

# Contents

<b>1</b>	<b>Why Botswana?</b>	<b>2</b>
<b>2</b>	<b>About Botswana</b>	<b>8</b>
	Location	8
	Economy	8
	Botswana Sovereign Ratings	10
<b>3</b>	<b>Investment Climate</b>	<b>11</b>
	Robust Investment Incentives	11
	Incentives for IFSC Accredited Companies	11
	Bilateral Investment Treaties	11
<b>4</b>	<b>Investment Opportunities</b>	<b>11</b>
	Key Priority Sectors	11
<b>5</b>	<b>Market Access</b>	<b>12</b>
<b>6</b>	<b>Connectivity</b>	<b>13</b>
	Road	13
	Rail	13
	Air	13
	High Capacity, High Speed Data Transmission	13
<b>7</b>	<b>International Rankings (2013-2015)</b>	<b>15</b>
<b>8</b>	<b>BITC'S Business Facilitation Services</b>	<b>16</b>
<b>9</b>	<b>Contact Information</b>	<b>16</b>



# Why Botswana?

## Botswana is Stable, Peaceful, and Transparent

- Botswana provides a peaceful and stable environment to its citizens and investors and has maintained peace since 1966;
- We have zero tolerance for corruption, and we boast a sound legal system and adherence to the rule of law;
- We have been consistently rated as the least corrupt country in Africa by Transparency International.





## **Botswana is committed to Sound Fiscal Policy, Economic Freedom and has a Steady and Dramatic Growth Rate**

- We are ranked as the world's third (3) best destination for foreign investors based on the security and rate of return on investment, by New York University's Altman's Baseline Profitability (BPI 2015)
- We have the highest sovereign credit ratings, and were named the 2nd Freest Economy in Africa by the Heritage Foundation 2016
- Standard and Poor's (S&P) Rating Services has released Botswana's 2016 sovereign credit rating, which reaffirms the ratings of "A-" for long term bonds and "A-2" for short term bonds in domestic and foreign currency denominated borrowing.
- Botswana's credit rating of A2 for foreign and domestic bonds; the stable outlook is also upheld.
- The assessment further noted that, consumer price inflation remained within the Bank of Botswana's medium-term objective range of 3-6 percent averaging in a year

## Botswana Opens the Door to a Massive Market


- We provide investors with the preferential access to the Southern African Development Community (SADC) entire marketplace - over 293 million people.
- Botswana provides duty-free access to South Africa, Namibia, Lesotho and Swaziland;
- Botswana provides duty-free and quota-free access to the European Union (EU) market.





## **The Quality of Botswana's Workforce is Second to None in Africa**

- The workforce is well educated — 82% are literate — and most speak English;
- There are no labour tensions;
- Our people are peaceful and humble, and the different communities maintain harmonious relations.



## The Government of Botswana Wants to Make Your Investment Work for You

- We have no foreign exchange controls or restrictions on business ownership;
- Taxes are very low - 15% for manufacturing and IFSC companies, 22% for other businesses and 25% for individuals;
- We allow remittance and full repatriation of profits and dividends;
- We offer duty-free import of machinery and equipment for manufacturing purposes.



## Botswana is Committed to Continued Growth

- We are consistently investing in new and improved core infrastructure such as power plants, fibre-optic networks, roads, railways and international banking institutions;
- We are establishing ourselves as centre for innovation and R&D via the Botswana Innovation Hub.

