

Africa

Jurisdictional Potential

Sports betting has been a reality for years now in some jurisdictions such as Kenya, Nigeria and Ghana all of which boast large and growing gaming industries. In jurisdictions such as these where the market is at more of an advanced stage governments are looking to impose limits on the industry in order to prevent gambling related harm. They are also ramping up taxes, putting in place stricter licensing regimes, and updating their methods of tax collection. Meanwhile, less established markets are looking to allow for a wider expansion of gambling. Overall, we are also seeing an expansion of legally sanctioned online casino games following in the wake of legalised online sports betting.



It is hard to make generalities when it comes to such a vast continent, but most jurisdictions in Africa have legalised land-based sports betting, and have legalised or are in the process of legalising online gambling, and casinos and slot parlours are also permitted in most jurisdictions. While online gambling has risen in popularity due to the success of mobile money banking applications and increasing access to the Internet, online casino gambling remains more restricted than other forms of gambling and betting.

While there are still many opportunities, growth is likely to be slow due to harsh economic conditions overall. Now emerging from a series of unprecedented global shocks, growth in Sub-Saharan Africa is projected to have slowed to 2.5 per cent in 2023, from 3.6 per cent in 2022. According to the World Bank's most recent economic update the downturn is due to rising conflict and continued violence across the region. It must also be pointed out that about 462 million people in the region are still living in extreme poverty in 2023. According to the latest World Bank Africa's Pulse report, rising instability, weak growth in the region's largest economies, and lingering uncertainty in the global economy are dragging down growth prospects overall.

Tragically, many jurisdictions continue to be plagued by political turmoil and violence. In Gabon, a military junta took power earlier this year. The coup is the eighth in West and Central Africa in the past three years, following government overthrows in Burkina Faso, Chad, Guinea, Mali, Niger, and Sudan. Terrorism in Sub-Saharan Africa is often intertwined with other challenges such as poverty, weak governance, corruption, and ethnic tensions. These factors contribute to an environment conducive to the growth of extremist groups. Violence and lawlessness has escalated in many regions with terrorism on the rise in many jurisdictions, most notably in Mali, Burkina Faso and Chad. Given the turbulent nature of politics and conflicts, there are a number of jurisdictions that have no gambling laws in place at all.

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Sub-Saharan Africa is home to around 1.18bn people and is a vast and diverse region. In addition, Sub-Saharan countries in Africa are projected to increase in population faster than the rest of the world. Over a billion people are expected to become part of the African population over the next 50 years.

Sub-Saharan Africa is also home to several countries with relatively stable democratic systems. These include Botswana, considered to be one of the most stable democracies in Africa, Cape Verde, Ghana and Mauritius. In addition, a number of countries in the region have experienced strong economic growth over recent years. Coupled with political stability it is unsurprising that we are seeing some of the largest areas of growth even in countries that are now experiencing economic downturns in the wake of Covid, the war in Ukraine and other economic factors. We are also seeing other less developed countries with large populations that are looking to improve their gambling laws and allow for an expansion of the market long term.



Sports betting operators have provided headline sponsorships for at least eight Ghana Premier league teams over the last five years. As is the case in other jurisdictions in Africa where sports betting is popular the English Premier league and the UEFA Champions League in particular have been key elements in driving the sports betting market forward.

Ghana

With a population of around 34 million people, the West African nation is currently enduring a spiralling economic crisis. However, Ghana is still one of the largest gambling markets in the region.

Formerly known as the Gold Coast, Ghana gained independence from Britain in 1957, making it the first sub-Saharan country to gain independence. In the early 1990s, after a long period of military rule, Ghana became a democratic state. Since then, it has been regarded as one of the most stable African democracies.

Despite this stable political environment, Ghana is facing one of its worst economic crises in decades. A World Bank report revealed that 850,000 Ghanaians had been pushed into poverty, joining the six million already in

that category. Between January and December 2022, year-on-year inflation rose from 14 to 54 per cent.

For some years the gaming industry has been one of the most rapidly developing industries in the country. There are around 40 licensed land-based sports betting operators. Online and land-based sports betting is permitted and is regulated by the Gaming Commission. Sports betting, together with the casino business (casinos are mostly Russian-owned in Ghana), make up the largest share of the market, although sports betting is much more popular.

Online gambling is by far the most favoured form of betting with an estimated 80 per cent of betting (some estimates put it as high as 95 per cent) occurring online. Around 40 per cent of Ghanaians take part in sports betting.

The sports betting industry has seen a significant boost in advertising spend over the years. The Ghana Association of Sports Betting Operators (GHASBO) has claimed that the advertising spend within Ghana from the gaming industry is conservatively estimated at GH¢200m annually.

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As is the case in Kenya, mobile money has transformed the market with Ghanaians able to access MTN and Airtel. While mobile money in Africa was spearheaded by Kenya's M-Pesa in



2007, Ghana's MTN MoMo followed in 2009. According to the Bank of Ghana, mobile money transactions topped GH¢87.7bn in April 2022, making them the dominant payment method in the economy. However, Internet access could become more expensive with millions of Ghanaians facing the threat of being deprived of access to the Internet altogether. Data prices have seen increases amid the current challenging economic circumstances.

