

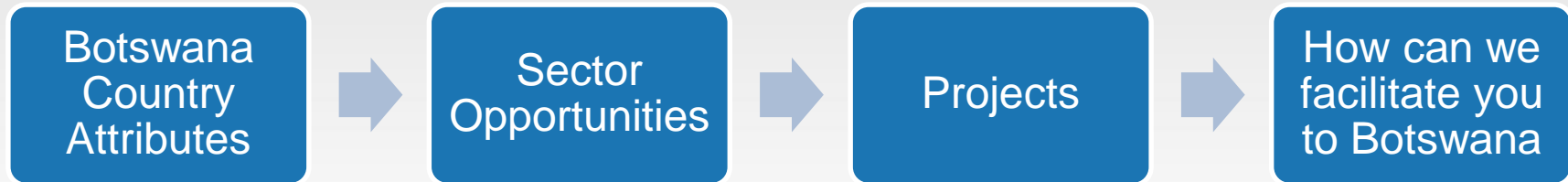


BOTSWANA
INVESTMENT
& TRADE CENTRE



SEMINAR ON INVESTMENT AND TRADE OPPORTUNITIES
WARSAW, POLAND
27 MARCH 2017
MOEMEDI MOKGOSI

Outline



Botswana : at a glance



Population

2.262 Million

Borders

South Africa, Zimbabwe, Namibia, Zambia

Land

582 000 km²

GDP

USD 14.39 Billion (2015)

GDP per Capita

USD 6,360.6 (2015)

