

4-5 star Hotel Development in The Gambia

Project Profile

April 2013



Why The Gambia?

- Situated on the Atlantic coast and with a navigable river that flows more than 1,100km inland, The Gambia is the ideal, convenient landing spot in sub-Saharan Africa for winter sun, cultural heritage, and inland exploration

- This document outlines:
 1. **The market opportunity for investment in high-end boutique hotel development**
 2. **The favourable conditions available to hotel investors**
 3. **The support investors can expect to receive**

The most competitive destination in West Africa¹

The world's 2nd most price competitive destination for Travel & Tourism²

80km of pristine coastline

Free land available for investors in 4-5 star hotel development³



1. World Economic Forum Global Competitiveness Report 2012-13
 2. World Economic Forum Africa Competitiveness Report 2011
 3. Provided the investment is in a Tourism Development Area (TDA)

Economic indicators

- **GDP:** US\$752mn in 2011 – predicted rise to \$941mn by 2015 ¹
- **GDP growth:** 3.3% in 2011 – predicted annual growth average of 5.9% between 2012-2015 ¹
- **Country risk:** Lower risk level (yellow) than all neighbouring countries and in the same category as Sierra Leone, Ghana, Togo and Benin ²
- **CPI Inflation (2011):** 4.4% ³
- **Exports / Imports value (2011) :** - Exports: \$94.7mn ⁴
- Imports: \$343.69mn
- **Labour force (2008) :** 400,000 ³
- **FDI stock and inflows (2011):** \$703mn stock / \$36mn inflows ⁵
- **Currency exchange rates 2012 – highs (H) and lows (L):** ⁶
 - GMD/USD: 0.033 (H) / 0.029 (L) GMD/GBP: 0.021 (H) / 0.018 (L)
 - GMD/EUR: 0.028 (H) / 0.022 (L)



1. IMF World Economic Outlook. Real GDP (constant prices). Accessed: 8/2/13
 2. Maplecroft Political Risk 2012. Accessed: 8/2/13
 3. Access Gambia. Accessed: 8/2/13

4. UN Comtrade. Accessed: 11/2/13
 5. UNCTAD Stat. Accessed: 11/2/13
 6. Oanda.com. Accessed: 9/4/13

The Gambia's high-end hotel and tourism sector

- 5-7 hours from most of Europe by air, The Gambia is fortunate to have a rare combination of attributes that make the country a world-class tourism destination
- The Gambia's attractive winter sun resorts, coupled with unique cultural and natural attractions, make it the ideal tourism landing spot for Sub-Saharan Africa
- With a proud 30-year track record as a leading West African destination and a proven successful track record in high-end tourism, The Gambian Government is committed to cementing the country's position as a world-class destination

KEY FACTS:

- Tourism a key priority sector:
 - Accounts for 16,000 jobs (formal and informal) ¹
 - Contributes about 12% of GDP¹
- 100,000 tourists per year ²
- Repeat tourists: 40% ³
- Predicted tourism growth rate: 3.7% until 2018 ²
- Hotel labour costs c.10% of total hotel costs ³
(compared with international average of +40%) ⁴
- 400 tourism students graduate each year ³
- Hotel occupancy rates (2010-2012 average): 70% ⁵

1. Ministry of Trade, Industry, Regional Integration and Employment: Programme for Accelerated Growth and Employment (PAGE) 2012-15, 2011

2. GIEPA Tourism Investment Brochure 2012

3. Gambia Tourism Board. Interviewed: 21/11/12

4. PKF Consulting Hospitality Research 2011. Accessed: 10/3/13

5. Based on data submitted by membership of the Gambia Hotel Association (February 2013)

Locations and infrastructure

- The majority of The Gambia's existing 4-5 star hotels are found along the coastal strip in the southern half of the country. There are currently five hotels with 5 stars, with capacities ranging from 17 – 195 rooms¹
- Currently the most rapid development is taking place between Bijilo and Kartong
- This part of the coast line is conveniently located 10-25 minutes from Banjul Airport – considerably less than transfer distances at many tourist destinations. With smooth tarmac roads throughout this part of the Gambia, visitors are promised a swift, comfortable ride from the airport to the hotel
- Banjul International Airport has undergone a US\$21 million modernisation² and the Government is continuing to upgrade the infrastructure.³ Passenger traffic at the airport⁴ reached 318,240 in 2011 – a 5% increase on 2010's figures



