



**Embassy of the Republic of The Gambia  
and Permanent Mission  
to the European Union**

**Doing Business in The Gambia  
an Introduction**

**Brussels, March 2009**

## **1. General Introduction**

The Gambia is a small country located in sub-Saharan Africa along the West Coast. It is bounded by Senegal to the North, South and East, and the Atlantic Ocean to the West. It is a narrow strip of land not more than 500km from East to West and less than 40km from North to South all along the length of the country. A river runs through the entire length of the country, the River Gambia. The total area of The Gambia is 11,300 sq. km.

The population of the country is 1.36million (2003 census), with an annual growth rate of 2.78 per cent. The total Gambian population in 1975 was 0.6 million, and it is projected to rise to 1.9 million by 2015. The population under age 15 in 2003 was 40.6% but is projected to decline to 36.8% in 2015. Population aged 65 and above in 2003 was 2.9% but is expected to increase to 4.4% by 2015.

Approximately 25,000 non-Africans live in The Gambia, including about 20,000 Europeans and 2,500 people of Moroccan origin. Muslims constitute more than 92% of the population. Christians of various denominations account for most of the remainder. Gambians officially observe the holidays of both religions and practice religious tolerance.

The Portuguese were the first traders in the 15<sup>th</sup> to 16<sup>th</sup> Century who introduced peanuts and cotton before leaving a hundred years later, selling their trading rights to the British. Fort James, established by the British in 1661, soon had a rival fort at Albreda, built by the French. During the 17<sup>th</sup> and 18<sup>th</sup> centuries, these forts were the scenes of periodic battles between the countries striving for control of regional trade. Britain gained all rights to trade in 1783, and administered the territory from Sierra Leone until 1888. The French pressed inland establishing stations and in 1889 the British could only secure a narrow strip along each bank of the river Gambia when The Gambia became a crown colony.

Sir Dawda Kairaba Jawara was the first prime minister when The Gambia became an independent country in 1965 and became the President as a Republic in 1970. He retained power until the beginning of the Second Republic in 1994 under current President H.E. Dr Yahya Jammeh. The Gambia has enjoyed political stability since its independence (bar the 1994 bloodless military takeover), which is remarkable given the political turmoils in the West Africa sub region. The country enjoys multi-party democracy and holds regular elections, the last of which were held in 2006 – 2007, and which were widely pronounced as free and fair by international observers. A new Constitution was enacted in 1996, which established the current political structure with a unicameral National Assembly and an executive Presidency. The country is a member of the United Nations, the African Union and the British Commonwealth, as well as a wide range of regional and world organizations.

## 2. Country Facts

Area	Total: 11,300 sq km Land: 10,000 sq km Water: 1,300 sq km
Coastline	80km
Terrain	Flood plain of the Gambia River flanked by some low hills
Land Use	Arable land: 27.88% Permanent crops: 0.44% Other: 71.68% (2005)
Irrigated land	20 sq km (2003)
Population	1.3 million (2003 Census)
Population growth rate	2.8 % (2003 Census)

Sources: World Economic Outlook (IMF), CIA World Fact Book, National Population Census

## 3. The Economy

The Gambia has a liberal, market-based economy characterized by traditional subsistence agriculture, a historic reliance on groundnuts for export earnings, a re-export trade built up around its ocean port, low import duties, minimal administrative procedures, a flexible exchange rate regime with no exchange controls, and a significant tourism industry. According to the World Bank, “overall, growth has been robust over the past decade. Economic developments are encouraging. The real GDP growth recovered from a drought-induced decline in 2002, to average about 6.5 percent a year during 2003-2008. Foreign direct investment in 2004-2008 averaged more than 13 percent of GDP”.

The Gambian economy is categorized into three main sectors – agriculture, industry, and services, with the latter accounting for 59% of GDP. Agriculture accounts for 29% of GDP and employs 75% of the labour force. Within agriculture, groundnut production accounts for 6.9% of GDP, other crops 8.3%, livestock 5.3%, fishing 1.8%, and forestry 0.5%. Industry accounts for 12% of GDP and forestry 0.5%. Manufacturing accounts for 5.5% of GDP, though the limited amount of manufacturing is primarily agriculturally based. Other manufacturing activities include soap, soft drinks, and clothing.

