

NARRATIVE REPORT ON THE GAMBIA



PART 1: NARRATIVE REPORT

The small West African country, [The Gambia](#), may be described as a typical tax haven, not necessarily because of its financial secrecy or favourable tax regimes, but because of its exotic geographical features: a small country, with a 60-kilometre beachfront that makes it an attractive tourist destination.¹ [Banking started 100 years ago in The Gambia](#); it has thirteen conventional commercial banks and one Islamic bank.² A former British colony, it attained independence on 18 February 1965 and uses a currency called 'dalasi'.

The Gambia's secrecy profile

The Gambia has a secrecy score of 76.63, which makes it the 9th most secretive African Country and the 3rd most secretive West African country. In 2013, [news broke](#) that The Gambia was on course to establish an offshore scheme allowing incorporation of secretive entities and registration through an online registry called iCommerce Registry.³ A source, who was a consultant and part of the advisory group and technological support for the scheme, confirmed that the registry did exist; even though according to the consultant, the work had stalled. There are companies, such as [GWS Group](#), that still claim to offer offshore company formation as well as offshore banking services in the jurisdiction.⁴ According to the company's website, GWS Group is based in Switzerland and a few other countries including Liechtenstein and the United Arab Emirates. The company claims to set up an offshore account within 12 hours and promises high confidentiality and discretion, a bank account, and an anonymous company formation with nominee director all for a fee of USD 950 USD.⁵

In 2016, Streber Weekly published⁶ a press release issued by the Ministry of Justice of the Gambia – the report warned the general public against patronizing iCommerce registry and Infini Africa Group because the institutions do not represent The Gambia. The Government also stated that the Global Enterprise Decree 2013 and the Enterprise Zone are not legally authorized. The Press release stated that the only institution responsible for the registration of companies in the Gambia is the Registrar of Companies in the Ministry of Finance. As of January 2018, the [web link](#) to the press release cited by Streber Weekly is a dead link; the iCommerce registry [website](#) is also unavailable, although its server is located in the United Kingdom.⁷

Nevertheless, the country does not prevent the establishment of trusts and private foundations, and it also does not maintain official records of company ownership.⁸ It remains unclear if the Gambian government sanctioned the iCommerce Registry and whether it intended to set up a secrecy scheme, or if it was a rogue registry, the type that was fraudulently set up for investors in the [Somalia Banking Scam](#).⁹ Whatever the case, three years is too long for a government to respond to issues of such importance.

Rank: 106

Chart 1 - How Secretive?

77
Secrecy Score

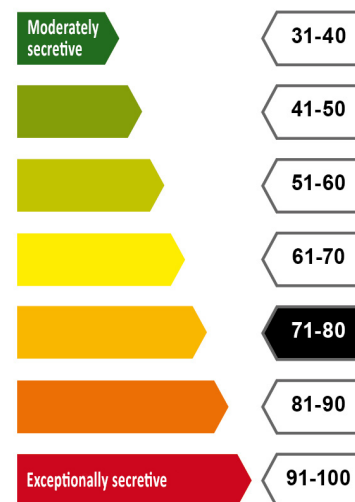
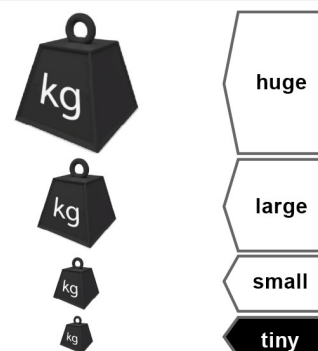


Chart 2 - How Big?



The Gambia accounts for less than 0,1 per cent of the global market for offshore financial services, making it a tiny player compared with other secrecy jurisdictions.

The ranking is based on a combination of its secrecy score and scale weighting.

Full data on The Gambia is available here: www.financialsecrecyindex.com/database

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Money laundering

Gambia is part of the [Inter-Governmental Action Group against Money Laundering in West Africa \(GIABA\)](#), and it has ratified the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1998 (the Vienna Convention).¹⁰ The country has also [ratified the United Nations Convention against Transnational Organized Crime 2000](#) otherwise known as the Palermo convention.¹¹ However, [according to the US State Department](#), in 2011, The Gambia was linked to money laundering activities.¹² A Gambian-based bank, the Prime Bank, was reported to have participated in money laundering activities with its parent bank, the Lebanese Canadian Bank (LCB). Both were identified as financial institutions of primary money laundering concern under Section 311 of the USA PATRIOT Act. The LCB, according to the report, facilitated money laundering activities involving international narcotics trafficking.

