

Smoke Houses in The Gambia

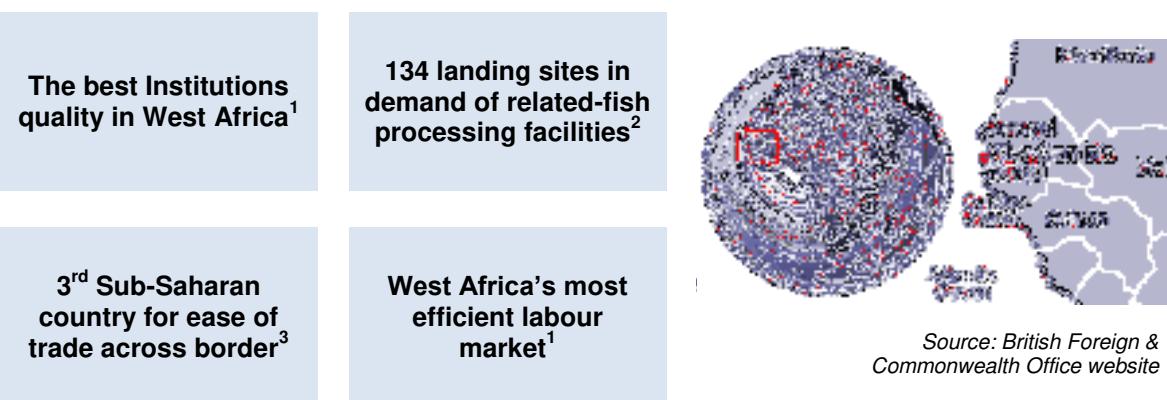


WHY THE GAMBIA?

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 smoke houses**
- 2. The favourable conditions available to investors**
- 3. The support investors can expect to receive**
- 4. The project risk and sustainability factors to be considered**



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

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)	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) GMD/GBP: 0.0162 (B) / 0.0107 (S)
Buy (B) and Sell (S)⁴	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 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	

⁴ 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%

The Gambia's social security rate compares reasonably well amongst its competitor locations.

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

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	0.71	0.09	1.90	0.01	0.36	0.47	0.22

SMOKE HOUSES IN THE GAMBIA

The Gambia has some 134 landing sites for small-scale fisheries, all in need of upgraded smoke houses. Furthermore, there is significant demand of smoke house facilities from some processing plants.⁶

The bonga, catfish, round and flat sardinella - and other small pelagics - are the main species landed by the artisanal fishermen. These species are mainly consumed locally in fresh or traditionally processed (smoked or dried) product form, or exported regionally.²

An estimated 30% of landed fish is traditionally processed (dried and/or smoked) and marketed within the country (especially in the inland markets); part of this is then exported to neighbouring West African countries (Senegal, Ghana, Guinea, Nigeria etc.)².

There is a potentially important niche export market for smoked catfish to The Gambian Diaspora in Europe (mainly UK and Netherlands) and the USA². However, the processing techniques and facilities leave much to be desired, hence creating opportunities for foreign investors.

⁶ Interviews of private investors in fish processing.

Only one factory (Rosamond Trade) was certified to export cured (smoked) fish products to the EU. The remaining had not yet met the EU regulations on fish-processing establishments.²

KEY FACTS:

- Recorded yearly average trade volumes of fish, crustaceans, molluscs⁷:
 - Exports 2012-2014: 1.3 thousand tonnes
 - Exports 2009-2011: 2.2 thousand tonnes
- Recorded yearly average production/captures⁸:
 - 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 year¹⁵
- 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 2013-2014²

¹³ Gambia Bureau of Statistics.

¹² FAO , Food balance sheet statistics.

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 smoke house facilities.

Extraordinarily rich in marine resources, the Gambia's fishing industry is expanding to meet the domestic, sub region and foreign demand for fish. The domestic road network to the sub-region and the smooth 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.

INFRASTRUCTURE

The Gambia enjoys several key infrastructure facilities, including

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



⁹ Gambia Ports Authority.

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

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) – select 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 storages.

