

Cold Storage Facilities in The Gambia



WHY THE GAMBIA?

Situated on the Atlantic coast and with a navigable river and tributaries that flow 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).

This short document outlines:

1. **The market opportunity for investment in cold storage facilities**
2. **The favourable conditions available to investors**
3. **The support investors can expect to receive**
4. **Risk and sustainability factors to be considered**

The best Institutions quality in West Africa¹

134 landing sites in demand of related-fish processing facilities²

3rd Sub-Saharan country for ease of trade across border³

West Africa's most efficient labour market¹



Source: British Foreign & Commonwealth Office website

¹ World Economic Forum- Global Competitiveness ranking, 2014

² UNCTAD. The fisheries sector in the Gambia: trade, value addition and social inclusiveness, with a focus on women 2014

³ Doing Business 2015.

ECONOMIC INDICATORS

GDP ⁴	US\$807mn in 2014
GDP growth ⁴	1.5% in 2014
Country risk	2 nd lower risk score among West African countries after Ghana
CPI Inflation (2014)	5.4%
Exports / Imports value (2013) ⁴	Exports: \$106mn Imports: \$350mn
Labour force (2013) ⁴	774,000
FDI stock and inflows (2013) ⁴	\$754mn stock / \$25mn inflows
Currency exchange Rates 2015	GMD/USD: 0.0239 (B) / 0.0257 (S)
Buy (B) and Sell (S) ⁴	GMD/GBP: 0.0162 (B) / 0.0107 (S) GMD/EUR: 0.0214 (B) / 0.0230 (S)



COMPETITIVE OPERATIONAL COSTS

The Gambia has by far the most efficient labour market in West Africa⁵ and average daily wages are competitive when compared to other major African competitors.

Labour cost unit in fisheries (US\$ per year), including social security								
	The Gambia	Egypt	Kenya	Tunisia	Morocco	South Africa	Senegal	Nigeria
Unskilled	1,165	2,138	2,432	3,453	5,071	4,987	1,617	5,200
Semi-skilled	1,747	6,632	7,056	8,192	12,377	16,006	4,248	10,400
Skilled	3,106	12,824	13,488	15,575	25,408	31,680	9,716	26,000
Highly skilled	15,530	63,720	67,020	49,927	94,291	87,246	46,637	93,668

Gambia Bureau of Statistics (GBOS)

⁵ World Economic Forum Global Competitiveness Report 2014-15

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

Gambia has an average social security rate when compared to major competitors.

Utility costs in the Gambia are higher compared to costs applied in 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.

Utility cost (US\$)							
	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 per min	0.07	0.96	0.06	0.68	0.44	0.15	0.09
Water per m ³	0.63	0.07	1.26	0.30	0.75	1.08	0.24
Industrial gas per m ³	0.71	0.09	1.90	0.01	0.36	0.47	0.22

COLD STORAGE FACILITIES IN THE GAMBIA

To maintain sanitary condition for seafood exports to EU and the US, fishermen, collectors and processing companies are in high need of ice and cold storage facilities, representing great opportunities for foreign investors.

The Gambia has some 134 landing sites for small-scale fisheries, of which only a few have basic facilities, such as a landing quay, fuel, ice and water supply and space to preserve the fish. Four landing sites will receive infrastructure funded by the AfDB.²

KEY FACTS:

- Recorded yearly average trade volumes of fish, crustaceans, molluscs⁶:
 - Exports 2012-2014: 1.3 thousand tonnes
 - Exports 2009-2011: 2.2 thousand tonnes
- Recorded yearly average production/captures⁷:

⁶ FAO , Food balance sheet statistics.

- Production 2011-2013: 40.4 thousand tonnes
- Production 2008-2010: 45.1 thousand tonnes
- Exclusive Economic Zone: 19,500 km², yielding an estimated 75,000 tonnes of fish per year⁸
- Around 30,000 Gambians are employed in the aquaculture and fisheries sector.
- Fisheries Department estimates that the sector contributed about 5% of GDP in 2014²
- Artisanal activity accounted for 90% of all aquaculture and fisheries outputs in 2013-2014

LOCATIONS

With 80km of coastline and a continental shelf area of 4,000km², The Gambia offers the ideal environment for industrial fishing and the development of cold-chain infrastructures.

