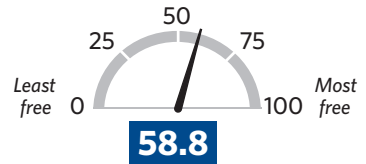


THE GAMBIA

Economic Freedom Score



World Rank: **94** Regional Rank: **11**

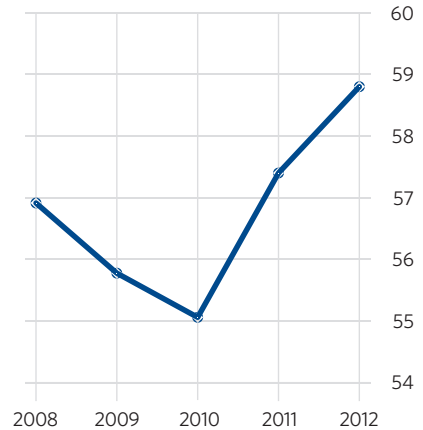
The Gambia's economic freedom score is 58.8, making its economy the 94th freest in the 2012 *Index*. Its overall score is 1.4 points higher than last year, reflecting significant gains in investment freedom and freedom from corruption. Although the Gambia's overall score is lower than the world average, its economy is one of the 15 most improved in the 2012 *Index*.

The Gambia has undertaken much-needed economic reforms to improve macroeconomic stability and enhance economic growth. These measures, which include reforming fiscal policies and strengthening the management of public finance, have generated some positive results. Although progress has been made in streamlining bankruptcy procedures, individuals wishing to establish and run a business still must overcome numerous bureaucratic hurdles.

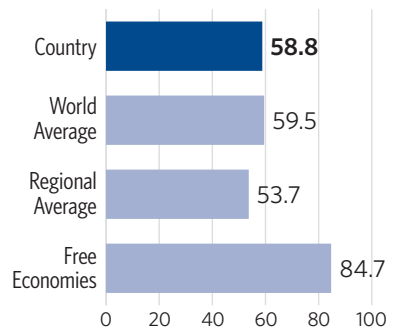
Lingering institutional weaknesses continue to constrain overall economic freedom. The judicial system lacks the capacity to defend property rights effectively. Corruption remains widespread, undermining prospects for long-term economic development. A lack of commitment to open-market policies impedes the emergence of a more vibrant private sector, and high tariffs and investment restrictions hurt the growth of productivity.

BACKGROUND: Lieutenant Yahya Jammeh ousted President Sir Dawda Kairaba Jawara in a military coup in 1994 and won flawed multi-party presidential elections in 1996, 2001, and 2006. The next executive elections were scheduled for November 2011, with legislative elections to follow in 2012. The government's restraints on civil liberties and political opponents have included imprisonment of journalists without charges. The Gambia has few natural resources. Agriculture employs 70 percent of the labor force and accounts for 24 percent of GDP. Industry accounts for approximately 12 percent of GDP, and services account for approximately 59 percent. Groundnuts account for over half of domestic exports. Tourism is an important source of foreign exchange. Infrastructure is improving but remains inadequate, with frequent power shortages and poor roads.

Freedom Trend



Country Comparisons



Quick Facts

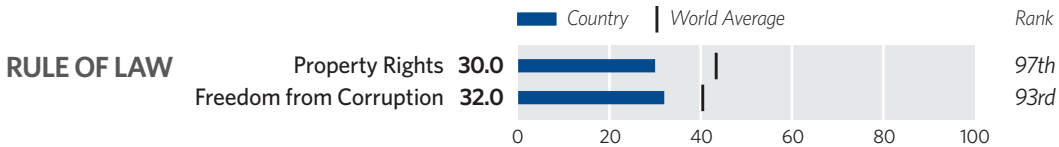
Population: 1.7 million
GDP (PPP): \$3.5 billion
 5.7% growth in 2010
 5-year compound annual growth 5.6%
 \$2,018 per capita
Unemployment: n/a
Inflation (CPI): 5.0%
FDI Inflow: \$37.4 million
Public Debt: 57.8% of GDP

How Do We Measure Economic Freedom?

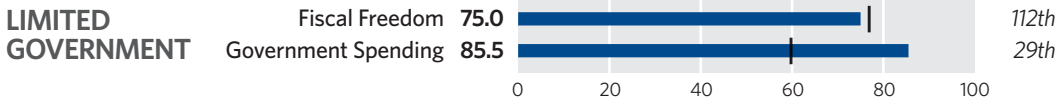
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

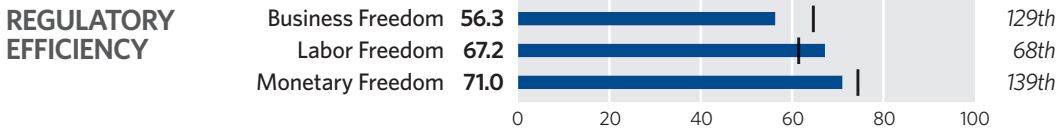
THE TEN ECONOMIC FREEDOMS



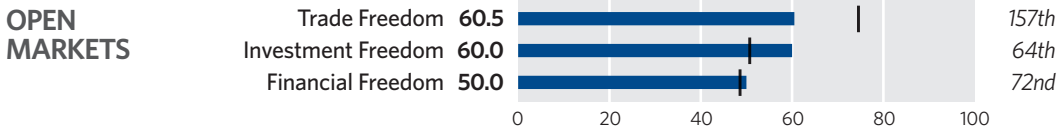
Lack of judicial security continues to undermine the foundations of economic freedom. The judicial system is inefficient and subject to pressure from the executive branch. Intimidation of lawyers, lack of independence, and lack of technical support severely undermine the administration of justice. The law provides inadequate protection for intellectual property rights. Corruption among government officials remains a serious problem.



The top income tax rate is 35 percent, and the top corporate tax rate is 33 percent. Other taxes include a capital gains tax and a sales tax. The overall tax burden amounts to 13.6 percent of total domestic income, and government spending is at a level equivalent to 22 percent of total domestic output. The deficit has more than doubled to 5 percent of GDP, with public debt surging to close to 60 percent of GDP.



The overall regulatory framework remains hampered by red tape and a lack of transparency. Inconsistent application of commercial regulations remains a considerable impediment to business. The cost of starting a business is over twice the level of average annual income. The labor market remains stagnant. Although there is a shortage of skilled labor, the economy is burdened with high unemployment as well as underemployment. Inflation has been rising.



The trade weighted average tariff rate is high at 14.8 percent; burdensome non-tariff barriers add to the cost of trade. Foreign and domestic investments generally receive equal treatment, but the overall investment environment remains poor. The banking sector has expanded and benefited from increased competition. Almost all commercial banks are majority-owned by foreign banks. Credit to the private sector has gradually increased.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+1.8	Business Freedom	-1.5	Trade Freedom	+0.1
Freedom from Corruption	+3.0	Government Spending	+5.8	Labor Freedom	0	Investment Freedom	+5.0
				Monetary Freedom	-0.4	Financial Freedom	0