Source: Gambia Hotel Association



1. Gambia Tourism Association. Interviewed: 21/11/12

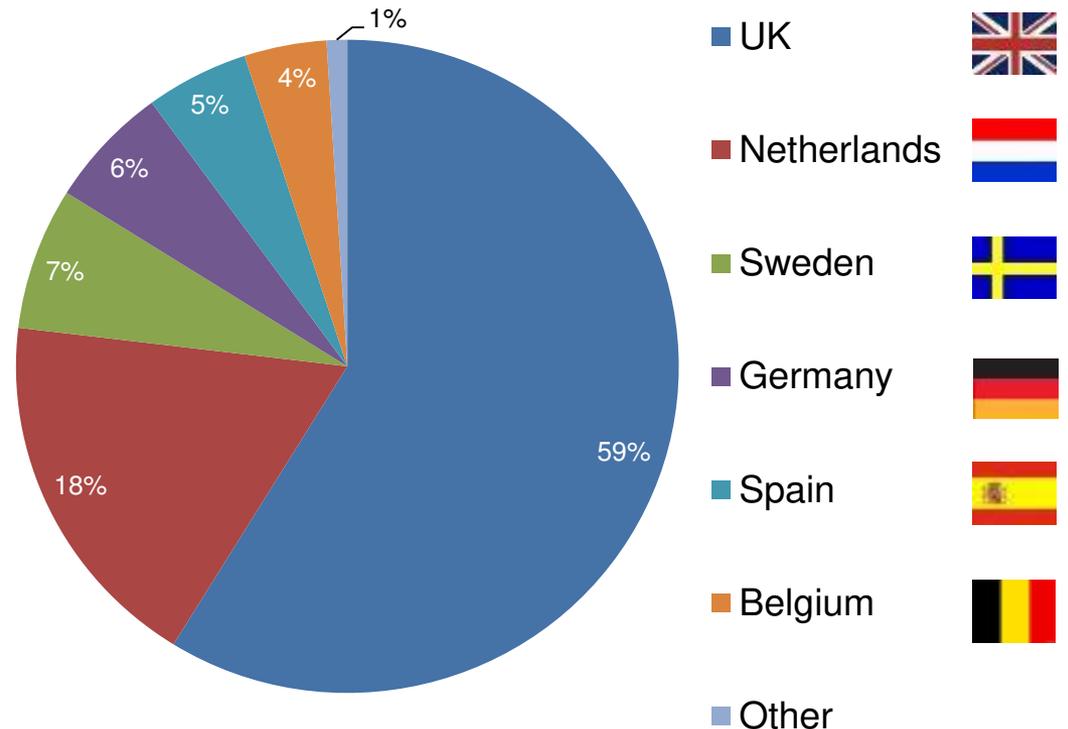
2. GiEPA Investment Guide 2011

3. The Gambia Trade Policy 2011

4. The Gambia Civil Aviation Authority (GCAA). As reported in The Daily Observer, 1/11/12

Tourists in The Gambia

- The vast majority of tourists in the Gambia tend to come from Northern Europe
- The UK is typically the largest source market by far. The chart to the right shows the principal source markets between January and October 2012. The Netherlands and to a lesser extent Sweden, Germany, Spain and Belgium are also important markets
- This shows that The Gambia is a popular destination for tourists from markets where people tend to have high levels of disposable income