Inflation

(3.0 % December 2016); 3.1% in 2015

Interest Rates

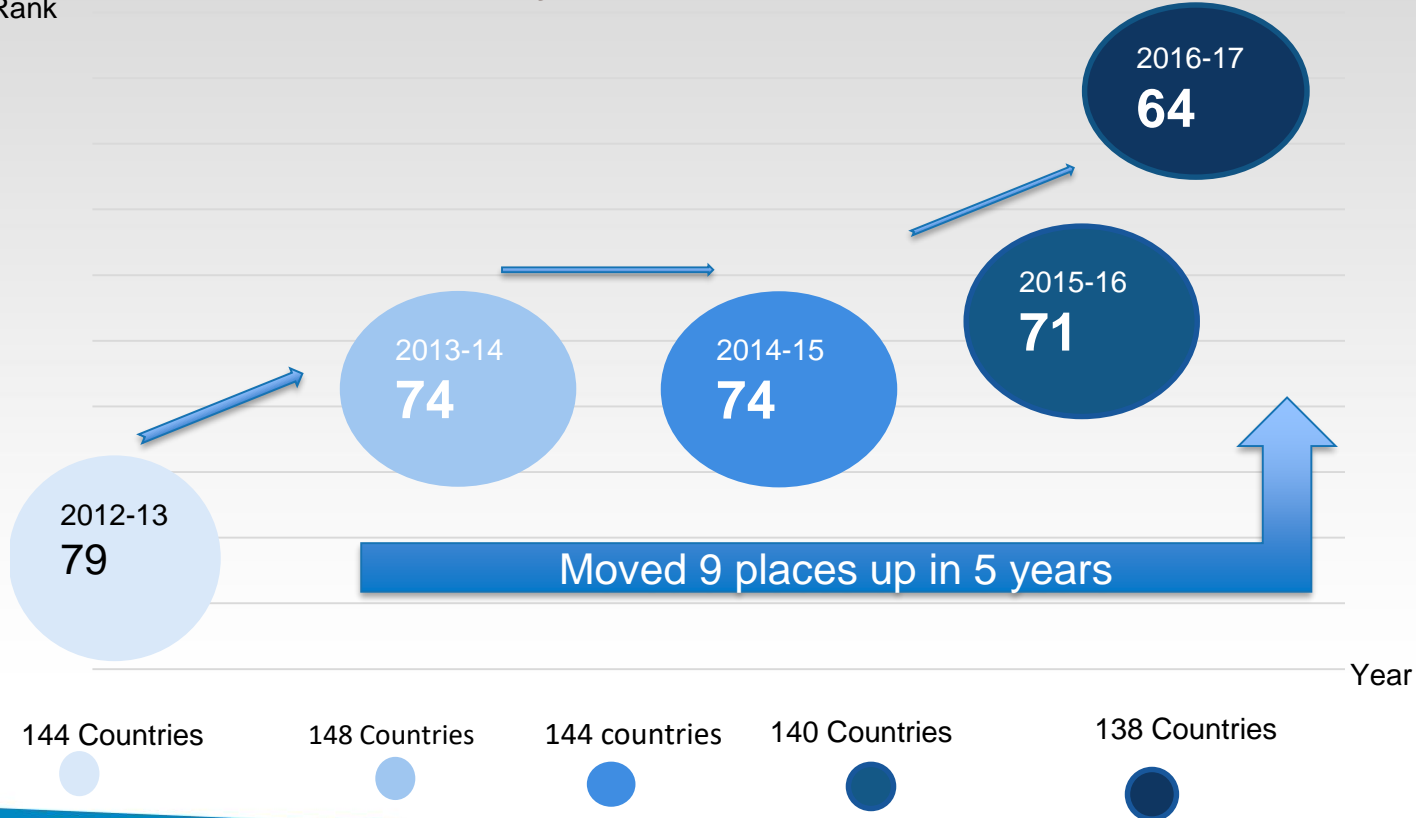
Bank rate 5.5%: Prime rate 7%



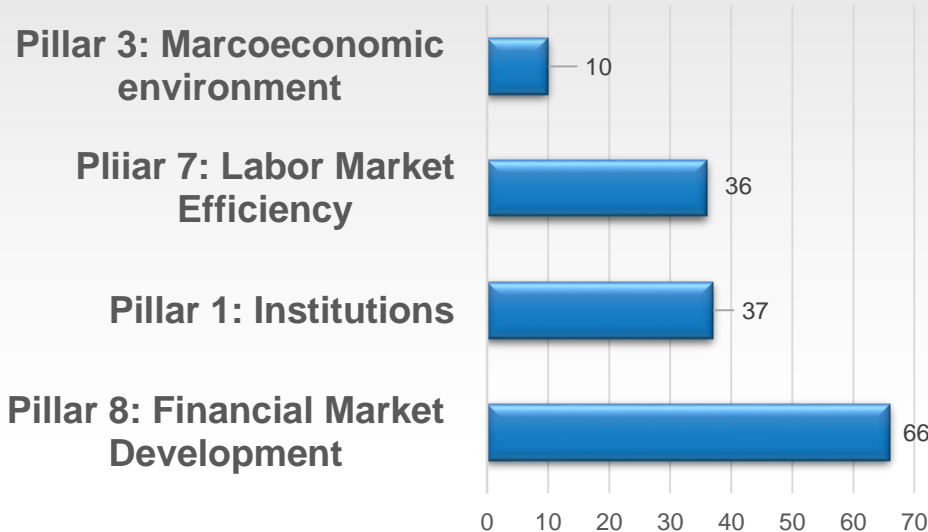
Botswana's Pertinent Strengths & Attractiveness