### Selected Macroeconomic Indicators, 2002-2006

	2002	2003	2004	2005	2006
Real GDP growth (Market Prices)	-3.2	6.9	-5.1	5.0	4.5
Inflation (End Period)	13.0	17.6	8.0	1.0	4.0
Fiscal Deficit (Excl. Grants)	-9.1	-6.2	-8.2	-8.5	-4.6
Fiscal Deficit (Incl. Grants)	-4.8	-3.5	-4.0	-6.8	-3.3
Current Account Deficit (Excl. Grants)	-14.4	-14.4	-15.6	-19.7	-14.0
Current Account Deficit (Incl. Grants)	-4.3	-6.1	-8.1	-13.5	-8.3
Gross Official Reserves (Months of Import)	4.5	4.4	4.1	4.0	5.0

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Interest Rate ( 91 Day Treasury Bill)	19	31	30	8.5	10.0

Source: Ministry of Finance and Economic Affairs

#### **4. The Gambia's Comparative Advantages**

These include

- ✓ Peace and political stability
- ✓ Liberal and free market economy
- ✓ No ownership or foreign control restrictions
- ✓ English speaking
- ✓ Abundant and easily adaptable labour force
- ✓ Proximity to Europe and the USA
- ✓ One stop shop (GIPFZA)

#### **5. Investment Incentives**

The Gambia offers attractive incentive packages to investors, categorised under Special Investment Certificate or Free Zones Licence.

##### ***Special Investment Certificate***

The Government has identified a number of sectors as priority areas, and investing in these sectors will give access to attractive and special investment incentives. These sectors include:-

- ✓ Agriculture, Forestry and Fisheries
- ✓ Manufacturing
- ✓ Skills Development
- ✓ Communication
- ✓ Energy
- ✓ Mineral Exploitation
- ✓ Services (Financial, off-shore banking, health and veterinary services, river and transportation, information technology).

Special Investment Status shall be conferred to investments which fulfill the following eligibility criteria:

- ✓ The establishment of a company or partnership under the laws of The Gambia;
- ✓ Investment in fixed assets of at least **ONE HUNDRED THOUSAND** United States Dollars or its equivalent at the time of application for the incentives;

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Investors upon whom “special investment” status has been conferred will entitle them to benefit from the following incentive package for a period of five years:-

- ✓ Exemption from withholding tax and tax on dividends;
- ✓ Exemption from customs duties on the following items:-
  - The approved capital equipment, machinery, appliances, furniture and fittings imported to be used by the project or business;
  - The approved quantity of semi-finished products, spare parts, raw materials and other supplies to be used in the production process;
- ✓ Exemption from sales tax on the items mentioned in paragraph (b);
- ✓ Exemption from turnover tax;
- ✓ Preferential treatment for land allocation for the site of the proposed investment and the provision of infrastructural facilities;
- ✓ Special and attractive scheme of accelerated depreciation as set out in the Second Schedule to the Investment Promotion Act.

### ***Free Zones Licence***

As a strategy for developing the export potential of the country, the Government is also developing Free Zones in specially selected locations to enable investors to operate in an environment that has the ideal set of infrastructure and special tax incentive regimes.

### **Eligibility Conditions**

- ✓ Transactions in the Free Zones shall be denominated in foreign exchange;
- ✓ Investment in the Zones should be sufficiently viable both commercially and financially;
- ✓ Sufficient generation of domestic value added to quality finished product for conferment of origin status;
- ✓ Employment generation and training of nationals;
- ✓ Ability to export a substantial portion (70%) of output in foreign markets;
- ✓ Positive contribution to the formation of domestic productive capital;

### **Free Zones Incentive Package**

- ✓ Exemption from all taxes and customs duties payable on all imports provided that the imports are used or to be used exclusively within the Zones, and subject to any other limitations specified by the regulations made pursuant to the Act;
- ✓ Where import duty or sales tax has been paid by a Zone Investor in respect of any goods on their importation into the customs territory, no refund shall be allowed merely because the goods are to be later transferred into any of the free zones;
- ✓ Exemption of customs duty, excise duty and sales tax on goods produced within or imported into any of the Zones, unless the goods are entered for consumption into the national customs territory;
- ✓ Exemption of import duty on capital equipment;

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- ✓ Full exemption of corporate tax or income tax for the first 10 years from the date of approval of license in the case of trading activities in the Zones, thereafter tax shall be pegged at a rate not exceeding six per cent per annum;
- ✓ For activities related to tourism, corporate tax or income tax shall be charged at the rate of ten per cent for the first 20 years, and shall revert to the normal rate thereafter;
- ✓ Full withholding of corporate or income tax on dividend and other payments during the period of tax holiday;
- ✓ Full relief from payment of municipal taxes;
- ✓ Zone investors shall also be exempted from payroll tax or other restrictions or prohibitions on import or export trade with the exception of trade in firearms, military or other illegal goods.

