

e-Insurance in The Gambia



WHY THE GAMBIA?

The Gambia has a youthful population of around 1.85million with steady growth predicted to continue in the coming years. This produces a large market for insurance providers and the ability to purchase and manage insurance online is of great appeal to the population here. The Gambia also acts as an excellent entry point to the wider West African region with a population of around 340 million.

This document outlines:

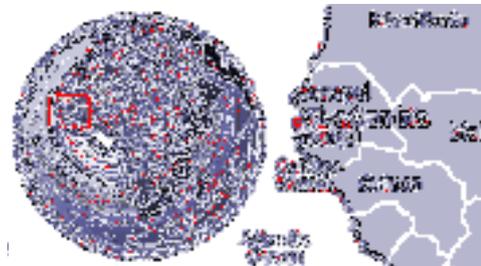
1. **The market opportunity for e-Insurance**
2. **The favourable conditions available to investors**
3. **The support investors can expect to receive**
4. **The risk and sustainability factors to be considered**

**The best Institutions
quality in West Africa¹**

**Stable political and
regulatory
environment²**

**Growing population
and rising purchasing
power.**

**West Africa's most
efficient labour
market¹**



Source: British Foreign & Commonwealth Office website

¹ World Economic Forum.

² Aon political risk map.

ECONOMIC INDICATORS

GDP⁴	US\$807mn in 2014
GDP growth⁴	1.5% in 2014
Country risk	2 nd lower risk score among West African countries after Ghana
CPI Inflation (2014)⁴	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 Buy (B) and Sell (S)⁴	GMD/USD: 0.0239 (B) / 0.0257 (S) 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
Unskilled	1,165	3,001	3,165	4,500	6,530	7,399	1,617	5,200
Semi - skilled	1,747	6,748	7,097	8,114	12,705	15,685	4,248	10,400
Skilled	3,106	43,156	45,391	37,633	70,440	69,268	9,716	26,000
Highly Skilled	15,530	53,905	56,696	43,843	70,440	79,997	46,637	93,668

Social security rate	
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 compared to costs applied 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.

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	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-INSURANCE IN THE GAMBIA

The Gambia's e-Insurance industry is in its infancy but recent and ongoing improvements to ICT connectivity and energy reliability are opening the country up as an excellent location for foreign investment. Its cost-competitive workforce, growing population and increasing GDP mean that the country is in increasing need of e-insurance solution providers.

KEY FACTS:

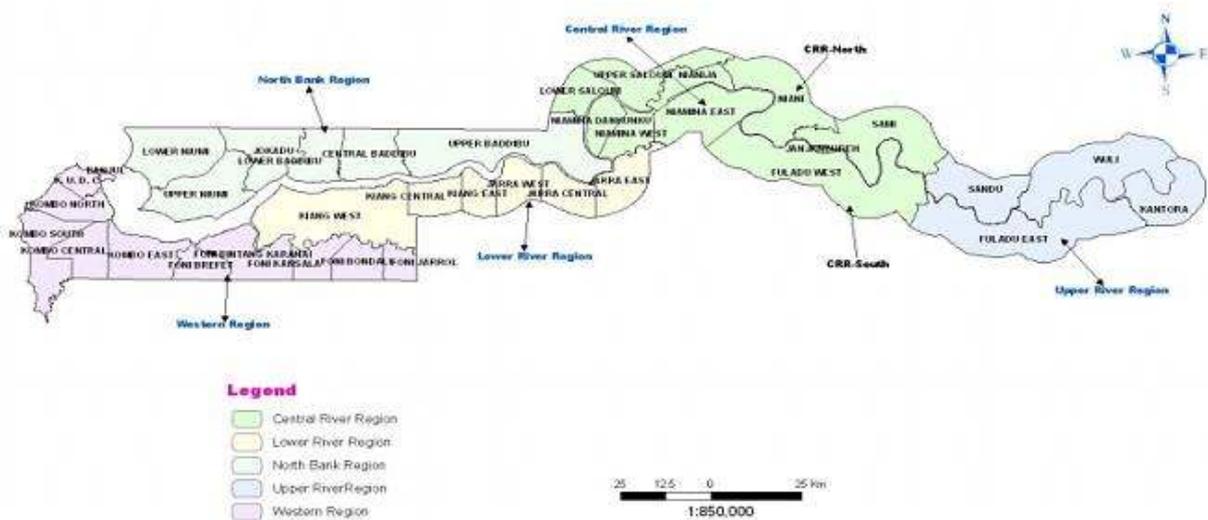
- 5.12Tbit/s ACE cable connects into Banjul, providing excellent connectivity to the rest of the world.
- The Gambia has an abundance of well educated native English speakers.
- Number of secure internet servers/million population is 3.9. This has

increased from 2.8 in 2013 as the country places a major emphasis on developing its ICT offer.³

- The Gambia is ranked as the 10th best African country for its ICT environment, ahead of much larger including Nigeria, Senegal, Mali and Algeria.⁴

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.



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 1st 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



³ International Telecommunication Union

⁴ World Economic Forum Global Information Technology Report 2014

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-insurance. 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 Africa⁵ and offers competitive costs in key areas both regionally and globally.

⁵ 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 day⁶
- Monthly wages for ICT specialists range from around US\$70-170 per month.⁷
- Electricity: 9.70 GMD / kWh (commercial tariff)⁸
- Water: 22.48 GMD / cubic metre (commercial tariff)⁸
- Telecoms: From 0.73 GMD / min⁸
- 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.

⁶ Program for Accelerated Growth and Employment 2012-15

⁷ Interview with Lasting Solutions

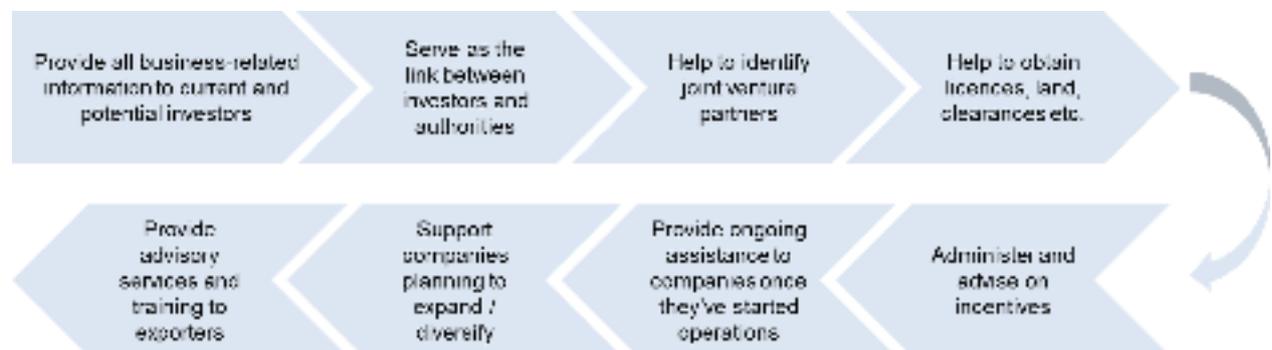
⁸ www.pura.gm

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 need for insurance 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 location is excellent for providing insurance services to the European and West African markets.

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

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

	Issues	Impact rating	Description
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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