

# e-Commerce in The Gambia



## WHY THE GAMBIA?

The Gambia has a growing economy and rising purchasing power. As the country becomes more connected via ICT there is a growing opportunity for e-commerce capabilities to serve the increasing business-to-customer trade that is taking place. The Gambia also acts as an excellent entry point to the wider West African region with major economies like Nigeria and Ghana and a total population of around 340 million.

This document outlines:

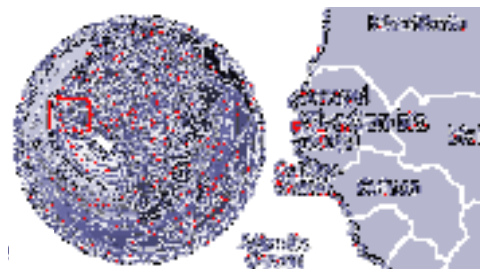
- 1. The market opportunity for e-Commerce**
- 2. The favourable conditions available to investors**
- 3. The support investors can expect to receive**
- 4. The risk and sustainability factors to be considered**

The best Institutions  
quality in West Africa<sup>1</sup>

Stable political and  
regulatory  
environment<sup>2</sup>

Growing population  
with increasing  
purchasing power.

The Gambia is ranked  
highly for its use of  
ICT.<sup>3</sup>



Source: British Foreign & Commonwealth Office website

<sup>1</sup> World Economic Forum.

<sup>2</sup> Aon political risk map.

<sup>3</sup> World Economic Forum Global Information Technology Report 2014

## ECONOMIC INDICATORS

<b>GDP</b> <sup>4</sup>	US\$829mn in 2014
<b>GDP growth</b> <sup>4</sup>	1.5% in 2014
<b>Country risk</b>	2 <sup>nd</sup> lower risk score among West African countries after Ghana
<b>CPI Inflation (2014)</b>	5.4%
<b>Exports / Imports value (2013)</b> <sup>4</sup>	Exports: \$106mn Imports: \$350mn
<b>Labour force (2013)</b> <sup>4</sup>	774,000
<b>FDI stock and inflows (2013)</b> <sup>5</sup>	\$754mn stock / \$25mn inflows
<b>Currency exchange Rates 2015</b>	GMD/USD: 0.0239 (B) / 0.0257 (S)
<b>Buy (B) and Sell (S)</b> <sup>4</sup>	GMD/GBP: 0.0162 (B) / 0.0107 (S) GMD/EUR: 0.0214 (B) / 0.0230 (S)



## COMPETITIVE OPERATIONAL COSTS

Labour cost unit (US\$ per year), including social security								
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Senegal	Nigeria
<b>Unskilled</b>	1,165	3,001	3,165	4,500	6,530	7,399	1,617	5,200
<b>Semi - skilled</b>	1,747	6,748	7,097	8,114	12,705	15,685	4,248	10,400
<b>Skilled</b>	3,106	43,156	45,391	37,633	70,440	69,268	9,716	26,000
<b>Highly Skilled</b>	15,530	53,905	56,696	43,843	70,440	79,997	46,637	93,668

<b>Social security rate</b>	
South Africa	1%
Kenya	5%
Nigeria	7.50%
The Gambia	10%
Morocco	20.10%
Egypt	26%
Tunisia	26.57%

The Gambia's has an average social security rate when compared to its major competitors.

<b>Utility cost (US\$)</b>							
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Nigeria
Electricity per kWh	0.27	0.04	0.06	0.09	0.15	0.22	0.10
Telecoms	0.07	0.96	0.06	0.68	0.44	0.15	0.09
Water	0.63	0.07	1.26	0.30	0.75	1.08	0.24
Industrial gas	–	0.09	1.90	0.01	0.36	0.47	0.22

## **E-COMMERCE IN THE GAMBIA**

E-Commerce in The Gambia has yet to become an established method of purchasing goods. However, recent and ongoing improvements to ICT connectivity and energy reliability are opening the country up as an excellent location for investment. The economy is predicted to grow steadily in the coming years, leading to a greater market for e-commerce services.