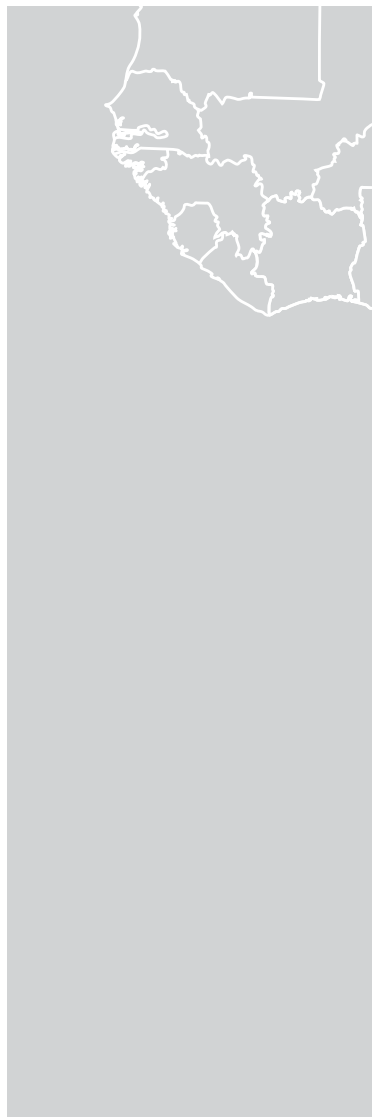
# About Botswana

## LOCATION:

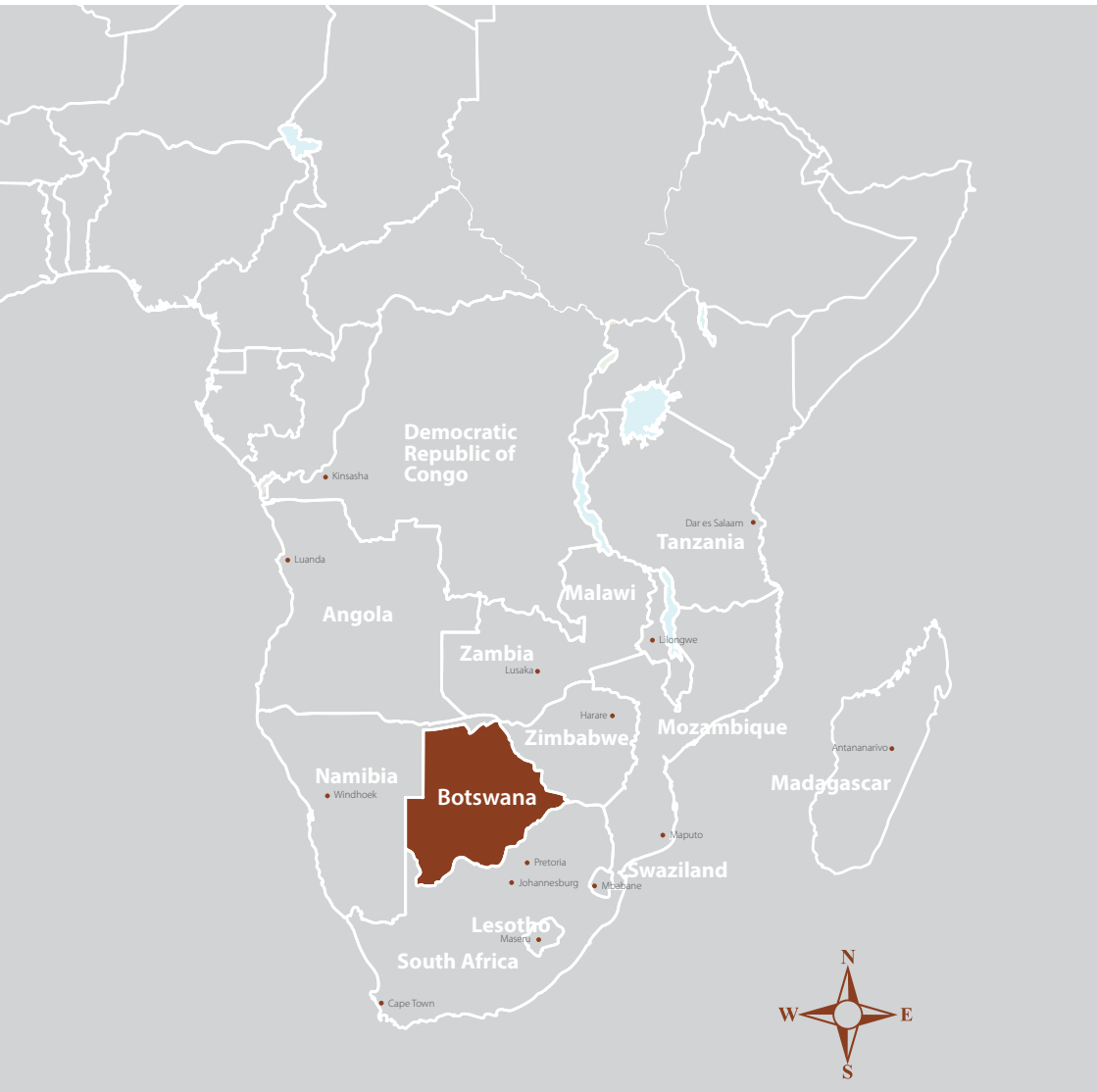
At 582,000 km<sup>2</sup>, Botswana is a land-linked country at the heart of Southern Africa, bordered by Namibia, Zambia, Zimbabwe and South Africa. Its central location in this region makes Botswana the perfect gateway for reaching the whole of the Southern African Development Community (SADC), making it the ideal investment and trade hub.

## ECONOMY (Stable, Growing and Market-Led)

The estimated GDP at current prices for the first quarter of 2016 was P39, 238.6 million compared to a revised level of P34, 911.6 million registered in the fourth quarter of 2015. The domestic economy increased by 2.8 percent in the first quarter of 2016, the same rate as the one recorded in the same quarter of 2015. The increase was attributed to real value added of Trade, Hotels & Restaurants, Finance & Business Services and Transport & communications which increased by 5.8, 5.2 and 4.6 percent respectively. All other industries recorded positive growth with the exception of Agriculture and Mining which decreased by 3.1 and 5.6 percent respectively during the quarter under review. Mining sector has shown an improvement in the first quarter of 2016 due to positive recovery in the global markets, particularly in the major markets for diamonds. In the quarter under review, copper/Nickel and diamond production decreased by 11.7 and 5.1 percent respectively.









