
Gambia Seafood Company¹

BANJUL, THE GAMBIA

Kunan Jarjugen, the factory manager of Gambia Seafood Company (GSC), was trying to reduce operating costs associated with processing frozen seafood. The company had been undergoing financial problems over the past few years, and Mr. Jarjugen was under intense pressure to cut costs by both the Managing Director and the Financial Director.

GSC had faced these troubles in the past and managed to escape unharmed. But Mr. Jarjugeh sensed that the company was in greater trouble this time. The electricity had been shut off by the local utility company three months ago, forcing the factory to operate its emergency generator virtually nonstop. The workers had not been paid for the previous month's wages and for over a month he had not received a gasoline allotment for his car.

GSC was a seafood processing company located in Banjul, The Gambia (see map on page 57). Seafood products were either purchased by the company from contractors who sold exclusively to GSC, or obtained from the six trawlers the company owned. All products were sold in frozen form. The company exported shrimp and sole filets to Brussels, Belgium, and Las Palmas, The Canary Islands. The majority of the products sold locally consisted of fish and some frozen shrimp, distributed through local supermarkets. Sales in 1991 were 31.7 million dalasis (about US\$4 million at early 1992 exchange rates).

Company History

In 1980, an unprofitable seafood processing company, Fish Cold Stores, discontinued operations at its factory in Banjul. Fish Cold Stores was a joint venture of a group of Japanese investors with the Gambian government. Ousman Selosah, formerly the administrative manager for Fish Cold Stores, saw that the artisanal fishermen no longer had anywhere to sell their shrimp in The Gambia, so he sought government assistance in obtaining a loan to start GSC. After the Development Act of 1988, he also received a Development Certificate, since fishing was one of the industries targeted for development. Obtaining a Development Certificate afforded GSC many advantages, including the privilege of purchasing duty-free diesel fuel for use in their trawlers.

GSC started slowly, selling whole unprocessed shrimp to hotels in The Gambia and Senegal and to a processing plant in Dakar, Senegal. GSC began to process shrimp locally, leasing external freezing capacity, but this arrangement proved too expensive when energy costs rose. The company then obtained the funds to build a cold storage facility and began to export processed shrimp and sole fish to separate distributors in Belgium and the Canary Islands. The European market offered better pricing and could absorb more products than the Senegalese market, which became saturated at peak times during the tourist season.

The company was also the recipient of a 17-million-Krona grant from the Danish government in 1990. DANIDA, the Danish aid organization, had funded an unrelated project in the Gambia and had some funds leftover. Some of Mr. Selosah's friends in government lobbied for GSC to receive the excess funding. The grant included a study of their operations and an expansion of the factory. The processing capacity of the factory was expanded with the addition of two cold storage rooms. Other additions included a larger ice plant, a new reserve generator, and an enclosed processing room. These additions began in January of 1990 and were completed in September of the same year. In addition, Mr. Jarjugeh was sent to Denmark to gather information on the European seafood market. The company's financial statements appear in Exhibits 1 and 2.

Mr. Selosah was the sole owner of GSC and also its Managing Director. He primarily handled the marketing

Exhibit 1**GAMBIA SEAFOOD COMPANY
BALANCE SHEET**

as of 31 December 1991

	1991 Dalasis	1990 Dalasis
Fixed Assets:		
Tangible Assets	23,024,932	24,880,084
Current Assets:		
Stocks	1,255,710	1,394,076
Debtors	11,686,992	5,679,132
Cash at Bank & In Hand	<u>1,097,945</u>	<u>11,836</u>
	14,040,647	7,085,044
Creditors:		
Amounts Due Within 1 Year	(16,105,247)	(15,972,214)
Net Current Assets (Liabilities)	<u>(2,064,600)</u>	<u>(8,887,170)</u>
Total Assets less Current Liabilities	20,960,332	15,992,914
Creditors:		
Amounts Due After 1 Year	(10,647,811)	(6,228,537)
Deferred Income	(7,463,859)	(9,329,824)
Net Assets (Liabilities)	<u>2,848,662</u>	<u>434,553</u>
Capital and Reserves:		
Called Up Share Capital	300,000	300,000
Revaluation Reserve	3,050,279	3,050,279
Profit & Loss Account	(501,617)	(2,915,726)
	<u>2,848,662</u>	<u>434,553</u>