Direct flights to The Gambia

- Direct flights currently link The Gambia to numerous countries in West Africa, North Africa and Western and Northern Europe
- Sixteen commercial airlines currently fly to Banjul International Airport – the most recent addition (Spain's Vueling) commenced operations in spring 2013¹
- Key major European cities such as London, Madrid, Barcelona, Amsterdam, Brussels, Milan, Frankfurt, Stockholm, Oslo, Copenhagen, Manchester and Birmingham all have direct flights to Banjul



1. Corporate announcement on Vueling's website from 17/10/12. Accessed: 14/3/13.

The Gambia's tourism and hoteliers community

- The Gambia is already home to a developed community of stakeholders in the hotel tourism industry (including businesses, industry associations and representative groups). A few examples of these organisations are displayed below
- The presence of these businesses and supportive organisations demonstrates The Gambia's attractiveness and potential as a prime location in West Africa for high-end hotel and tourism development

EXAMPLES OF ORGANISATIONS:

Gambia Tourism Board	Kairaba Hotel ¹	Gambia Hotel Association	Gambia Tourism and Hospitality Institute
Coco Ocean Resort & Spa ¹	Sheraton Gambia Hotel Resort & Spa ¹	Gambia Chamber of Commerce & Industry	Association of Small Scale Enterprises in Tourism (ASSET)

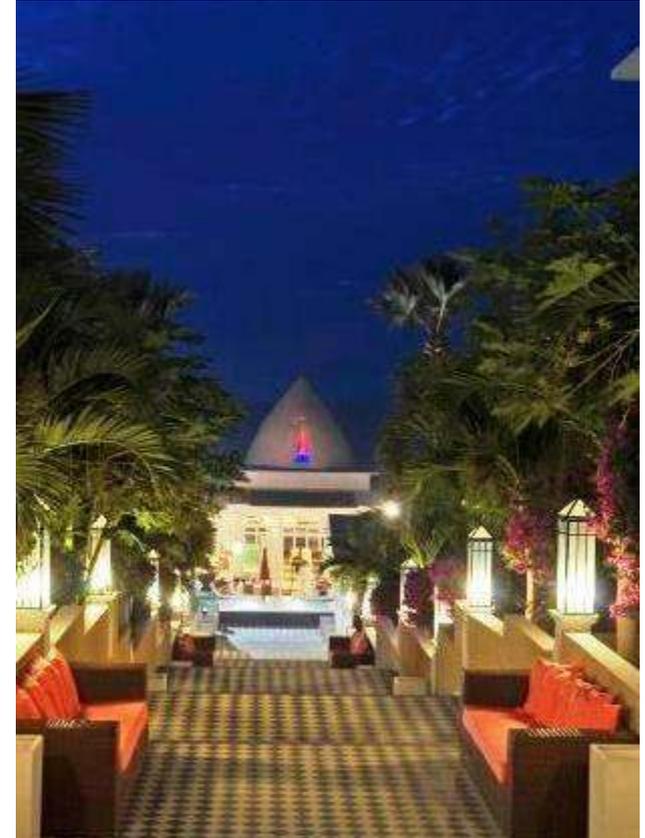
“The peaceful country and its liberal, market-based economy reinforced our interest in expanding operations.”

*Mohamed Nagaty
Area Manager, West Africa
M.A. Kharafi & Sons
(Investor behind The Sheraton)*

1. Just three of the thirty members of the Gambia Hotel Association

Availability of incentives

- A host of incentives are available to investors in high-end hotel development, provided certain criteria relating to investment value and job creation are met.¹ These incentives include:
- **Tax holiday:** tax breaks on corporate and turnover tax, withholding tax on dividends and depreciation allowance for period of 5-8 years, depending on the project's location
- **Import Sales Tax Incentives:** Exemption from payment of import sales tax on direct inputs for the project
- **Free land:** Under The Gambia's "Tourism Development Area" (TDA) initiative, investors in four- and five-star hotels and high-class complementary facilities are offered land for free if the investment is in a TDA²



1. To access incentives, a new investment must be worth at least US\$250,000 and lead to the creation of at least three jobs in the tourism sector.
Source: GIEPA Regulations 2012. More information on criteria available from GIEPA.