### **KEY FACTS:**

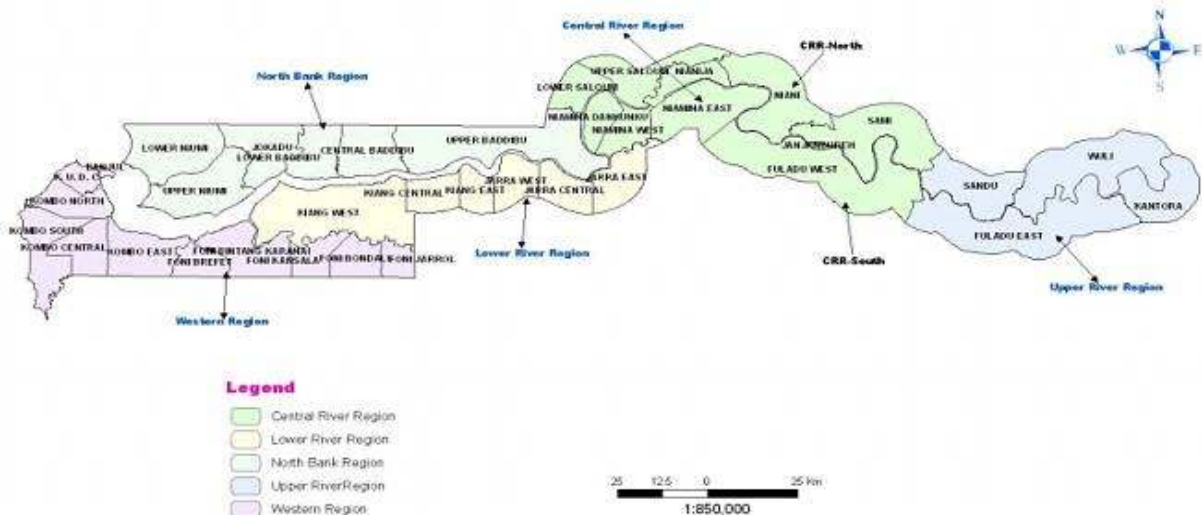
- 5.12Tbit/s ACE cable connects into Banjul, providing excellent connectivity to the rest of the world.
- Gambian's are early adaptors of technology, especially around e-payments and purchasing.
- Number of secure internet servers/million population is 3.9. This has increased from 2.8 in 2013 as the country places a major emphasis on developing its ICT offer.<sup>6</sup>

<sup>6</sup> International Telecommunication Union

- The Gambia is ranked as the 10<sup>th</sup> best African country for its ICT environment, ahead of much larger including Nigeria, Senegal, Mali and Algeria.<sup>3</sup>

## LOCATIONS

The population of The Gambia is becoming increasingly urbanised and concentrated in and around the major cities of the Western region. The urban centres of Banjul, Serrekunda, Bakau etc. have excellent ICT connectivity and large populations of students at all levels.



## INFRASTRUCTURE

- The ACE (Africa Coast to Europe) submarine communications cable runs from France to South Africa along the West coast of Africa. It is managed by a consortium of 17 operators, headed by Orange. The 1<sup>st</sup> phase of the 17,000km fibre optic cable was put into service in December 2012 with the official inauguration ceremony taking place in Banjul.



- Banjul Airport has undergone a US\$21 million modernisation and the Government is continuing to upgrade the infrastructure

Other new infrastructure / upgrades in development:

- The Trans-Gambia bridge (completion due 2017)
- Improved cross-border trunk roads with Senegal
- Ports Expansion Programme underway – Gambia Ports Authority planning to build a second port on the Atlantic coast
- Ongoing infrastructure upgrades at Banjul International Airport

## AVAILABILITY OF INCENTIVES

ICT services is one of the priority sectors for investment and a host of incentives are available to investors in e-Commerce. These incentives include:

- **Tax Holiday:** tax breaks on corporate and turnover tax, withholding tax on dividends and for a period of 5-8 years, depending on the project's location.
- **Import Tax Incentives:** Exemption from payment of import tax on direct inputs for the project (e.g. IT hardware).
- **Export Incentives:** Exemptions / reductions on corporate and turnover tax, exemption from Excise Duty and Sales Tax on goods produced or imported within the Export Processing Zone (EPZ) for processing and export – depending on proportion of goods exported.

## GAMBIAN OPERATING COSTS

The Gambia has by far the most efficient labour market in West Africa<sup>7</sup> and offers competitive costs in key areas both regionally and globally.

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<sup>7</sup> World Economic Forum Global Competitiveness Report 2014-15

Competitive rates for key utilities such as energy and water are offered to operators in the ICT sector.

#### **INDICATIVE KEY COSTS:**

- Average daily wages for unskilled labour hover between US\$2.5-4 a day<sup>8</sup>
- Monthly wages for ICT specialists range from around US\$70-170 per month.<sup>9</sup>
- Electricity: 9.70 GMD / kWh (commercial tariff)<sup>10</sup>
- Water: 22.48 GMD / cubic metre (commercial tariff)<sup>13</sup>
- Telecoms: From 0.73 GMD / min<sup>13</sup>
- Key taxes:
  - Corporate: 31% (exemption possible)
  - Income: up to 35%
  - VAT: 15%

#### **GOVERNMENT POLICY POSITION**

The Gambian Government recognises the importance of private sector participation in the economy, both as an engine of growth and as a source of knowledge transfer. The ICT sector has been targeted as an industry with the potential for growth and the government are taking proactive steps toward stimulating investor interest and growth in the sector. This includes increased liberalisation of ICT services and the development of modern ICT legislation.