Exhibit 2**GAMBIA SEAFOOD COMPANY
PROFIT AND LOSS ACCOUNT**

for the Year Ended 31 December 1991

	1991 Dalasis	1990 Dalasis
Turnover	31,718,938	25,863,526
Cost of Sales	<u>18,977,917</u>	<u>12,774,651</u>
Gross Profit	12,741,031	13,088,875
Distribution & Selling Costs	268,268	18,836
Administrative Expense	4,711,788	6,145,302
Other Operating Expense	6,136,642	7,585,268
Other Income	(1,176,522)	(2,581,050)
Interest Payment & Similar Charges	2,860,320	3,087,162
Revenue Grant	<u>(1,155,752)</u>	<u>(5,291,084)</u>
Profit on Ordinary Activities Before Taxation	1,096,287	4,124,471
Taxation	<u>(548,143)</u>	<u>766,636</u>
Profit on Ordinary Activities After Taxation	548,144	4,891,107
Deferred Income	<u>1,865,965</u>	<u>2,073,294</u>
Retained Profit for Financial Year	2,414,109	6,964,401
Accumulated Deficit Brought Forward	<u>(2,915,726)</u>	<u>(9,880,127)</u>
Accumulated Deficit Carried Forward	<u>(501,617)</u>	<u>(2,915,726)</u>

Notes to Financial Statements**TANGIBLE ASSETS:**

Consisted of the net book value of all of the company's fixed assets. The company's fixed assets consisted of the factory, processing equipment (plate freezers, cold storage rooms, etc.), 6 fishing boats, and company cars and trucks.

CURRENT ASSETS:

Stocks—Consisted of the company's seafood inventory, carried at market value.

Debtors—Accounts receivable. The majority of these are the loans that GSC provides to its contractors in order for the contractors to have the necessary equipment to catch seafood.

At the middle of 1992, one U.S. dollar was worth 7.75 dalasis. By the end of 1992, the dollar had risen to 8.85 dalasis.

of all products to the export markets. He took an active interest in all of the other aspects of the company and sought the advice of his various area managers before choosing any course of action. He was also very active in other activities around the country. In addition to being the social committee chairman of the ruling political party, he was the primary sponsor of a very successful local soccer club. Additionally, he was the individual responsible for approving visas for people travelling to the Cote d'Ivoire (Ivory Coast). His generosity to the less fortunate was well known, as there frequently were many people lined up outside his waiting room seeking alms. (See Appendix for background on The Gambia.)

Mr. Selosah shared an office with Mr. Naaj, the Financial Director. Mr. Naaj, a certified accountant, was a former government official who had run the now-defunct produce marketing board. Mr. Naaj joined GSC after resigning from his former post amidst an embezzlement scandal. All charges against him were dropped after his resignation. Mr. Naaj ran the company in Mr. Selosah's absence.

Mr. Jarjugeh, the Factory Manager, had been with GSC for 6 years. After working for the Fisheries Department for several years and obtaining degrees in Food Science and Fish Technology in England, he decided to capitalize on his knowledge of seafood processing in order to earn a higher salary in the private sector. Mr. Jarjugeh was responsible for running all the aspects of the factory, including procuring raw materials from the beach landing sites and the company trawlers, as well as overseeing the processing, quality control, and overall direction of the work in the factory.

The Operations Manager, Mr. Janneh, was responsible for coordinating the activities of GSC's trawlers. He had been with GSC since its founding and previously worked with Mr. Selosah at Fish Cold Stores. His uncle was the President of The Gambia, which Mr. Selosah saw as a great asset to the company. GSC had three freezer vessels that were designed for catching and freezing shrimp on board. The company also owned three boats that carried ice and that were capable of staying out at sea for up to 10 days at a time. Due to the age and condition of its vessels, however, GSC frequently purchased fish from locally operating foreign vessels.

GSC sold shrimp and sole fish to the export market. Approximately 80% of the exports were sold to a Belgian distributor, sent on a cargo ship every two weeks. Exports to The Canary Islands were taken by air on an irregular basis due to the high demand for cargo space. Roughly 90% of the company's revenues came from the sale of frozen shrimp. Sole fish, mainly in filet form, accounted for the majority of the remaining 10%. Frozen fish was only sold locally, accounting for a small percentage of total revenues.