The government has reaped the benefits of the sports betting boom. Between 2019 and 2022 the government collected GH450m in taxes from the gaming industry. Ghana's sports gambling rules are being updated with most of the focus on the online sector. The Ministry of Finance and the Ministry for the Interior has been ordered to co-supervise the gaming industry and consult with stakeholders to formulate a comprehensive policy to improve tax revenue from the online sector.

An IMF programme in Ghana intends to bring down the debt-to-GDP ratio from over 100 per cent to 55 per cent by 2028 and lists boosting tax revenue as one of the essential measures to achieve the target. In 2023, taxes on gambling were raised via The Income Tax (Amendment) law.

The new income tax law re-introduced a 10 per cent tax on



lottery winnings (after it had been removed in 2017), and a 20 per cent tax on GGR on most operators, including sportsbetting operators, casino operators, slot operators and online operators.

There was a massive player revolt when the government implemented the 10 per cent withholding tax on winnings. The Ghana Revenue Authority has already projected a revenue of GH¢1.2bn from betting by the end of 2023. However, the tax on winnings could well push players to offshore betting sites.

Kenya

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Betting Control and Licensing Board (BCLB). For the time being, online casino gaming may only be operated by the government. The government is yet to develop an online casino platform. Land-based casinos are legal and there are around 30 casinos nationwide, which are usually part of hotels.

The sports betting market dominates the gambling landscape especially online sports betting, which is booming thanks to the success of mobile money banking applications such as M-Pesa, which is owned by Kenya's largest telecommunications company, Safaricom.

Kenyans spent Sh169.1bn to place bets through Safaricom's M-Pesa in the year to March increasing 23.8 per cent from Sh136bn a year earlier despite higher taxes on both companies and players. Meanwhile, Safaricom revenue from betting rose 40 per cent to

Sh5.98bn last year. Overall, Kenyans staked a record Sh88.5bn through online bets in the full year to June 2023.

While the online sports betting sector has boomed, the Kenyan government has been embroiled in a number of disputes with online sports betting operators over the years, most notably with leading Kenyan sports betting firm SportPesa. Betting and gaming companies have been targeted over failure to remit their fair share of taxes, despite the industry witnessing a boom. In September 2019, SportPesa said it would halt all operations in Kenya after the country's parliament agreed to a 20 per cent tax on betting stakes for the 2019-20 fiscal year. However, the company has returned to the market under a licence held by a new operator, Milestone Games.

The government is also continuing its crackdown on unlicensed



Sports betting has become an increasingly important source of revenue for the government. The betting and gaming sector in Kenya paid KSh 6.64bn in excise duty to the Kenya Revenue Authority (KRA) at the close of the 2022/23 financial year, ended on 30th June this year, an increase in excise of 30 per cent compared to the same period in the 2021/22 financial year. The KRA has also begun a tax integration programme.



operators and on unauthorised advertising. In May last year the Interior Minister, Fred Matiang'i, directed the Board and other agencies to ensure that the betting and gaming firms had been cleared to operate.

In July 2022, the board announced that almost one hundred betting firms, including Milestone Games, would be blocked from using mobile money platforms following a government order to suspend payments for companies that did not have an operating licence from the board. Then head of the BCLB, Ezra Chiloba, said that only three operators (Betika, Spotika and Betafrique) had been granted permission to operate in the 2022/23 financial year, but later the board announced that it cleared 11 companies to receive operating licences in the financial year 2022/2023, as the government began to inspect licences more closely with the expectation being that the licensing regime would be

improved overall before the end of the year. Kenya had 100 betting firms licensed to operate in the year ended June 2022 compared to 76 in 2021.

As is the case in Ghana, the government has increased taxes on players. In June 2023, the government increased the excise duty on betting to a rate of 12.5 per cent from 7.5 per cent. Sports betting has therefore become an increasingly important source of revenue for the government. The

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Nigeria

With an estimated population of 213 million, Nigeria has the highest population in Africa. Nigeria's annual inflation rate increased to an 18-year high of 25.8 per cent in August. Nigerians are grappling with rising prices and a cost of living crisis worsened in May after President Bola Tinubu removed a popular, but costly, decades-old petrol subsidy and ended exchange controls. While the sports betting industry continues to expand there

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are growing fears that Nigerians are turning in increasing numbers to betting to make ends meet.

As a result, there are increasing calls for more government control over the industry. This has included demands to restrict advertising and other calls for the government to take a more proactive role in prohibiting minors from engaging in gambling activities.

Lawmakers are also putting pressure on the federal government to create a framework that would encourage the betting industry to contribute more taxes overall.

Both land-based and online sports betting operators are licensed by the government by the National Lottery Regulatory Commission (NLRC), but are sometimes already licensed by state governments as well. Land-based sports betting operators may also apply for additional licences outside the state where they currently operate and apply for an online licence.

However, sports betting operators may not offer other types of

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gambling such as slots or online casino games. According to reports in local media, the NLRC and the Lagos State Lotteries Board (LSLB) have issued over 100 betting licences so far.