## **6. Investment Opportunities**

### *Agriculture*

Agriculture is the most important sector in the Gambian economy. The country has over 480,000 hectares of good quality arable land, of which an estimated 180,000 hectares is currently under cultivation. With abundant land, favourable climate, rich soils, relatively low labour cost and close proximity to Western markets, The Gambia offers good opportunities for investment in the agricultural sector. These are complemented by the availability of outlets in the expanding tourism industry, the large concentration of consumers in the urban areas and the ever growing export markets, which provide ample opportunities for investment in the sector, including:

- Crop production and processing (Rice, Maize, Millet, Sorghum, Groundnuts, Sesame, and Cashew)
- Horticulture production and processing (fruits and vegetables)
- Floriculture
- Poultry production
- Livestock production and processing
- Animal feed production
- Agro-processing and packaging
- Machinery manufacturing and servicing
- Provision of cold storage and silos facilities for horticulture and livestock products
- Establishment of Financing Facilities e.g. an Agricultural Development Bank to increase access to financing in the sector.

### *Fisheries*

The fisheries sector has significant potential for further development in The Gambia. Although it has a coastline of only 80 Kms, The Gambia's waters can be fished year round and are relatively well populated by a wide variety of demersal and pelagic fish

and crustaceans. There is a reciprocal agreement with Senegal which allows licensed vessels from each country to fish in each other's waters.

Total annual fish production in 2002 was circa 43,000 metric tonnes (mt), of which only 573 tonnes was exported in 2003. Most exports are aimed at EU markets. It is believed that the Maximum Sustainable Yield for all species in Gambian territorial waters stands at between 150,000 mt. and 200,000 mt.

**Species :**

- Demersal Species: Sole, grunts, seabreams, carangids and cephalopods.
- Pelagic Species: Bonga, sardinella, red mullet, shads, catfish, jacks and snapper.
- Currently frozen shrimps and prawns account for over one third of all fish exports.

There exist immediate opportunities for vessel operator/traders to supply the existing processing plants with fish, either by supplying fish under contract, or on some form of joint venture basis with the plants. There are also longer term opportunities for companies with an established market presence to source products, either raw or processed from The Gambia.

***Tourism***

Tourism is one of The Gambia's fastest growing industries, contributing about 16% of GDP and constituting the largest source of formal non-farm employment. Every year tens of thousands of holidaymakers visit The Gambia from various parts of the world.

The Gambia has excellent potential for further tourism development due to the ease with which it can be reached from the main European markets, the relatively good value for money offered by package tours to the country and its distinctive advantages. These include a favourable climate, excellent beaches, an unspoiled countryside, an agreeable ambience, and above all, a friendly and hospitable population.

Present policy focus in the industry emphasizes the up-market approach, which seeks increased investor participation in five-star hotel projects and quality service apartments. Consolidating and refurbishing the Tourism Development Area (TDA) along the wide Atlantic coast especially reserved for top-of-the market hotel projects, continues to be a major policy thrust to develop tourism in The Gambia. The ease of transportation on the recently completed Kombo coastal road covering the entire TDA, the continuous enhancement of electricity supply and telecommunication extensions in the TDA, and the setting up of the Gambia Tourism Authority (GTA) as an independent body to coordinate all aspects of project implementation in, and development of the tourism industry, including, importantly, the grading and classifying of hotels and related resorts, all represent a systematic effort at improving the enabling environment for increased private sector investment in the industry.

### ***Energy***

Due to the rapid growth in the population of The Gambia in recent years, demand for energy has far outstripped the ability of the State owned utility, NAWEC, to supply.

The provision of reliable electricity to The Gambia has become a priority for the Government and there are opportunities at all levels. Generation capacity is substantially below demand, and particularly with the development of industry and tourism up-country, opportunities will arise there also. The distribution system, while adequate for existing generating levels will also need investment.

### ***Air and Sea Transportation***

Opportunities exist in this sector to improve existing services, add new services or provide services not currently available, including transportation along the Gambia river.