Botswana's Trend- (WEF-GCR) 5 years of improvements

Rank



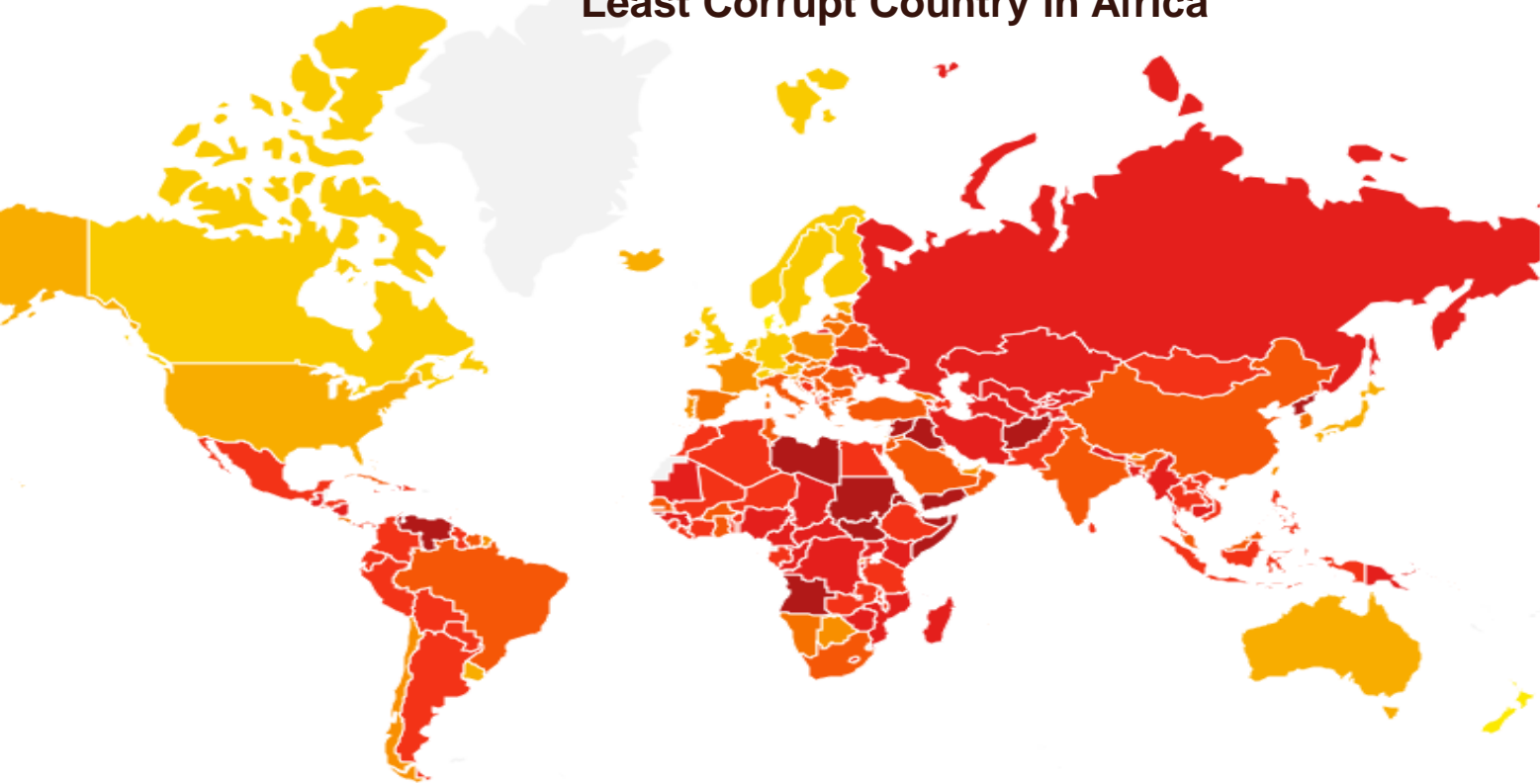
Botswana's top performing pillars in the GCR rankings(2016)



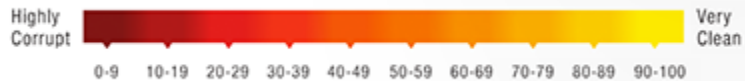
Botswana stands out on a number of the 12 pillars:

- Ranks 10th in the world in terms of soundness of macroeconomic environment (1st in SSA; South Africa: 99th in the world)
- Ranks 36th in the world in terms of labor market efficiency
- Ranks 37th in the world in terms of soundness of institutions

Least Corrupt Country in Africa



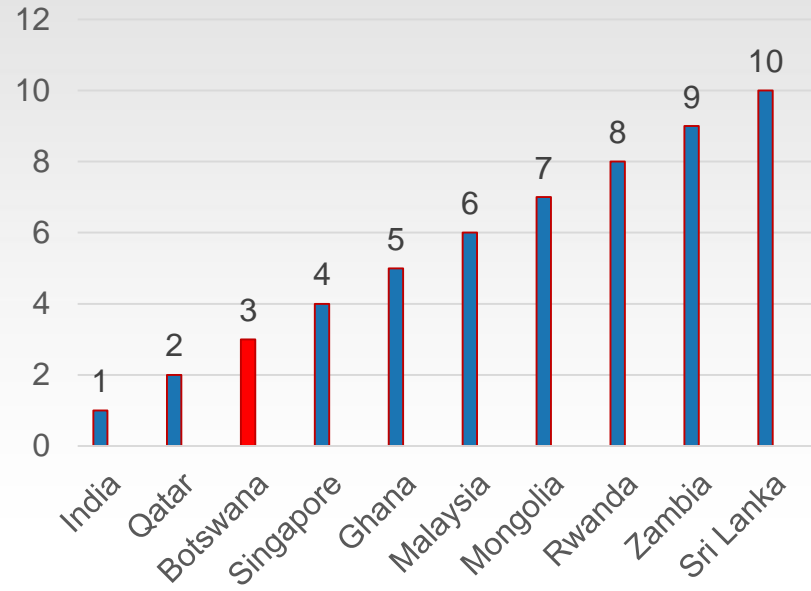
- Botswana ranks 35 out of 176 in the world,
- Number 1 in Africa,



BASELINE PROFITABILITY INDEX 2015

- Published by the US Foreign Policy Magazine
- Looks at three factors:
 - Growth in the value of an asset,
 - Preservation of that value while the asset is owned,
 - The ease of repatriating proceeds of selling the asset,
- The Index combines measures of each factor into a summary statistic that forms a country's attractiveness for investment.
- Botswana rose from position 2 to position 1 in 2014, but dropped to position 3 out of 102 in 2015,
- Remains highest in Africa.