The involvement of a Lebanese bank should not come as a surprise. [Reports show](#) that Lebanese abroad who are involved in illicit trade repatriated huge sums of money to Lebanon amounting to about \$7.6 billion annually.¹³ According to other reports, Deloitte, one of the big four accounting firms, was [responsible for reviewing the bank's books](#).¹⁴ Deloitte's complicity in this case only confirms existing research indicating that [the big four are key enablers](#) in helping multinationals use secrecy jurisdictions to avoid paying taxes.¹⁵

Treaties and agreements

Although The Gambia has [no exchange of information agreements with other jurisdictions](#), it has signed double taxation agreements (DTAs) with five countries: Norway, Qatar, Switzerland, the United Kingdom and Sweden. Information exchange under these treaties is uncertain. The DTA with Switzerland is the oldest; it was signed and came into force on 26 August 1963.¹⁶ Furthermore, the country has recently [concluded a treaty with Mauritius](#),¹⁷ a popular jurisdiction that has set itself up as [a conduit for capital and companies](#), especially those with an interest in investing in Africa and India.¹⁸

In addition, [The Gambia has entered bilateral investment agreements](#) with a few countries: Mauritania, Morocco, the Netherlands, the United Kingdom and also Switzerland. Nonetheless, the agreement with Switzerland is the only one that has come into force.¹⁹

Investment incentives

In 2002, the Government of Gambia set up the [Gambia Investment Promotion and Free Zones Agency \(GIPFZA\)](#) with the primary responsibility to establish and manage Free Economic Zones around the airport in the capital city of Banjul. After 8 years, GIPFZA was restructured and transformed into the Gambia Investment and Export Promotion Agency (GIEPA) with a broader task to include export promotion and support for small and micro enterprise development.²⁰

Currently, The Gambia, through GIEPA Act 2010 provides two tax Incentives schemes for investors: the Special Investment Certificate (SIC) scheme and the Export Processing Zone (EPZ) scheme. Subject to certain conditions, the income from the trading activities in an EPZ is tax free for the first 10 years from the date of approval of the EPZ licence.²¹

The GIEPA Act has established priority sectors and designated areas in which domestic and foreign investors can make a minimum capital investment of USD 100,000 and USD 250,000 respectively in exchange for a tax holiday which guarantees that they do not pay corporate income taxes and withholding taxes on dividends from the date of commencement of business.²² The tax holiday is for five and eight years for priority and designated sectors, respectively, and other waivers, such as on import taxes, are also extended to investors.

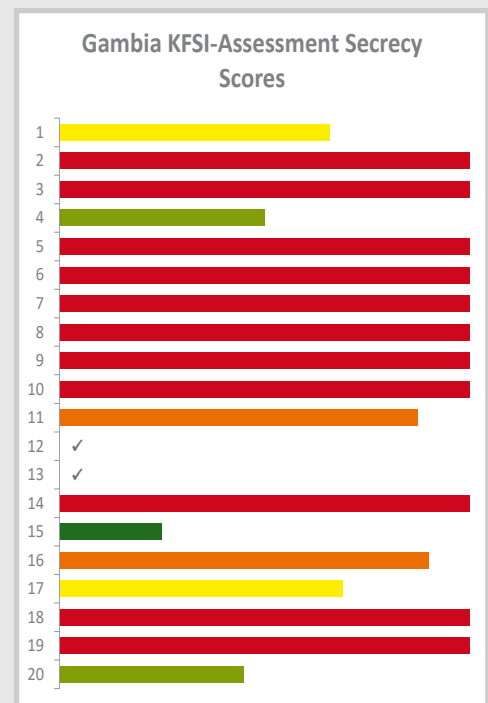
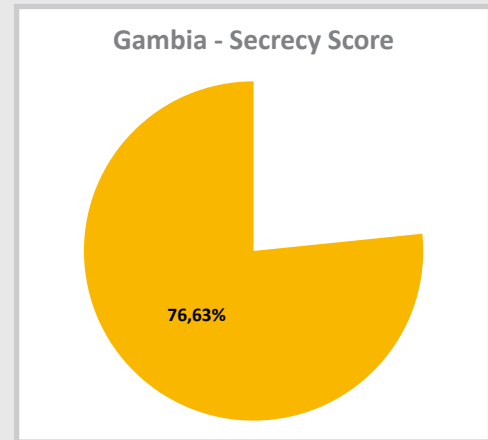
There is much debate about whether tax incentives are beneficial or harmful to developing countries. [Studies show](#) that providing tax incentives to attract foreign direct investment in the developing countries are not necessary because other factors are more important in investment decision making, such as location, security, and infrastructure, etc.²³ A recent cross-country study concluded that the granting of tax incentives in the form of tax holidays by developing countries has negative impacts on public expenditure and sustainable development.²⁴

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Endnotes

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PART 2: THE GAMBIA'S SECRECY SCORE



Notes and Sources

The ranking is based on a combination of its secrecy score and scale weighting (click [here](#) to see our full methodology).

The secrecy score of 77 per cent has been computed as the average score of 20 Key Financial Secrecy Indicators (KFSI), listed on the left. Each KFSI is explained in more detail by clicking on the name of the indicators.

A grey tick indicates full compliance with the relevant indicator, meaning least secrecy; red indicates non-compliance (most secrecy); colours in between partial compliance.

This paper draws on data sources including regulatory reports, legislation, regulation and news available as of 30.09.2017.

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