The Gambia Investment and Export Promotion Agency (GIEPA) has identified ICT as one of the core activities to be pursued at the July 22nd Business Park.

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<sup>8</sup> Program for Accelerated Growth and Employment 2012-15

<sup>9</sup> Interview with Lasting Solutions

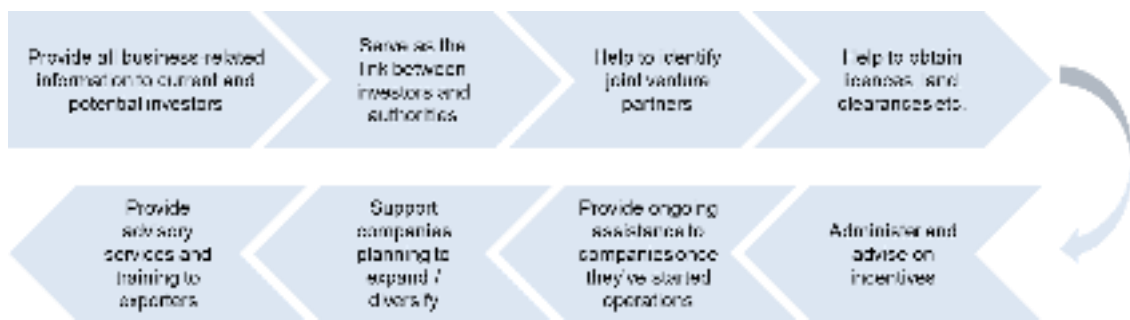
<sup>10</sup> PURA [www.pura.gm](http://www.pura.gm)

## 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:



## FOUR GOOD REASONS TO CHOOSE THE GAMBIA

1

### **STRONG DEMAND AND IDEALLY LOCATED:**

- There is a growing market for e-commerce in The Gambia.
- There is a growing need for e-commerce services globally and cost is the major factor for investors when considering where to establish operations. The Gambia offers extremely competitive labour costs.
- The Gambia's position on the continent makes it the ideal location from which to enter the wider West African market.

2

### **COMPETITIVE INVESTMENT ENVIRONMENT:**

- The best Institutions quality in West Africa (WEF 2014)
- West Africa's most efficient labour market (WEF 2014)
- 5<sup>th</sup> lowest political risk level in the sub-Saharan Africa (AON)

3

### **ENGLISH SPEAKING COUNTRY:**

- Foreign investors find it easier to conduct business in Gambia than in other West African countries. English is the country's official language and the most commonly spoken language in the business arena.

4

### **ATTRACTIVE INCENTIVES, COMPETITIVE COSTS:**

- Competitive costs
- Strong political support for telecommunications industry
- Comprehensive guidance and support from GIEPA



## PROJECT RISK AND SUSTAINABILITY FACTORS

	<b>Issues</b>	<b>Impact rating</b>	<b>Description</b>
Socio-political	Tertiary education	medium	The Gambia has a lack of tertiary level ICT and business education. The majority of ICT workers in the country at present were educated abroad. Any business investing in the country should expect to provide a large amount of training internally.
	Low internet penetration	medium	Internet penetration within the Gambia is currently very low. This will have an impact on both the market size and also the ability for ICT employees to work remotely.
Macro-economics	Access to bank loans	medium	Bank loans in The Gambia are hard to obtain and interest rates are often too high to be a feasible option for businesses.
	Utility Costs	high	The price of electricity in the Gambia is among the highest anywhere in the world. The supply is also highly unreliable and the requirement of generators, and the fuel they burn, is a significant addition to the investment needed to operate successfully. Recent increases in fuel costs give this issue even greater importance.
	Increasing wages	low	The Gambia is currently in a position to use low labour costs as a major pull in attracting foreign investment. However, Increasing success will inevitably push up these costs and potential investors need to be certain that increasing costs can be covered.
Infrastructure	Single data cable connection	high	While the connection to the ACE cable provides The Gambia with an abundance of bandwidth to grow its ICT economy, it presents a major risk if this single access point was to ever fail. Additional connections to the wider global network would be of huge benefit to the country's ambitions within the sector.
	Poor road infrastructure	low	Many of the country's roads are in poor condition making travel throughout the country difficult and even impossible at times.
	Poor internet infrastructure	medium	Gambia's internet coverage is limited and the speeds are often slow.



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