In October 2022, Nigeria announced that it was set to introduce a new remote operator permit for offshore-licensed operators, allowing businesses to offer online gambling in Nigeria without a local presence. Taxes would be collected via a new digital tax collection system. For years the government has lost out on millions of tax revenue.

Back in 2019, Minister of Special Duties and Intergovernmental Affairs, Sen. George Akume, said the industry, including international stakeholders, generated in excess of N250bn in 2019, yet revenues to the government did not exceed N1bn.

Akume said the Federal Government would soon acquire a Central Monitoring System (CMS) for the gaming industry in Nigeria. However, this has not yet been

acquired. Sports betting is by far the most popular form of gambling. Today, the sports betting industry is one of the fastest-growing in the country, driven mainly by the popularity of the Premier League, LaLiga, German Bundesliga, and French football leagues.

According to Bello Maigari, executive secretary of the National Lottery Trust Fund (NLTF) around 65 million Nigerians spend an average of \$15 per day on betting. According to the NLTF, Nigerians currently spend around \$975m daily across various gambling platforms. This translates to approximately 14 million online bets and transactions processed in the country every day.

Speaking at the 2nd edition of the biennial National Gaming Conference held by the National Lottery Regulatory Commission in Lagos in October, Maigari said that revenue from online betting alone was projected to reach over US\$256m this year. It is expected to experience an annual growth rate of nearly 10 per cent to reach more than US\$366m by 2027.

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Botswana

Although the population of Botswana, around 2.6 million, is relatively small, Botswana has one of the fastest growing economies in the world. Growth is linked to its strong political and economic institutions, which have made the country the most prosperous nation in the region. Following a strong recovery of almost 12 per cent growth in 2021, Botswana's

economy grew by 5.8 per cent in 2022. Botswana's growth is expected to slow to 3.8 per cent in 2023 but growth is forecast to rebound gradually in 2024 and 2025, to above four per cent according to the IMF.

While the gambling industry is relatively new, the government has made a commitment to expand the industry and this expansion is not limited to sports betting, but land-based slots and casinos too. Gambling halls and bingo parlours are already permitted.

The Gambling Authority (GA) only went into operation in 2016 even though it had been created around five years before this date. The GA is actively seeking to expand and diversify gambling in order to create jobs. In 2019, then Chief Executive Officer of the GA, Thuli Johnson, announced that the agency's role was to facilitate the growth of the gaming industry, adding that the GA had been

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granted approval by the Minister of Investment, Trade, and Industry to issue a national lottery licence, casino licences as well as licences for sports betting. In 2021, Johnson further outlined the government's commitment to allowing for an expansion of the market. Johnson outlined three areas that formed the basis for the board's plans: a national lottery, sports betting and the beginning of a horse racing industry.

There are around nine casinos in Botswana with the government looking to increase this number by another four at least. In addition, the board is also looking to allow around 2,000 gambling machines with limited bets and payouts (LPMS) in bars, off licences and restaurants. The GA's chief of staff, Moruntshi Kemorwale, said that that the gambling establishment route operator would operate on a profit-sharing business arrangement of 60:40 ratio and the agreement would be subjected to

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approval by the authority before commencement of operations.

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Tanzania

Nearly 60 million people live in Tanzania. Tanzania's economic growth was expected to pick up this year, but faced challenges from an unfavourable global economic environment. Tanzania's finance ministry forecasts the economy will grow about 5.2 per cent this year from 4.7 per cent last year.

According to 6Wresearch, the Tanzania gaming market size is projected to grow at a CAGR of 10.6 per cent during 2023–2029, while around 20,000 people have secured

direct jobs in the companies engaged in sports betting. All types of gambling are covered by a gaming act passed in 2003 (The Gaming Act No. 4 of 2003), while land-based sports betting shops have been present in the market since the 1990s. Both land-based and online casinos are permitted, as are slots in bars. There are around 2,600 sports betting locations in Tanzania with half located in capital Dar es Salaam.

The Gaming Board of Tanzania is the gaming regulatory body that was established under the Gaming Act Cap. 41 and became effective on July 1, 2003. The gaming industry in Tanzania was previously regulated under the Pools and Lotteries Act, 1967 and the National Lotteries Act, 1974.

There are around 10 casinos and "Internet Casinos" where customers play online via computers are also popular. As is common with other jurisdictions, the government has increased taxes on player winnings on sports betting (10 per cent) and in casinos

(12 per cent). Since 2021 the government has also been looking to put in place new improved regulations on online gambling.

As of 2022, sports betting in Tanzania surpassed retail casinos as the country's main gaming activity in terms of gross gaming revenue (GGR). Sports betting GGR was over TZS 72bn in the fiscal year 2021/2022, with gaming tax income of around TZS 20bn.

However, for now land-based sports betting remains the most widespread form of betting due to a lack of access to the Internet in rural zones. Tanzania has around 43.7 million mobile phone subscribers. However, only 23.1 million can access the Internet. The Tanzania Communications Regulatory Authority (TCRA) is working to ensure a majority of Tanzanians can afford smartphones to access the internet. Mobile money services are also widely used with 72 per cent of Tanzanians using mobile money services, up from 60 per cent in 2017.

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