EXAMPLES OF ORGANISATIONS:

Atlantic Seafood Company	Barra Shrimp Farm Gambia Ltd.	International Pelican Seafood (IPS)
Rosamond Trade Gambia Co. Limited	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 met.¹¹

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.
- 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.

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.

OPERATING COSTS

The Gambia has by far the most efficient labour market in West Africa¹² and average daily wages are competitive. Key utilities costs are also competitive.

INDICATIVE KEY COSTS:

- Average daily wages for unskilled labour hover between US\$2.5-US\$4 a day¹³
 - Unskilled¹⁴: 100 GMD / day
 - Skilled / Supervisor¹⁴ : 4,500 GMD / month
 - Manager¹⁴: 10,000 GMD / month
- Electricity: 9.70 GMD / kWh (commercial tariff)¹⁵
- Ice: 10 GMD / Kg (market price)¹⁶
- Water: 22.48 GMD / cubic metre (commercial tariff) ¹⁵
- Fuel.
 - Petrol: US\$1.46 per litre
 - Diesel: US\$1.41 per litre
- Telecoms¹⁵:
 - 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)¹⁵:
 - Foreign shrimp trawler: US\$105
 - Local shrimp trawler: US\$65
- Key taxes¹⁵:
 - Corporate: 31% (exemption possible)
 - Income: up to 35%
 - VAT: 15%

¹² World Economic Forum Global Competitiveness Report 2014-15

¹³ Program for Accelerated Growth and Employment 2012-15

¹⁴ Private investor interviews

¹⁵ www.pura.gm

¹⁶ Landing site. Ministry of Fisheries Representative

²² www.accessgambia.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 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:

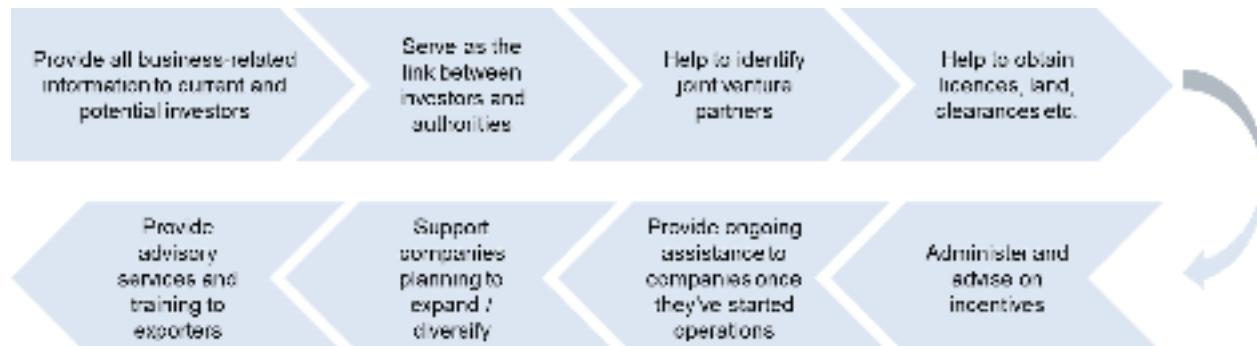
- Increase the number of accredited laboratories – supported by the EU-funded West African Quality Programme

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 SMOKED FISH PRODUCTION POTENTIAL:

- Regional and domestic growing pressure on the supply of smoked fish
- High demand for foreign know-how and equipment to meet export sanitary requirements

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 projects of landing sites
- 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	High dependence on artisanal catches	high	Smoke fish processing plants are highly dependent on unreliable artisanal production. The investor has to assess the need of acquiring its own trawler (possibly through a JV) if the situation does not improve.
	Crowding out effect	medium	Donor funded (UNDP) smoke houses have been constructed on some landing sites. Free of use those facilities might crowd-out private investment in the sector.
	Red tape and tax burden	medium	Ease of paying taxes is improving but the investor will still face a 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 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 landing sites facilities	low	Landing sites lack modern facilities (cold storage rooms, ice plants...) and access to them are often difficult. However, works are ongoing to improve the situation.



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