With extremely rich marine resources, the Gambian fishing industry is expanding to meet the domestic, sub region and foreign demand for fish. The domestic roads network to the sub-region and the efficient freight traffic of Banjul's port have contributed to rank Gambia as a top location for trade activities in the sub-Saharan region.³



Banjul Port is conveniently located at the mouth of the River Gambia. Easily accessible to trawlers and other boats navigating the coast as well as the river and its tributaries, it has become a fishing hub and an ideal location for mid and large scale seafood storage facilities.

¹² Gambia Bureau of Statistics

INFRASTRUCTURE

A dedicated fisheries facility commenced operation at the port in December 2012.⁹

Inauguration of the new Banjul fisheries jetty in July 2013 (a US\$14mn project).¹⁰

Banjul port's handling capacity⁹ :

- 48 metric tonnes of bulk cargo per hour
- 17 container moves (discharging and loading) per hour

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



THE GAMBIA'S FISHING SECTOR COMMUNITY

The Gambia is already home to a developed community of stakeholders in the seafood products industry (including businesses, industry associations and representative groups) – a few examples of these organisations are displayed below.

The presence of these groups demonstrates The Gambia's attractiveness and potential as a prime location in West Africa for investment in modern facilities, including cold storage.

EXAMPLES OF ORGANISATIONS:

⁹ Gambia Ports Authority.

¹⁰ State house webpage: http://www.statehouse.gm/inaug-banjul-fisheries-jetty_31072013.html

Atlantic Seafood Company	Barra Shrimp Farm Gambia Ltd.	International Pelican Seafood (IPS)
West African Aquaculture	International Fish Company Gambia Ltd.	Gambia Artisanal Fisheries Development Association (GAMFIDA)

EXPORT AGREEMENTS

Seafood and other Gambian products can be exported at preferential duty rates and quota free to:

- ECOWAS markets under the ECOWAS Trade Liberalization Scheme (ETLS)
- EU market under the Everything But Arms (EBA) Initiative offered by the European Union
- India, Brazil and South Korea under preferential duty rates for products from Least-Developed Countries (LDCs)



AVAILABILITY OF INCENTIVES

A host of incentives are available to investors in the aquaculture sector, provided certain criteria relating to investment value and job creation are met¹¹.

These incentives include:

¹¹ To access incentives, a new investment must be worth at least US\$250,000 and lead to the creation of at least five jobs in the aquaculture sector. Source: GIEPA Regulations 2012. More information on criteria available from GIEPA.

- **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
- For licenced operations in **Export Processing Zones**, tax holidays are for 10 years
- **Import Tax Incentives:** Exemption from payment of import sales tax on direct inputs for the project, or customs duty and import sales tax if the investment is located in a zone

GAMBIA OPERATING COSTS

The detailed table of the sector's specific costs reveals the low level of all key operational costs, at the exception of internet and electricity.

INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour range between US\$2.5-US\$4 a day¹²
- Electricity: 9.70 GMD / kWh (commercial tariff)⁸
- Ice: 10 GMD / Kg (market price)¹³
- Water: 22.48 GMD / cubic metre (commercial tariff)⁸
- Telecoms⁸:
 - Landline: from 0.73 GMD / min
 - Mobile: from 2.47 GMD / min
 - Internet: from 2,000 GMD / month (128kbps)
- Annual licence fees (per gross registered tonnage)
 - Foreign shrimp trawler: US\$105
 - Local shrimp trawler: US\$65
- Key taxes.
 - Corporate: 31% (exemption possible)
 - Income: up to 35%
 - VAT: 15%

¹² Program for Accelerated Growth and Employment 2012-15

¹³ Landing site. Ministry of Fisheries Representative interview.

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 fisheries policy is guided by the Fisheries Regulation (2008), the focus of which is the management of the fish resources at the level of the artisanal, industrial and aquaculture sub-sectors.