2. The Gambia Investment Guide 2012

Image source: Access Gambia. Accessed: 9/4/13

Operating costs

- The Gambia has by far the most efficient labour market in West Africa¹ and offers competitive costs in the hotel sector
- Labour only accounts for around 10% of total hotel costs¹, compared with an international average of more than 40%²

INDICATIVE KEY COSTS:

- Typical monthly wages:³
 - Front Office Manager: 14,000 GMD
 - Receptionist: 2,000 GMD
 - Room Attendant: 1,500 GMD
- Energy: 10.40 GMD / kWh (hotel tariff)⁴
- Water: 31.39 GMD / cubic metre (hotel tariff)⁴
- Telecoms: - From 0.73 GMD / min⁴
- Key taxes⁴ :- Corporate: 32% (exemption possible)
 - Income: up to 35%
 - VAT: 15%
- Annual licence fees⁴ :- 4-star hotel: 30,000 GMD
 - 5-star hotel: 40,000 GMD

1. World Economic Forum Global Competitiveness Report 2012-13

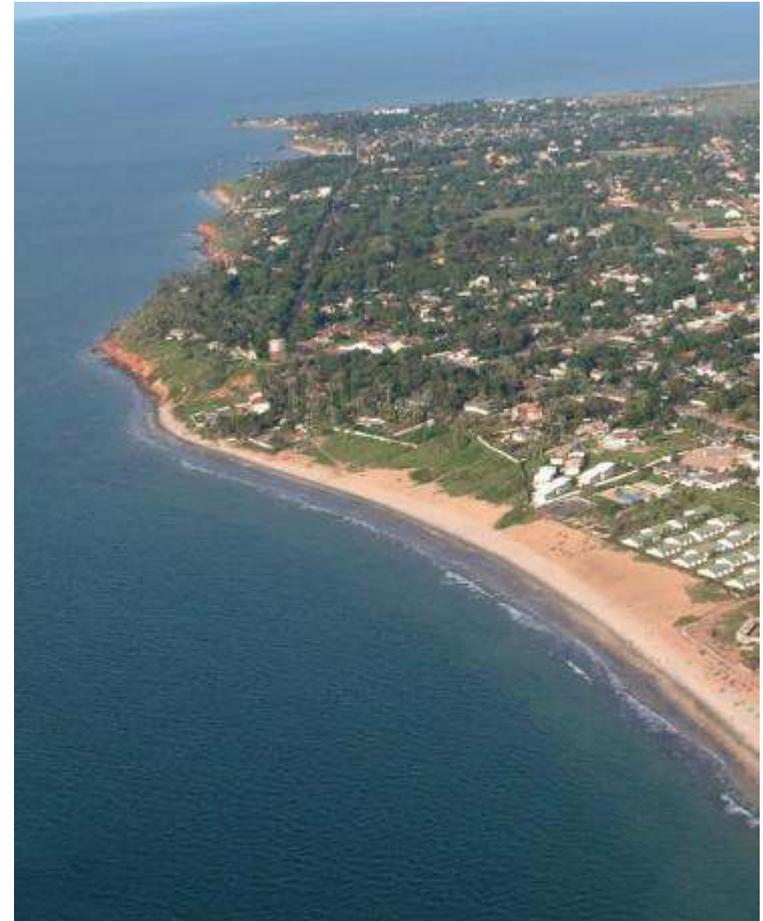
2. PKF Consulting Hospitality Research 2011. Accessed: 10/3/13