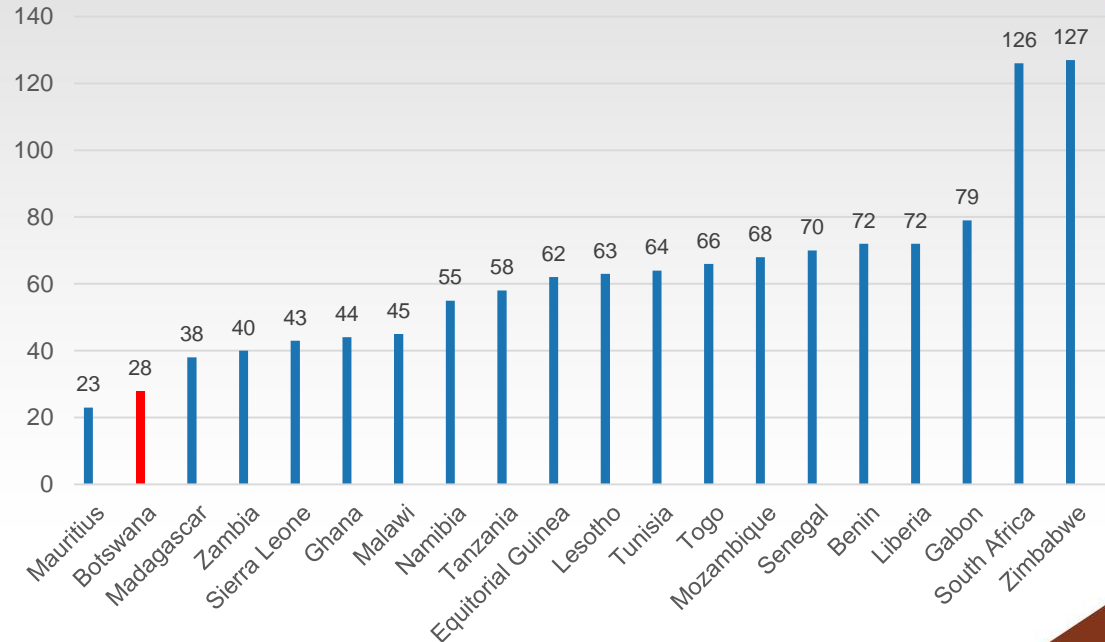
BPI COUNTRY RANKINGS 2015



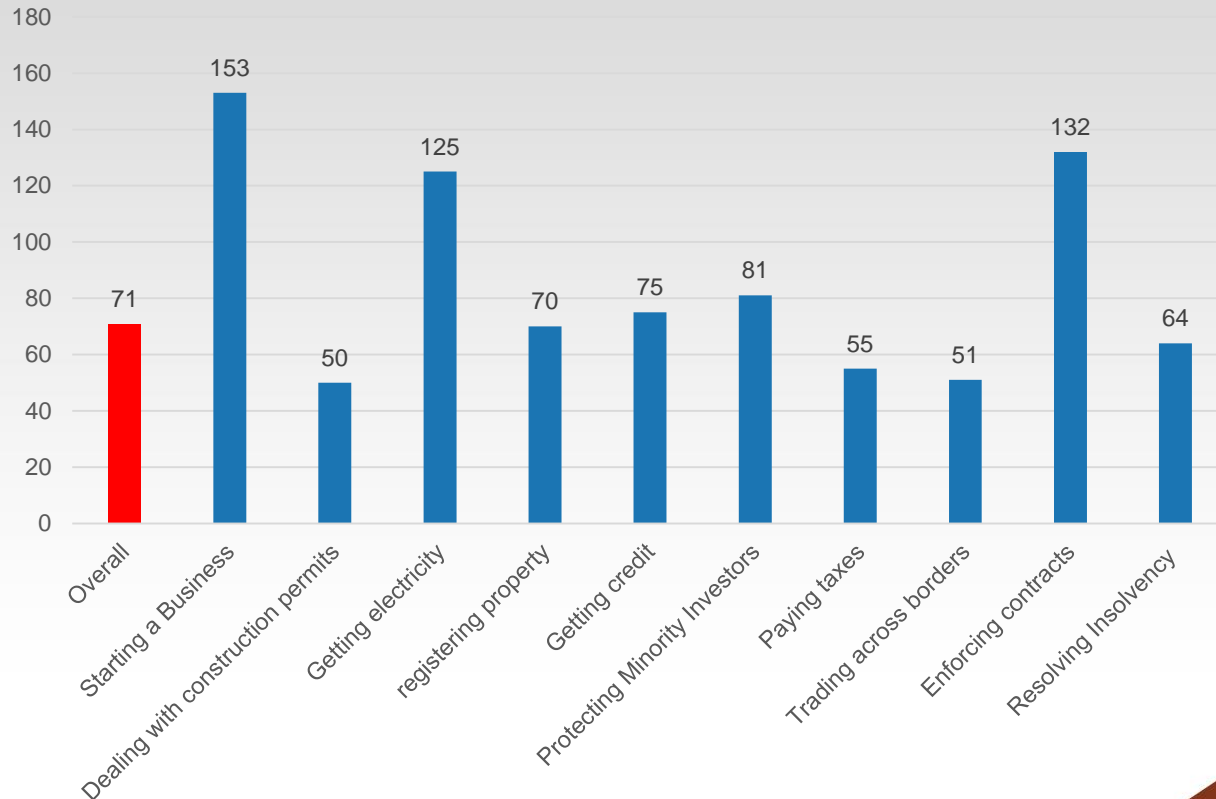
Global Peace Index 2016

- Run by the Institute for Economics & Peace,
- A global think tank whose studies are utilized by the World Bank, the OECD, and the Commonwealth amongst others,
- Measures trends in Peace & violence, including, intrusive violent crime,