Since many of the fishermen in the country did not have the start-up capital to obtain their own nets and canoes, they usually needed a loan to get started in business. Instead of investing in itinerant fishermen, Mr. Selosah thought it more prudent to use middlemen to purchase shrimp for GSC. These contractors were provided with interest-free loans to acquire canoes, nets, outboard motors, and duty-free fuel. They were responsible for lining up fishermen to catch the shrimp and sole fish. They gave all their catch to the contractor, and the contractors then sold all their catch to GSC in order to satisfy their loan payments. Under this agreement, the contractors sold the shrimp at two prices: up to 10 kg of the shrimp sold at the full price, and the remainder sold at half price. Contractors were usually paid cash at the end of each 10-day fishing cycle (tide). For their efforts, the fishermen received half of GSC's price from the contractor for each kilo they caught.

Mr. Selosah felt this arrangement guaranteed the company a steady supply of shrimp. GSC, in return, guaranteed a market for the fishermen. During the rainy season the fishermen landed the largest tonnage of shrimp, but the average shrimp size was the small. During the cool part of the dry season, shrimp sizes were large, but the number of tons caught declined. GSC's purchase prices for shrimp ranged from 14 dalasis per kilo during the rains, to 25 dalasis when the sizes were larger. Some local fish hawkers bought the larger-size shrimp for as much as 50 dalasis per kilo during the dry season, knowing that they could make a handsome profit reselling them to the tourist hotels.

After collecting the seafood at the various beach landing sites, employees in company-owned vehicles took the products and placed them immediately on ice for transport back to the factory. Motorized canoes were used

to reach some of the more remote landing sites during the rainy season. Once received at the factory, the shrimp were sorted by size and quality and later packed before being quick frozen in plate freezers. Except for the filleting of the sole, all handling of exported seafood was done by women. GSC staff workers earned 12–14 dalasis daily (excluding overtime), average pay for most low-skilled workers.

Market

There was excess demand for shrimp and sole filet in Europe relative to supply. The European market for shrimp was opposite that of the United States. The more processing the shrimp underwent, the higher the final market value to the U.S. consumer. Therefore, peeled shrimp had the highest value, followed by headless and whole (also called “head-on”) shrimp. In Europe, whole shrimp commanded the highest value, followed by headless and peeled shrimp. This preference in the European market stemmed from a few factors. The freshness and quality of shrimp was judged by inspecting the head. If the head was intact and free of black spots, it was easy to determine that it was of good quality. Shrimp with loose heads were processed as headless or peeled, depending on the softness of the shell. Many shrimp caught in developing nations in tropical climates were gathered without being kept on ice, and then exported to Europe. Shrimping in the United States, on the other hand, was done with \$250,000 ice-carrying trawlers. Freshness and quality were not concerns for U.S. producers since the “cold chain” was maintained from the moment the shrimp was taken out of the water.

Operations

Shrimping in the Gambia was done by fishermen in canoes made from the trunk of a tree, although more expensive fiberglass canoes were increasing in number. Fishing was done throughout the night and the canoes landed at the beaches at sunrise. GSC had someone stationed at each landing site who was responsible for recording the weight of each contractor’s catch, and then icing and loading the shrimp onto the company’s vehicles. GSC purchased roughly 70% of all shrimp caught in The Gambia annually.

Once the shrimp reached the factory, the ones fresh enough to be packed as whole were separated from the rest. Since they were the freshest, the whole shrimp were processed first. Processing of whole shrimp was very simple, requiring only grading them according to size before packing them in 2 kilogram boxes. The heads of the remaining shrimp were then removed before separating them into two categories—headless and peeled. The headless shrimp—those with hard shells and free from blemishes—were then graded and boxed before being frozen. The remaining shrimp were then peeled, graded, and packed.

Fish processing assesses operations in terms of yield, the weight of the final product divided by the raw product. GSC was able to get a 90% yield from the whole shrimp, 60% from headless, and 49% from peeled shrimp. Whole shrimp yields were not 100% due to water loss and employee theft. GSC calculated its raw material price, which included transportation costs, by multiplying the yield for that particular product by the purchase price. The raw material price accounted for 90% of the total processing cost of each grade of shrimp.