The main policy objectives are to:

- Attract investment in the sector
- Improve handling and processing of fish and fishery products to conform to international standards

The Government also plans to:

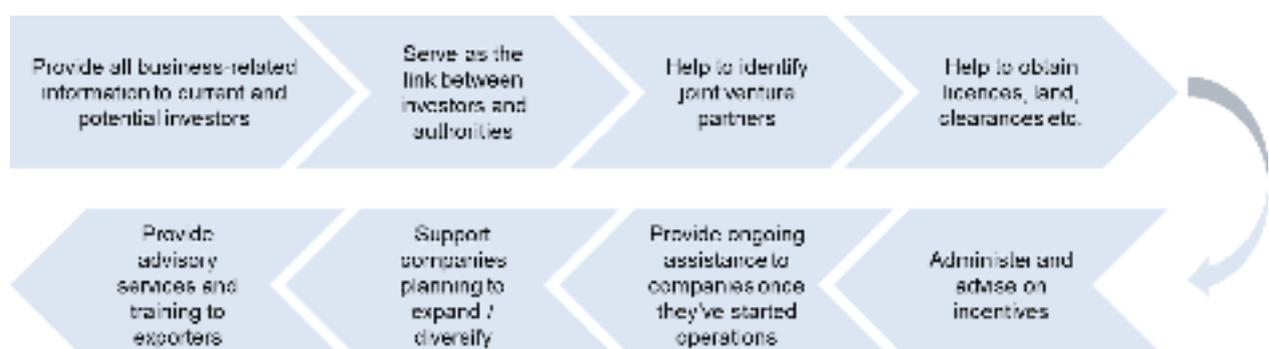
- Increase the number of accredited laboratories – supported by the EU-funded West African Quality Programme

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 ICE PRODUCTION POTENTIAL:

- Growing production of fish produce and increasing sanitary requirements for export are increasing the requirement for cold storage facilities within the country.
- Increasing production and exports of seafood products (GBOS)

2

COMPETITIVE INVESTMENT ENVIRONMENT:

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

3

STRONG AND IMPROVING INFRASTRUCTURE:

- Efficient port with dedicated fishing piers and competitive costs
- Modernisation and development of landing sites (AfDB funds)
- New and upgrade projects underway, including new Atlantic port and improved transport links with ECOWAS markets

4

ATTRACTIVE INCENTIVES, COMPETITIVE COSTS:

- Generous incentives for mid to large scale investment plans
- Competitive costs and fees
- Strong political support for investment in aquaculture
- Comprehensive guidance and support from GIEPA

PROJECT RISK AND SUSTAINABILITY FACTORS

	Issues	Impact rating	Description
Socio-political	Crowding out effect	high	There have been projects to build cold storage facilities funded by donors at the proximity of some landing sites. Not anymore operating today, the rehabilitation/construction of those facilities by the government/donors might crowd-out private investment if it offers lower market price, causing unfair competition environment.
	Red tape and tax burden	medium	Ease of paying taxes is improving but the investor will still face high tax burden and red tape.
	Political instability	low	Even considered as a relatively stable country in the west African region, the risk of political instability remains.
Macro-economics	Informal market/corruption	high	The informal sector has a negative impact on the middle/long term profitability of legal businesses which depend on sustainable supply of fish resources.
	Utility Costs	high	Utility costs are generally high and businesses are affected by recurrent electricity shortage. The frequent use of fuel generator is highly reducing the profitability. Investment in solar panel has partly helped some companies to overcome the problem.
	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
	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 businesses need to be certain that increasing costs can be covered.
Infrastructure	Poor landing sites access	medium	Reach landing sites is often difficult, therefore the building and maintenance of road to access those landing sites will be key to the sustainability of the project.
	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.



For further information, contact:

Chief Executive Officer
Gambia Investment And Export Promotion Agency (GIEPA)
GIEPA House
48 Kairaba Avenue, Serrekunda, K.S.M.D., P.O.Box 757, Banjul, The Gambia
info@giepa.gm
Tel. +220 4377377 / 78
www.giepa.gm