3. Based on figures submitted by Gambia Hotel Association membership, February 2013

4. GIEPA Investment Guide 2012

Government policy position

- The Gambian Government recognizes the importance of private sector participation in the economy, both as an engine of growth and as a source of knowledge transfer
- The Government's tourism policy is guided by the Tourism Development Master Plan (TDMP), which emphasises growth, development and marketing of The Gambia as an interesting, attractive and exciting tourism destination
- Consistent with its tourism policy and the promotion of private sector development, the Government has established:
 - Gambia Tourism Board (GTB)
 - Gambia Hospitality and Tourism Institute (GHTI)
 - 10 specific Tourism Development Areas (TDAs)



A helping hand – every step of the way

- The Gambia Investment and Export Promotion Agency (GIEPA) is the Government Agency mandated to support companies with their investment, business and export development as well as support to MSMEs
- From the initial provision of information right through to supporting the establishment, growth and development of an investment project, GIEPA is your supporting partner for doing business in The Gambia – every step of the way
- Here are just a few of the ways in which GIEPA can support your business:

Provide all business-related information to current and potential investors

Serve as the link between investors and authorities

Help to identify joint venture partners

Help to obtain licences, land, clearances etc.

Provide advisory services and training to exporters

Support companies planning to expand / diversify

Provide ongoing assistance to companies once they've started operations

Administer and advise on incentives



Four Good Reasons to Choose The Gambia

1

COMPETITIVE TOURISM HOT-SPOT:

- World's 2nd most price-competitive market for Tourism (WEF)
- The most competitive country in West Africa (WEF)
- Predicted tourism growth rate of 3.7% until 2018

2

EXCELLENT TOURISM OFFER AND KNOW-HOW

- 80km of pristine coastline
- Very navigable river with unique cultural and natural attractions
- Around 400 tourism graduates each year
- Most efficient labour market in West Africa (WEF)

3

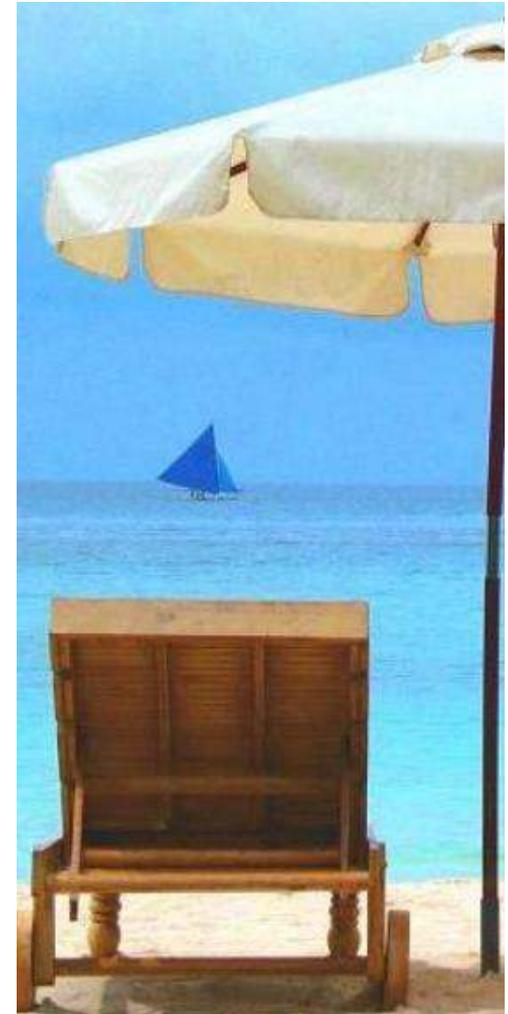
STRONG AND IMPROVING INFRASTRUCTURE:

- Banjul International Airport recently upgraded with US\$21 million investment, with 318,240 passengers in 2011
- Coastline and existing hotel cluster within easy reach of the airport (10-25 minutes) on well-lit, tarmac roads

4

ATTRACTIVE INCENTIVES, COMPETITIVE COSTS:

- Free land for investors in 4-5 star hotels
- Hotel labour costs just 25% of the international average
- Strong political support for hotel development
- Comprehensive guidance and support from GIEPA



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