Current Conditions

Now that the cooler weather of the dry season had passed, Mr. Jarjugeh began to see that more of the raw shrimp needed peeling. This meant increased costs and decreased profit margins. The company tried to achieve a gross profit margin of 30%, which was considered standard worldwide. Processing sole filets usually yielded a 30% or better profit margin, since fish were less prone to spoilage than shrimp. The gross profit on shrimp varied widely depending on GSC’s purchasing price. Purchasing prices near 25 dalasis yielded hefty profits on the larger whole shrimp, but negative margins for the peeled ones. When purchasing prices were near 14 dalasis, the margins on the whole shrimp were even greater, while the peeled ones were marginally profitable. During the warm months the shrimp were smaller in size but more abundant than during the dry season. The seasonally operating shrimp companies processed shrimp only during the middle of the dry season (December through February), when the larger size shrimp were in abundance. The Managing and Financial Directors usually met with the contractors around this

time of the year to negotiate the price downwards from 25 dalasis.

Mr. Jarjugeh was somewhat upset that the owner had placed the burden of containing costs upon his shoulders. He discussed his feelings with the Operations Manager, Mr. Janneh.

Mr. Jarjugeh: "You know, Kal, I don't know what Mr. Selosah wants from me. I feel like he's trying to blame me for the company's financial problems. Cutting costs here and there doesn't amount to much when 90% of my costs are tied up in raw materials. Paying 25 dalasis for the shrimp means that the whole shrimp costs us 29.98 in raw material costs, headless 45.15, and 55.08 for the peeled. That was alright when we were processing 80% as whole and 15% peeled. But now the output is 65% peeled and only 15% whole! We should be paying a flat price of 15 dalasis for the quality of shrimp we are receiving, but I know that the contractors won't settle for less than 20. Unfortunately, pricing is not up to me."

Mr. Janneh: "I know how you feel, Kunan. He screamed at me last week for a whole boat full of spoiled fish. After the captain was out for 6 days, I radioed him to come in, but he wouldn't listen to me. When he came in after 9 days, the ice had run out and all the fish were rotten!"

Mr. Jarjugeh: "I wish that you would fire that captain, Kal. He's always pulling stunts like this and then blaming the factory for not giving him enough ice or not unloading the fish fast enough at the port."

Mr. Janneh: "You know as well as I do that I can't fire him. Mr. Selosah does all the hiring and firing around here. I just have to do the best that I can with the people he gives me to work with."

Mr. Jarjugeh: "Yeah, I know what you mean. I hate having to remind the supervisor to make sure the workers ice down the shrimp to be stored overnight. Sometimes I wish I had stayed with the Fisheries Department."

Another Crisis

Mr. Selosah received a facsimile from his buyer in Brussels and was shocked to learn that the last container of shrimp and sole filets was rejected by the Belgian health authorities. This was the second time in two

years that a shipment was rejected for having loose heads on a sample of their whole shrimp. The buyer was able to get the authorities to release the container and allow it to land in Rotterdam, The Netherlands. The container was cleared by the less stringent Dutch authorities and was then taken by truck to Brussels. The buyer said that all containers would now have to land in Rotterdam, since they did not want to risk having a container impounded in Brussels. The additional cost of this arrangement was to be shared by GSC and the buyer. GSC's share added 3 dalasis to the cost of one kilogram of whole unprocessed shrimp.

The buyer also asked GSC about producing shrimp in 1 kg boxes instead of the 2 kg boxes that they now produced. He found that the Europeans bought more of the smaller portion packages, even though they cost more per kilo.

Mr. Selosah contacted Mr. Jarjugeh with the news of the shipment and asked him how soon they could start processing the shrimp in the smaller boxes.

A New Revelation

Mr. Jarjugeh had always had trouble getting the message of quality control across to the processing supervisor and the staff. He wondered how he could better communicate the need for quality control and hygienic conditions to the workers, who were mostly uneducated. In a country devoid of many necessities, quantity is the primary concern.

His conversation with the processing supervisor gave some insight into the cause of the current problems. The processing supervisor told him that Mr. Selosah told the workers to process more whole shrimp, since it yielded the greatest prices. Apparently, much of the shrimp that was being processed as whole should have been processed as headless and peeled. He knew that pressure from the owner would supersede any efforts he might make for greater quality control.