### Exchange Rate

Pula per ZAR	0.7537
Pula per EUR	11.8483
Pula per GBP	14.0845
Pula per USD	10.7527
Pula per JPY	0.1011

Source; Bank of Botswana date 20-07-2016

### Botswana Sovereign Ratings

- A) Standard and Poor's (S&P) Rating Services in 2016 reaffirms the ratings of "A-" for long term bonds and "A-2" for short term bonds in domestic and foreign currency denominated borrowing.
- B) The Sovereign Credit Rating Agency, Moody's Investors Service (Moody's), has reviewed and reaffirmed, for 2016, Botswana's credit rating of A2 for foreign and domestic bonds; the stable outlook is also upheld.
- C) In 2015 consumer price inflation remained within the Bank of Botswana's medium-term objective range of 3-6 percent, averaging 3.5 percent.

## INVESTMENT CLIMATE

Botswana is a peaceful democracy with an excellent investment climate. It enjoys political stability and good governance as well as a stable macro-economic environment. Botswana is the most transparent country in Africa according to Transparency International.

**Robust Investment Incentives** -Botswana offers many incentives for investors, including:

- No foreign exchange controls; remittance and full repatriation of profits and dividends
- No restrictions on business ownership
- Duty-free import of machinery and equipment for manufacturing purposes
- Customs duty exemption on raw materials for goods going outside of SACU
- Liberal tax regime: 22% corporate and 25% personal tax, with 15% corporate tax for manufacturing and IFSC-registered companies (lowest taxes in the SADC region)
- Negotiable tax holiday up to 10 years maximum
- Deductible training rebate of 200%

### **Incentives for IFSC Accredited Companies**

- A competitive corporate tax incentive framework; 15% corporate tax
- Exemption from Capital Gains Tax (CGT) and Withholding Tax (WHT)
- Access to a growing network of Double Taxation Avoidance (DTA) Treaties
- No foreign exchange controls
- Denomination of share capital in any major convertible currency

**Bilateral Investment Treaties** - Botswana's model Bilateral Investment Treaty (BIT) provides for non-discriminatory treatment of foreign investors.

## **INVESTMENT OPPORTUNITIES**

**Key Priority Sectors** - Some of the investment opportunities that are actively promoted by Botswana include but are not limited to:

- **Minerals Sector:** Mining and base metals, such as gold, uranium, copper, nickel, coal, manganese and Mining services.
- **Education Sector:** provision of speciality training institutions the will create and build skills and expertise in the various sectors within our economy such as hospitality and tourism, mining and energy.
- **Services Sector:** Data Processing, ICT, Financial Services, Tourism, Health.
- **Energy Sector:** Power generation, extraction of coal bed methane and renewable energy projects such as solar PV plants and solar power generators as well as bio-fuel projects.
- **Agriculture:** primary production and agro-processing.
- **Diamonds:** cutting and polishing, jewellery manufacturing and diamond related services
- **Resource-Based Industries:** Glass manufacturing, leather and leather by-products manufacturing, beef and beef by-products, agro processing, dairy farming, diamond beneficiation.
- **Infrastructure:** Transportation and logistics





**Strategic Centres of Excellence have been established for the following sectors to serve as information centres and drive the promotion activities for the respective sectors:**

- Diamond Hub
- Education Hub
- Innovation Hub
- Health Hub
- Transport Hub
- Agriculture hub

**N.B** Sector specific investment opportunities are available

## MARKET ACCESS

- Botswana is at the centre of the Southern African Development Community (SADC), with market access to over 293 million people in 15 countries with combined GDP of more than US\$668.2 billion. SADC's Free Trade Area (FTA) launched in 2013 provides zero tariffs for 85% of goods traded among member states.
- As a member of the Southern African Customs Union (SACU), Botswana's products enjoy duty free access to a market of more than 61.3 million people in 5 countries with combined GDP of more than US\$385.2 billion (Botswana, Namibia, Lesotho, Swaziland and South Africa).
- Further, through SACU, Botswana is part of the Trade, Investment and Development Cooperation Agreement (TIDCA) with the US; the FTA agreement with the EFTA States and Preferential Trade Agreement (PTA) with MERCOSUR. Negotiations for a PTA with India are still in the offing.
- Botswana is eligible for trade benefits with the US under the African Growth and Opportunity Act (AGOA).
- The Interim Economic Partnership Agreement (IEPA) ensures unhindered market access for existing export products to the EU.
- As a member of the World Trade Organisation, Botswana is committed to the implementation of WTO agreements.

