element would be. What businesses should also do as part of their overall cost structure is to remove on a monthly basis everything that is related to VAT that they paid for domestic acquisitions and at the level of customs in order to get a refund.

(continued on next page)
Ever since its introduction, The Gambia Revenue Authority (GRA) has been engaged in an intensive sensitization and outreach campaign to clarify the understanding of the concept of VAT among businesses and the general public. In view of the ensuing pricing situation, what are the follow up steps that the GRA has undertaken to ensure a successful implementation of VAT?

We know that this is an ongoing work. We have stepped up our sensitization campaign both on TV, radio and newspapers. We have also stepped up the dialogue with the relevant stakeholders in government and civil society just to make sure that more players are engaged in this because GRA alone cannot do it. We have also intensified our direct engagement with traders in this country to enhance their understanding of VAT and confidence in the new system. All these developments eroded the successes that have been made by governments like The Gambia in terms of poverty eradication. If the cost of food is rising it also affects the efforts that have been made in the area of food security. I think the only way to solve the problem is to continue this engagement by providing more information to the business community and ensuring that it does not link any price increase to the VAT considering the benefits that it has granted them which the sales tax never had. I think taking advantage of the refunds alone should help in avoiding upward pressure on prices while on the whole the VAT should have a price stabilizing, even a price reducing effect, particularly for prices that are relating to the basic necessities of life. The aim is not to tax foods that are the staple diet of the poor.

**Exemptions of Goods and Services from VAT application (Source: GRA)**

1. Basic foods (e.g. rice, flour, sugar, milk, cooking oil) and infant products
2. Education Services
3. Medical, dental, optical and veterinary services
4. Prescription drugs
5. Financial services, excluding those rendered for a fee or commission
6. Life and health insurance
7. Rental of residential property
8. Unprocessed agricultural and aquaculture products (e.g. meat, fish, vegetables, fruits)
9. Agricultural and aquaculture supplies and equipment
10. Most transportation services where the origin or destination is outside The Gambia
11. Taxis, ferries and private buses
12. Electricity and water supplied to most households

**Consumer Price Inflation**

*Overall annual inflation remains stable at 5.1%; strong inflationary pressure observed in basic food commodities, utilities and fuel*

According to data from the Gambia Bureau of Statistics, overall annual inflation in The Gambia picked up in the last quarter of 2012 and surpassed 5% for the first time since June 2011, yet remains stable compared to previous years. As of December 2012, food price inflation remains more pronounced at 6% when compared to year-on-year inflation for non-food products and services, recorded at 4%. Despite the relative overall stability, strong inflationary pressure can be observed for essential commodities and services. In the last quarter of 2012 price increases have been reported amongst others for bread, meat, fish and coarse grains due to rising prices in fuel and external supplies (e.g. livestock, flour), production inputs (e.g. fertilizer) and seasonal scarcity on the market. Food price inflation is highest for bread and cereals (10.6%), oils and fats (6.6%), fruits and nuts (5.6%) and meat (5.4%). Significantly higher inflation rates can be observed for housing and utilities (14.8%) and transport (13.9%) which recorded a steep and continuing rise since July 2012. The price index for housing and utilities is driven upwards mainly by high year-on-year inflation for electricity, gas and other fuels (16.3%) and other services related to the dwelling (41.3%) while actual rental prices remain almost unchanged at a growth rate of 2.3%. If unabated, high inflationary pressure for essential commodities and services may put at risk the well-being and resilience of low-income households and vulnerable groups and undermine further development and relief efforts, particularly in the area of poverty reduction and food security.
At a Glance: Howard Graham Buffett visits WFP The Gambia, eager to support local food procurement and marketing

Howard Buffett visits WFP Gambia, and commits US$75,000 to a local procurement feasibility study. The study validates WFP’s shift from food aid to food assistance. At the wake of a Capacity Development project, WFP The Gambia welcomes this valuable assistance which will enhance the establishment of a nationally owned, sustainable school feeding.

Government welcomes the move from Food Aid to Food Assistance
The Gambia: Howard Graham Buffett visits WFP Operations in The Gambia six months after the Capacity Development Project was launched to establish a foundation towards a home-grown and nationally owned school feeding programme. During his visit, Mr. Buffett met with stakeholders including Dr. Isatou Njie-Saidy the Vice President of The Gambia, Ms. Fatou Lamin Faye the Minister of Basic and Secondary Education, as well as the Permanent Secretary Mr. Boboucarr Bouy and Mr. Sait Drammeh the Permanent Secretary II, Ministry of Agriculture to have a better understanding of WFP operations and main challenges in The Gambia. In her welcome remarks, the Vice President applauds WFP’s strategic move from providing food to encouraging food self-sufficiency through local purchase and ownership advocacy. On his part, Howard expressed keen interest in local food procurement directed towards a sustainable school feeding programme. “Knowledge transfer is key and this will enhance the crucial role that partners – both Government and Non-Governmental Organizations will play in the future.

WFP also took the opportunity to explain its partnership with the Food and Agriculture Organization (FAO) through the MDG Initiative, assisting local farmers to benefit from a new market outlet that will be created in form of the school feeding programme. Dr. Babagana Ahmadu, the FAO Representative shed more light on the processes required to boost local procurement and the importance of linking farmers to markets. In view of a more fruitful approach Howard proposed committing up to US$75,000 for a feasibility study that will inform future possibilities for investing in local economies in The Gambia.

Children – at the Centre of School Feeding
Howard also visited two beneficiary schools in West Coast Region, St John Vianney Lower Basic and Tumani Tenda Lower Basic Cy-Cycle School, Howard gave all who were present the chance to see the true face of a goodwill ambassador. In Tumani Tenda Lower Basic, Mr. Buffett had the opportunity to see one of the most outstanding school gardens and banana orchards that serve as an example for all other schools in the country. “Your garden is doing way better than mine” He exclaimed. Howard commended both schools for their commitment towards the gardens that supplement their daily meals. “Overall there’s still a lot of work to be done for the Gambia to grow what it eats and eat what it grows but we can do it right!” He added.

Sustainable Measures for the eventual Handing over to Government
With the establishment of the capacity development project, Mr. Buffett’s assistance will be pivotal in implementing the local food procurement component of the project. A research into its possibility is move in the right direction as explained by Ms. Fatou Lamin Faye, the Minister of Basic and Secondary Education. “Financial challenges worldwide necessitate more sustainable measures especially for the eventual handover of the school feeding programme to government”, She concluded.

About the Daa Nyeeno:
The Food Security and Market Information Bulletin is the first of its kind tool for The Gambia which attempts to inform decision makers, policy and research on key issues pertaining to the complex subject of food security in the country. The main objective of the bulletin is to offer a systematic and holistic view of food security by looking at a variety of socio-economic trends that may affect household vulnerability and coping. This includes the timely provision of reliable data and analysis on issues such as but not limited to agricultural production, food trade and price trends, identification of groups most at risk to food insecurity, climate forecast etc. It serves relevant stakeholders for the identification of gaps, needs and proper responses to household vulnerability and food insecurity.

Daa Nyeeno is a joint effort of different government institutions, UN agencies and NGOs and is published on a bi-annual basis. The next issue will be due in September 2013 and will cover the period of January - June 2013 (1st-2nd Quarter). This issue of the bulletin includes contributions from: Department of Agriculture (Planning), Department of Trade, Gambia Bureau of Statistics, National Disaster Management Agency, National Nutrition Agency, Department of Water Resources, World Food Programme, Food and Agriculture Organization, UNICEF and IMF.

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