Future Considerations

Mr. Jarjugeh retreated to his office in the factory to think about these latest developments. It was the end of the work day and most of the workers were preparing to go home for the weekend. The factory fell quiet

as the generator was shut down for refueling and minor servicing. He was concerned that the drop in quality of the export products might damage his reputation as a quality control manager. Regarding the need to cut costs, he identified three alternative courses of action that he could recommend to Mr. Selosah, although he knew each had its drawbacks.

Alternative One: Purchase a Shrimp Grading Machine—GSC could purchase a shrimp grading machine that would reduce the amount of manual labor required for processing. He estimated that a machine would reduce the processing staff from 50 to 20. GSC currently sold seven grades (sizes) of shrimp, but the machines available could only process five different grades.

Alternative Two: Buy Shrimp Based on Freshness as well as Size—GSC could purchase shrimp from its contractors based on the size and freshness of the shrimp to reflect its true value to GSC. This would eliminate the need for constant negotiations between the contractors and the company during the year. The emphasis on quality, not quantity, would provide incentive to the contractors to outfit their fishermen with insulated containers to assure a fresh catch. With higher prices for the larger shrimp, it would reduce the amount of shrimp that some contractors illegally sold to some fish hawkers at the landing sites.

Alternative Three: Produce Sole Instead of Shrimp—GSC could try to increase its production of sole filets. Fish did not spoil as easily as shrimp and provided a known gross profit of 32% on raw materials compared to shrimp's 10–73%, depending on type and size. Although the equipment used was similar to that used to catch shrimp, not many Gambian fishermen were catching sole.

Which option should Mr. Selosah consider? What additional steps should Mr. Jarjegen propose to improve the company's operation?

APPENDIX

Background on The Gambia

The Gambia is a small country located on the coast of West Africa. It occupies a small strip of land along the banks of the Gambia River, and is bounded on the east, north, and south by Senegal. It is one of the few English-

speaking countries in West Africa, where French is the primary language. Latest estimates of the population are 1,100,000 people. The majority live in Banjul, the capital, and the surrounding cities of Serekunda and Bakau, which form the area known as Kombo. The remainder of the country is rural and accounts for the majority of the agricultural production.

The climate is similar to other countries in sub-Saharan Africa. There are distinct dry and rainy seasons. The rainy season, lasting from late June to late October, is marked by high humidity with temperatures ranging from 29° to 36° C. The dry season is relatively mild, with temperatures from 21° to 25° C with low humidity.

The Gambia gained its independence from the United Kingdom in 1965. The country has been governed by the ruling People's Progressive Party and by President Jawara since that time. The only instance of political instability occurred in 1981, when a coup was attempted while President Jawara was in London attending the wedding of Prince Charles and Diana Spencer.

The Gambia had its origins as a trading center along the River Gambia, which was an entry point into the West African interior. Trading is still the predominant activity of most Gambians, since there are no natural resources in the country. The people of the region are from various ethnic groups ranging from Wolofs, Mandinkas, and Serers to Manjagos. Although each group has their own language, they will also speak either Wolof or Mandinka, the two predominant languages. English is the official language of the country.

Religion is a way of life in the country. Approximately 90% of the population is Muslim, with the majority of the rest being Christian. Many businesses shut down at 1:00 on Friday afternoons to allow Muslim workers to attend afternoon prayers. This strong religious orientation, which teaches respect for family and fellow man, has some far-reaching consequences. The Gambia is one of the safest countries in West Africa. While poverty is widespread, there is little hunger in the country due to the prevalence of seafood and the generosity of fellow Muslims.

Economic Climate

The main industries of The Gambia are agricultural production (primarily peanuts), fishing, and tourism.

The government has actively taken steps to promote these industries by providing some incentives to investors entering them. After seeing the disastrous effects of state-owned enterprises, in 1985 the government undertook a large-scale privatization program and instituted many policies that would attract investors to engage in industries designated for development. In this regard, the government enacted The Development Act of 1988, which outlined the industries targeted for development. The following industries were designated: (a) manufacturing; (b) agriculture, livestock, fishing, and forestry; (c) mining and quarrying; and (d) tourism. Development projects had to contribute to the overall diversification of the economy and promote economic growth in general. By according development projects exemptions from some customs duties and revenue taxes, preferential treatment in the allocation of land, and other concessions, the government hopes to achieve a wide range of economic and social objectives, including: net foreign exchange earnings or savings; substantial domestic value added; maximum employment and adequate training for Gambians; maximum utilization of resources and services of Gambian origin; the formation of national productive capital; and the spatial decentralization of development projects.