## CONNECTIVITY

**Road** - Botswana is connected to South Africa to the south, Zambia and Zimbabwe to the north, and Namibia to the west by a network of tarred roads. The Trans-Kalahari Corridor links South Africa and Walvis Bay in Namibia and transcends through Botswana, while the North-South Corridor of key Sub-Saharan transport routes also passes through Botswana. The ongoing Kazungula Bridge project will connect Botswana and Zambia, replacing the existing ferry over the Zambezi River, and improving linkage to the north.

**Rail** - Botswana Railways together with South Africa's Spoornet to the south and National Railways of Zimbabwe to the north provides a connection to the north and south of an unbroken rail link to Zambia, the DRC, Angola, Mozambique, Tanzania and Malawi. It operates containerised Dry Port facilities in the capital Gaborone, in the north at Francistown and Selibe-Phikwe. The Trans-Kalahari Railway project which is yet to commence, will connect Botswana to a sea port on the Namibian coast. A Dry Port facility established in Walvis Bay will offer a shorter route for exports to Europe and the Americas, at lower cost.

**Air** - Botswana has four international airports and 19 well-maintained airfields throughout the country. Gaborone is linked directly by air with South Africa, Zimbabwe, Zambia, Kenya and Ethiopia.

**High Capacity, High Speed Data Transmission** - The East African Submarine Cable System connects Botswana through Durban, South Africa, to Europe, the Americas, the Middle East and Asia. The West Africa Cable System will when completed connect Botswana through Namibia to the west and through to the United Kingdom.







# INTERNATIONAL RANKINGS (2016-2017)

Name of Report	Source	No. of Participating Countries	Botswana's Ranking
			World
Global Competitiveness Index 2015-2016	World Economic Forum	140	71
Doing Business 2016	World Bank	189	72
Economic Freedom 2016	The Heritage Foundation	178	178
Global Enabling Trade Index 2014	World Economic Forum	138	88
Corruption Perception Index 2015	Transparency International	168	28
Global Peace Index 2015	Vision of Humanity	162	28
Global Prosperity Index 2015	Legatum Institute	142	77

## BOTSWANA "FAST FACTS"

Area:	582,000 km <sup>2</sup>
Population:	2,195,134 million
Capital:	Gaborone
Form of Government:	Parliamentary Republic
Head of State:	President Lt. General Seretse Khama Ian Khama
Adult Literacy Rate:	83%, World Bank
Official Language:	English
National Language:	Setswana
GDP:	BWP 145,726.5 2015 (USD 14 303.06 million as calculated from Bank of Botswana Financial Statistics (April 2016), using the average annual exchange rate 2015
Per capita GDP:	BWP 66 290 (US\$ 7,136 as calculated from Bank of Botswana Financial Statistics (March 2015) using annual average Exchange rate 2014)
Nominal GDP Per Capita:	BWP 66, 801.2(USD 6 556.53 million as calculated from Bank of Botswana Financial Statistics (April 2016), using the average annual exchange rate 2015
Real GDP Per Capita:	BWP 39,147.9 (USD 3 842.37 million as calculated from Bank of Botswana Financial Statistics (April 2016), using the average annual exchange rate 2015
GDP Real Growth 2015:	1.2 %
Annual average Inflation 2015:	3.5 percent
Currency:	Pula (BWP) = 100 Thebe (Current exchange rate 1 BWP ≈ USD)
Weights & Measures:	Metric System

## BITC'S BUSINESS FACILITATION SERVICES

Botswana Investment and Trade Centre (BITC) is an integrated Investment and Trade Promotion Authority with an encompassing mandate of investment promotion and attraction; export promotion and development including management of the Nation Brand.

The organization plays a critical role of driving Botswana's economic growth through attraction of FDI, domestic investment, facilitation of expansions and further spearheads the growth of exports by promoting locally manufactured goods to regional and international markets. BITC drives wealth creation for Botswana by creating platforms that will ensure increased citizen participation in the economy and create sustainable job opportunities. Of great importance within the role of this organization is building and maintaining a positive and impressive image of Botswana locally and internationally. Through this encompassing mandate, BITC has

committed to deliver on the following services to ensure the ease of doing business for investors:

- Company and Business Registration
- Trade and Business license Applications
- Entry visas, work and residence permits
- Work Permit Exemptions
- Connection of utilities e.g. Power, telecommunications and water
- Income tax and VAT registration
- Access to Industrial and commercial land
- Facilitation of construction permits
- Allocation of BITC factory space (subject to availability)
- Environmental Impact Assessment (EIA) Compliance
- Provision of information on the Botswana business climate, regulatory regime and investment opportunities
- Opening a Bank Account