

Mobile Telecoms in The Gambia



WHY THE GAMBIA?

Situated on the Atlantic coast and with over 1,100km of navigable river, The Gambia is the ideal entry and exit point for West Africa and the Economic Community Of West African States (ECOWAS).

This document outlines:

- 1. The market opportunity for mobile telecommunications**
- 2. The favourable conditions available to investors**
- 3. The support investors can expect to receive**
- 4. The project risk and sustainability factors to consider**

**The best Institutions
quality in West Africa¹**

**Stable political and
regulatory
environment²**

**5th 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.

² Aon political risk map.

³ Doing Business 2015.

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 | 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

| 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 |

⁴ Gambia Bureau of Statistics (GBOS)

| 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 |

MOBILE TELECOMMUNICATIONS IN THE GAMBIA

The Gambia's telecommunications industry is made of one fixed network operator and four mobile phone operators: Africell, Gamcel, Qcell and Comium. Many Gambians own multiple phones across several operators due to high cross network charges, partial network coverage etc.

Four telecommunications operators in a country as compact as The Gambia may seem like a lot but none of these operators are currently able to offer 'the complete package', with poor network coverage, high costs across networks and while roaming, or slow mobile internet speeds all contributing to many Gambians owning several mobile phones across a wide of the operators. There is a huge opportunity for a telecommunications provider to enter The Gambia and consolidate the market.

KEY FACTS:

- 85% of Gambians are within an area of mobile network coverage
- Average mobile cellular tariff is 0.3\$/min
- There are 85.2 mobile phone subscriptions per 100 population. The result of many people owning several mobile phones on different networks.
- Only 1.4% of the population have a mobile broadband subscription. The African average is around 19%.

CURRENT TELECOMMUNICATION COSTS

| | | | | | |
|---|----------------------------|-----------------|---------------|--------------------------|-----------|
| Land (Fixed) Line Operator: GAMTEL | Connection fee: | GMD848.67 | COMIUM | Connection/Sim Card fee: | GMD50.00 |
| | Monthly sub (residential): | GMD36.38 | | Monthly sub (post-paid): | GMD150.00 |
| | Monthly sub (business): | GMD42.44 | | Monthly sub (prepaid): | GMD41 |
| | Calling cost: | | | Calling cost: | |
| | Gamtel to Gamtel: | GMD0.73 | | Comium to Gamtel: | GMD3.10 |
| | Gamtel to Gamcel: | GMD3.00 | | Comium to Gamcel: | GMD3.10 |
| | Gamtel to Africell: | GMD3.00 | | Comium to Africell: | GMD3.10 |
| | Gamtel to Comium: | GMD3.00 | | Comium to Comium: | GMD2.47 |
| | Gamtel to Qcell: | GMD3.00 | | Comium to Qcell: | GMD3.10 |
| GSM Operators: GAMCEL | Connection/Sim Card fee: | GMD50 | QCELL | Connection/Sim Card fee: | GMD50.00 |
| | Monthly sub (post-paid): | GMD0.00 | | Monthly sub (post-paid): | GMD150.00 |
| | Monthly sub (prepaid): | GMD0.00 | | Monthly sub (prepaid): | GMD0.00 |
| | Calling cost: | | | Calling cost: | |
| | Gamcel to Gamtel: | GMD2.95 | | Qcell to Gamtel: | GMD2.50 |
| | Gamcel to Gamcel: | GMD2.95 | | Qcell to Gamcel: | GMD2.50 |
| | Gamtel to Africell: | GMD2.95 | | Qcell to Africell: | GMD2.50 |
| | Gamtel to Comium: | GMD2.95 | | Qcell to Comium: | GMD2.50 |
| Gamtel to Qcell: | GMD2.95 | Qcell to Qcell: | GMD2.50 | | |
| AFRICEL | Connection/Sim Card fee: | | | | |
| | Monthly sub (post-paid): | GMD200.00 | | | |
| | Monthly sub (prepaid): | GMD0.00 | | | |
| | Calling cost: | | | | |
| | Africel to Gamtel: | GMD3.00 | | | |
| | Africel to Gamcel: | GMD3.00 | | | |
| Africel to Africell: | GMD3.00 | | | | |
| Africel to Comium: | GMD3.00 | | | | |
| Africel to Qcell: | GMD3.00 | | | | |

LOCATIONS

The population of The Gambia is becoming increasingly urbanised and concentrated in and around the major cities of the Western region. However, a substantial population remains dispersed in the more rural dwellings further inland. Providing coverage to these areas is a challenge but the potential reward is great.

- Support for R&D
- Income tax deposit waiver
- Medium to long term loans with affordable interest rates
- Matching grants
- Market survey and research support

Companies involved in a range of activities, including ICT, also have access to The Gambia's world-class July 22nd business park. Situated near Banjul International Airport in Yundum, the business park is a fully serviced facility of 8.8 hectares offering companies an array of services: fuel depot, access roads, customs house, and an independent power, water, telecommunication, and waste management facility. There is an additional 155 hectares for future development.

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.

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

INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2.5-4 a day⁶
- Monthly wages for a skilled telecommunications engineer are US\$500-1,000.⁷
- 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: 20% (telecoms only)

⁵ World Economic Forum Global Competitiveness Report 2014-15

⁶ Program for Accelerated Growth and Employment 2012-15

⁷ Interview with Africell

⁸ www.pura.gm

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 telecommunications 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.

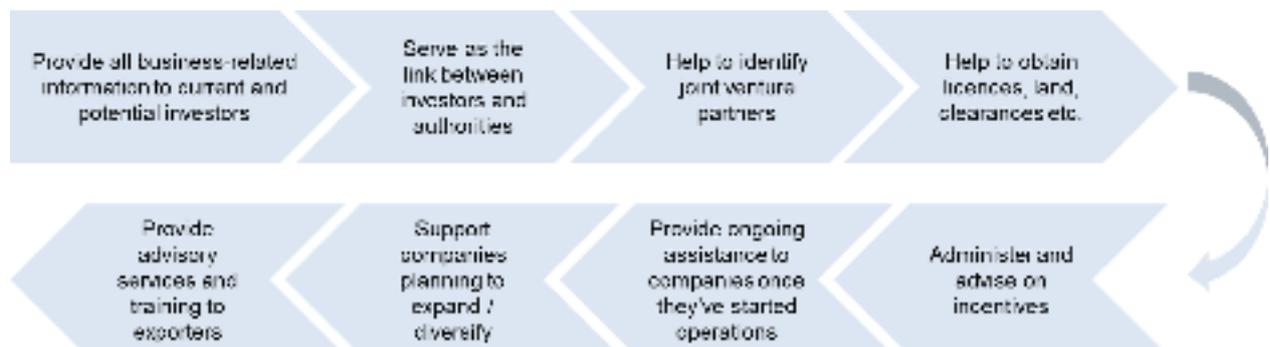
The Gambia Investment and Export Promotion Agency (GIEPA) has identified ICT as one of the core activities to be pursued at the July 22nd Business Park.

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 POTENTIAL:

- There is huge demand for a single cellular network provider to adequately cover the entire country. Consolidation of the market would reap large reward.
- Only 1.4% of Gambians currently subscribe to mobile broadband. This is well below the African average of 19% and provides a large opportunity for an operator.

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. |
| | Poor telecoms infrastructure and high roaming costs | Medium | Gambia's current telecoms operators cannot provide a complete network coverage and roaming charges and calls between networks are extremely high. For a new operator to succeed in this market they must be able to offer what the other networks cannot. |





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