The Gambia maintains an open market system, with a fully liberalized foreign exchange regime, few import restrictions, a fairly stable currency, and an investment policy that permits the free flow of capital into and out of the country, including the full repatriation of profits, with no restrictions on foreign equity participation. Since the Dalasis was allowed to float in early in 1986, it has maintained stability, trading within a narrow band.

While the investment climate of the country is conducive to economic growth, there are several factors that constrain the growth of the private sector. Deficiencies in the infrastructure are a major impediment to conducting business. Other constraints for the private sector are the small size and limited purchasing power of the domestic market, limited capital markets, limited human resources, administrative inefficiency, and the ever present role of government in critical industries.

The Gambia is also part of the Economic Community of West African States (ECOWAS), a cooperative agreement with other West African nations, which was designed to permit the free flow of goods among

nations. This agreement is not very effective, however, since some countries adhere to protectionist strategies for the importation of some goods. As a result, smuggling across borders is rampant.

Although The Gambia has a high population density, the geographic area is small and the population is relatively small. Per capita income is estimated to be equivalent to US\$325 annually. The relatively low buying power, small market size and lack of an established distribution system force many larger companies to turn to external markets, mainly in Europe.

TRANSPORTATION

Main roads in the Gambia are made of tarmac or local laterite stone and usually are in a state of disrepair. Side roads are mainly composed of dirt and sand and can prove to be impassable during the rainy season. The government is currently in the process of paving the roads in the capital city of Banjul and is upgrading the main road that connects the regions upriver to the major coastal cities on the southern bank of the Gambian River. There are no paved roads on the northern bank of the river and only 450 out of the 3000 kilometers of the national road system are paved. Unfortunately, any cargo that arrives in the country must travel by road once it enters by sea or air, since there are no railroads. Banjul is a major international seaport. The Port Authority has recently upgraded the ports to make the facilities more modern.

Yundum International Airport has also undergone some upgrades and renovations and is now an emergency landing site for the U.S. Space Shuttle. There are direct flights to London, Brussels, and other West African countries. An application for direct flights to the United States was declined by the U.S. Federal Aviation Administration, due to the lack of x-ray security equipment. Passengers and air cargo destined for the United States usually are routed through Dakar, Senegal, which has direct connections to the United States. Air cargo going into Europe is also constrained by the lack of space on flights into Europe, due to the low number of south-bound air cargo flights.

UTILITIES

The Gambia Utilities Corporation (GUC) is responsible for providing electrical and water services to both con-

sumers and businesses. Electrical service for the country is not reliable, as power outages are frequent. Although tap water is potable, the service is also unreliable. Both water and electrical rates are progressive for consumers and a higher flat rate is assessed on businesses. Hotels and agricultural farms are assessed even higher rates for water consumption. Many businesses, as well as consumers, have standby diesel generators and water tanks to compensate for service disruptions. Both services are in the process of being privatized. In contrast, the Gambia Telecommunications Company Limited (GAMTEL) is one of the most modern and reliable telecommunications networks in Africa. All calls are billed according to length, with internal calls being more reasonably priced than the expensive international calls. GAMTEL is now in the process of installing fiber optic cables into the interior.

FINANCIAL SECTOR

The country's financial sector is comprised of four banks and the Social Security and Housing Corporation, which gives loans for the construction of residential housing. Civil servants are usually the only ones with salaries high enough to qualify for a mortgage loan. Due to the lack of competition, the quality of service is low and interest rates are abnormally high—25% at the end of 1992. Banks are more inclined to lend money on a short-term basis for such things as working capital and overdraft financing rather than development or project financing. People seeking long-term financing usually seek funds from abroad, when possible.

LABOR MARKET

There are no mandatory education requirements in The Gambia. As a result, the adult literacy rate is only 23%, while the overall rate is 13%. There are no institutions of higher learning and those seeking university degrees usually attend schools in West Africa, Europe, or the United States. Students fortunate enough to have their education abroad financed by the government—mainly children of civil servants—usually return to a secure civil service position. The government is now emphasizing vocational and technical training, particularly in the fields of basic engineering, construction, metalworking, plumbing, secretarial studies, accounting and bookkeeping, and basic computer operations.

