

# Mobile Gaming/Software Development in The Gambia



## 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 entry and exit point for West Africa and the Economic Community Of West African States (ECOWAS). Gambia has the highest teledensity in Africa, and despite its small size, punches above its weight when it comes to ambitions and targets.

This document outlines:

1. **The market opportunity for mobile gaming/software development**
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>**

**Only official English speaking country in the region.**

**West Africa's most efficient labour market.<sup>1</sup>**



*Source: British Foreign & Commonwealth Office website*

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

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

## ECONOMIC INDICATORS

|   |   |
|---|---|
| <b>GDP<sup>4</sup></b>                            | US\$807mn in 2014   |
| <b>GDP growth<sup>4</sup></b>                     | 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)<sup>4</sup></b>           | 5.4%  |
| <b>Exports / Imports value (2013)<sup>4</sup></b> | Exports: \$106mn<br>Imports: \$350mn                                      |
| <b>Labour force (2013)<sup>4</sup></b>            | 774,000   |
| <b>FDI stock and inflows (2013)<sup>4</sup></b>   | \$754mn stock / \$25mn inflows  |
| <b>Currency exchange Rates 2015</b>               | GMD/USD: 0.0239 (B) / 0.0257 (S)  |
| <b>Buy (B) and Sell (S)<sup>4</sup></b>           | GMD/GBP: 0.0162 (B) / 0.0107 (S)<br>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.

Utility costs in the Gambia are higher than in the more developed economies. However, Gambia's utility costs are inferior to other non-oil producer low income economies (Senegal and Kenya), with the exception of electricity.

| <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    |

## **MOBILE GAMING/SOFTWARE DEVELOPMENT IN THE GAMBIA**

The Gambian Government has ambitions to develop the country into an ICT hub and the development of mobile gaming and software is very much at the forefront of this strategy. Its cost-competitive workforce of native English speakers as well as its extremely high mobile telephone ownership and usage make the country an ideal location to invest in.

### **KEY FACTS:**

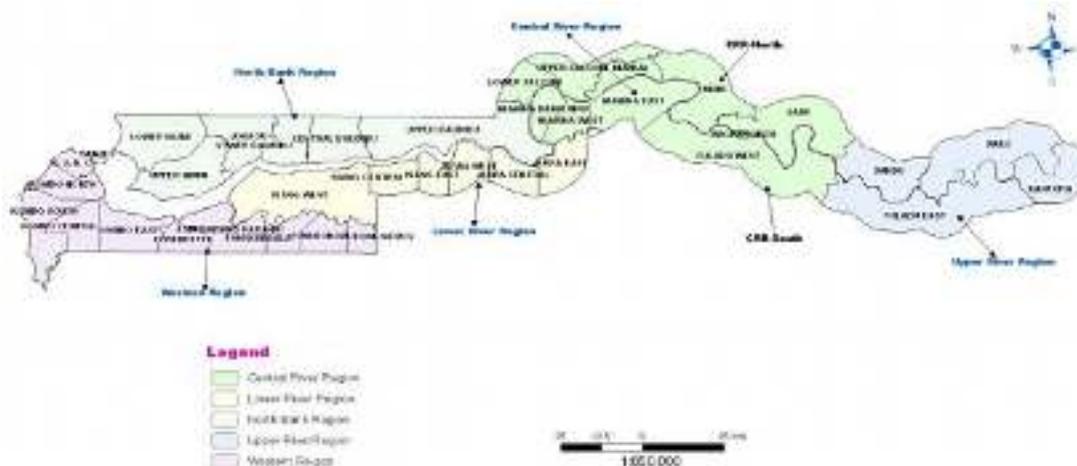
- 5.12Tbit/s ACE cable connects into Banjul, providing excellent connectivity to the rest of the world.
- 85% of Gambians are within an area of mobile network coverage.
- There are 85.2 mobile phone subscriptions per 100 population. The result of many people owning several mobile phones on different networks.
- The Gambia has an abundance of ICT specialists, educated both

domestically and abroad.

- 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>3</sup>
- 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>4</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 an abundant talent pool. Kairaba Avenue, and the surrounding streets, in Serrekunda is the focal point of the country's ICT sector with growing clusters of companies engaged in all aspects of the industry.



<sup>3</sup> International Telecommunication Union

<sup>4</sup> World Economic Forum Global Information Technology Report 2014

## 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 Port Authority planning to build a second port on the Atlantic coast
- Ongoing infrastructure upgrades at Banjul International Airport

## AVAILABILITY OF INCENTIVES

ICT is one of the priority sectors for investment and a host of incentives are available to investors in mobile gaming/software development. 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>5</sup> and offers competitive costs in key areas both regionally and globally.

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>6</sup>
- Monthly wages for a skilled telecommunications engineer are US\$500-1,000.<sup>12</sup>
- Electricity: 9.70 GMD / kWh (commercial tariff)<sup>7</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 recognizes 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.

<sup>5</sup> World Economic Forum Global Competitiveness Report 2014-15

<sup>6</sup> Program for Accelerated Growth and Employment 2012-15

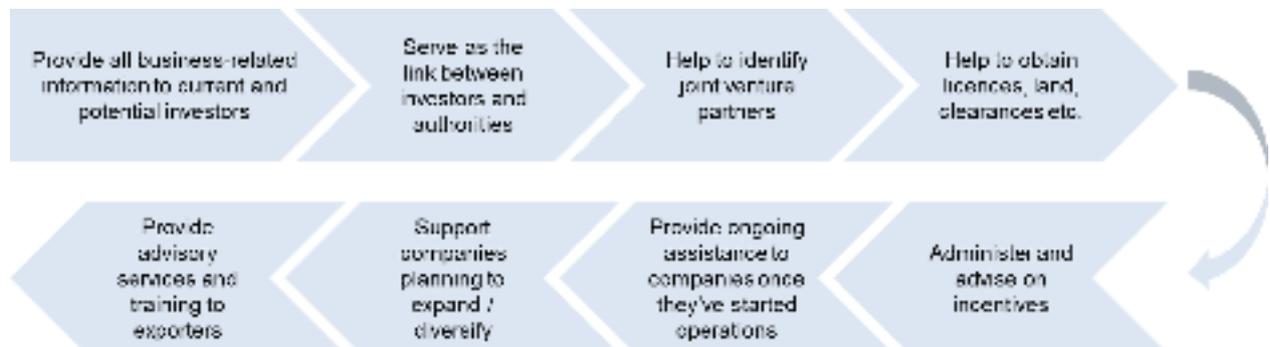
<sup>7</sup> www.pura.gm

## 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 huge demand for mobile gaming and software development in The Gambia, with around 85% ownership of mobile telephones.
- The Gambia's location in the GMT time zone makes it the ideal location for European headquartered companies to invest in.

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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