The Port of Banjul is the major port in The Gambia and is one of the most efficient and safest in the region. Its location, 26 miles from the Atlantic Ocean on the Gambia River, allows access to both ocean going vessels and smaller vessels which can navigate up to 300 miles into the interior (the Gambia river).

Particular opportunities exist in the following areas:

- Increased passenger air links, both direct to Europe and the USA, but also to regional hubs.
- Air cargo services
- Airport services
- Sea cargo services, both for The Gambia and transshipment to regional markets
- River transportation both for cargo, passengers and tourists.

### ***Mining***

The Gambia does not have large discovered deposits of precious minerals or gems, but there are deposits of lower value minerals in certain areas. Successful mining of sand for valuable minerals is taking place near the coast South of Banjul, in a high amenity area under strict environmental control.

Opportunities exist initially in exploration for minerals and oil and gas, and the Government of The Gambia is very supportive of these efforts.

### ***Financial Sector***

The Gambia's financial sector has been growing in number. It consists of commercial banks, insurance companies, foreign exchange bureaux, microfinance institutions and



other non-bank finance companies. However, commercial banks dominate this industry. Currently, there are eleven banks with an average foreign equity of over 60%.

There are eleven insurance companies in The Gambia and most of them are involve in non-life underwriting. There is one company that is entirely a life underwriter and another that is a composite insurer.

The financial sector in The Gambia, though competitive, has room for new institutions and more so new products. With the global trend moving towards universal banking and offshore banking, investments in these areas can enhance The Gambia's competitiveness internationally. Although all the necessary legislations are not yet to be in place to allow for offshore banking activities, efforts are underway to address this.

### ***Manufacturing***

The Gambia's manufacturing sector continues to be under developed with a limited manufacturing base focused mainly at the domestic market, and utilizing a limited range of skills and technology. The Government's strategy is to build on the small domestic base to encourage companies to supply the Gambian and regional markets, and subsequently develop products which can be exported to the EU and the US.

Particular opportunities exist in the following areas:

- Food and drink processing and packaging
- Machinery manufacturing and servicing (particularly for the agriculture, food and fisheries industries)
- Plastics for the consumer market, and for the construction industry
- Stainless steel fabrication
- Basic electronics assembly
- Pharmaceutical manufacturing or packaging
- Healthcare products (complimentary medicines, medical devices etc.)
- Cosmetics

## **7. Business Guide**

### ***Investment Laws and Regulations***

The Gambia Investment Promotion Act 2001 and Free Zones Act 2001 are the main laws governing investment in The Gambia. These Acts provide guidance on investing in The Gambia and clearly indicate the priority sectors for the country, guarantees to investors, investment incentives eligibility criteria, procedures, the institutional framework and answers to questions that investors usually consider in making an investment decision.

### ***Business Registration***

Businesses in The Gambia may be registered as a company, a sole proprietorship, a partnership, or other forms of business (namely co-operatives, subsidiaries of other companies).

The process of registering a business in The Gambia has been simplified and requires the submission of the following documents with the Registrar of Companies:

- Memorandum of Association
- Articles of Association
- Receipts of payment of Stamp Duty & Business Registration fees- from the Income Tax Department.

### ***Safeguards Against Double Taxation***

There is relief from double taxation of any person resident in The Gambia who pays or is liable to pay taxes in any year of assessment in a Commonwealth country. There are also double taxation agreements entered into between the Government of The Gambia and other countries, including:

- United Kingdom
- Norway
- Sweden
- Taiwan

### ***Risk Management and Dispute Resolution***

The Constitution of The Gambia guarantees and safeguards against nationalization and expropriation of investments. The Investment Promotion Act and Free Zones Act 2001 also contain provisions against expropriation of properties of investors.

The Gambia is also a member of the International Centre for the Settlement of Investment Disputes (ICSID) and the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group.

## 8. Contact

Gambia Investment Promotion and Free Zones Agency  
GIPFZA House, Kairaba Avenue  
Tel: (+220) 4377616, 4377617, 4377377, 4377378  
Fax: 4377379  
**[www.gipfza.gm](http://www.gipfza.gm)**

The Gambia Embassy  
126 Avenue Franklin D. Roosevelt  
1050 Brussels, Belgium  
Tel: (+32) (0) 2640 1049  
Fax: (0) 2646 3277  
[www.gambiaembassy.be](http://www.gambiaembassy.be)