Fisheries

The Gambian fishing industry is made up of four sectors: artisanal (fishermen in wooden canoes); offshore industrial; shrimp; and aquaculture.

ARTISANAL FISHING

The artisanal fishing sector is the most active and most important, since it produces more fish and more income than any of the other sectors. This sector is composed of many small fleets in three geographic areas. The largest concentration of fishing is done along the 20-kilometer coastline of the country. There is a sizeable artisanal fishing population in the lower part of the Gambia River (the estuary) and a small amount of fishing takes place along the upper portion of the river. Much of the fish caught by the artisanal fishermen are sold unprocessed to women, who either resell them unprocessed in the open-air markets or smoke them prior to reselling.

INDUSTRIAL FISHING

The industrial fishery is conducted offshore, predominantly by foreign vessels that are licensed locally. Much of their catch is processed on board the vessel and later transported to foreign markets. All foreign vessels wishing to fish in Gambian waters must be licensed. In an effort to provide foreign currency to the local processing industry, the government grants licenses to Gambians with a cold storage facility. By reselling these licenses to foreign vessels, processing plants are able to get money to augment their working capital requirements. In actuality, the money generated by licensing fees—which can be worth US\$150,000 per year per vessel—usually finds its way into the plant owner's personal bank accounts in the country or abroad. There are only five or six processing facilities in the country, which concentrates the foreign licenses in the hands of the few facilities owners.

GSC and one other company also have trawlers that retrieve shrimp and fish that are processed in Banjul for export. However, GSC is the only company purchasing shrimp from artisanal fishermen throughout the year for the export market. Further upriver at Kerewan, there is another shrimp processing factory that operates only during the dry season. There are also a fair number of foreign vessels fishing in Gambian waters

that are not licensed, but manage to escape the few patrols that are conducted by the marine unit of the national army.

SHRIMPING

Fishing for shrimp is conducted with two types of gear in The Gambia. Artisanal fishermen use passive stow nets, which are attached to anchored canoes fishing in the lower river during the outgoing tide. There are approximately 200–300 fishermen engaged in this type of fishing. Industrial vessels trawling for shrimp use a bottom trawl gear, run on grounds off the river mouth by Florida-type vessels similar to those used in the United States and Mexico.

The main species of shrimp caught is the pink shrimp, which is very similar to a popular species caught in Florida, the Gulf of Mexico and parts of the Caribbean. The Red Chinese, smaller in size than the pink shrimp, is also caught in lesser quantities. Most of the shrimp is frozen in Banjul for export. The pink shrimp is highly sought after in Europe for its distinct taste. Some shrimp is also sold locally, primarily for consumption by the hotels catering to the tourist industry.

In an effort to guard against overfishing and to protect the juvenile fish and shrimp population that live in the mangroves of the mouth of the river, fishing vessels other than canoes are prohibited from catching fish or shrimp in the river. However, it is not uncommon for local trawler owners to pay bribes to the dispatchers of the marine unit to alert them of an upcoming patrol.

AQUACULTURE

Aquaculture (fish farming) has been attempted on a small and very tentative scale, with little economic success. No aquaculture operations currently exist in The Gambia, despite previous attempts. Trials with fish ponds were attempted at Bansang, but failed primarily due to poor work ethics of the employees. An attempt was made to culture oysters on a small scale in 1979, but this also proved unprofitable.

Pan Gambia was an attempt at shrimp farming in The Gambia. A Norwegian company, with limited involvement from private Gambian investors, invested approximately US\$10 million into a farm that was designed to produce 600–800 metric tons annually. Only 300 tons of whole shrimp were produced annually in 1989, however. Shrimp from Pan Gambia were processed and packaged locally by GSC, since GSC's owner was also an investor in Pan Gambia. Pan Gambia endured many difficulties, including problems raising the native pink shrimp. The larger, non-native tiger shrimp was raised instead, but grew more slowly than anticipated due to cooler water temperatures during the dry season. Pan Gambia finally shut down in 1990, due to high administrative costs in the face of declining market prices.

Note

¹This case was written by Paul O'Sullivan of the University of Houston. It is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.