- Ranks Botswana 28 out of 163.
- 2nd in Africa after Mauritius at 23,

Global Peace Rankings



Botswana Ease of Doing Business 2017

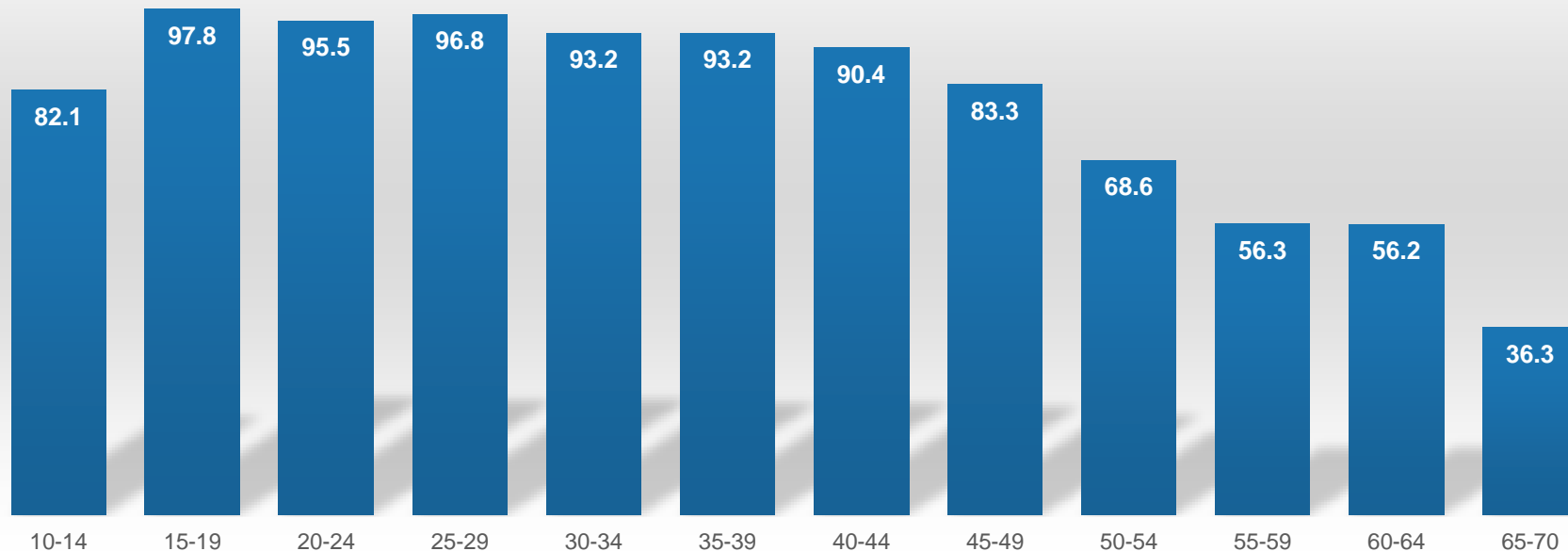


Source: BITC from World Bank 2016/17 data

- Compiled annually by the World Bank,
- Botswana ranked 71 out of 190,
- Number 4 in Africa after Mauritius at 49, Rwanda at 56 and Morocco at 68.

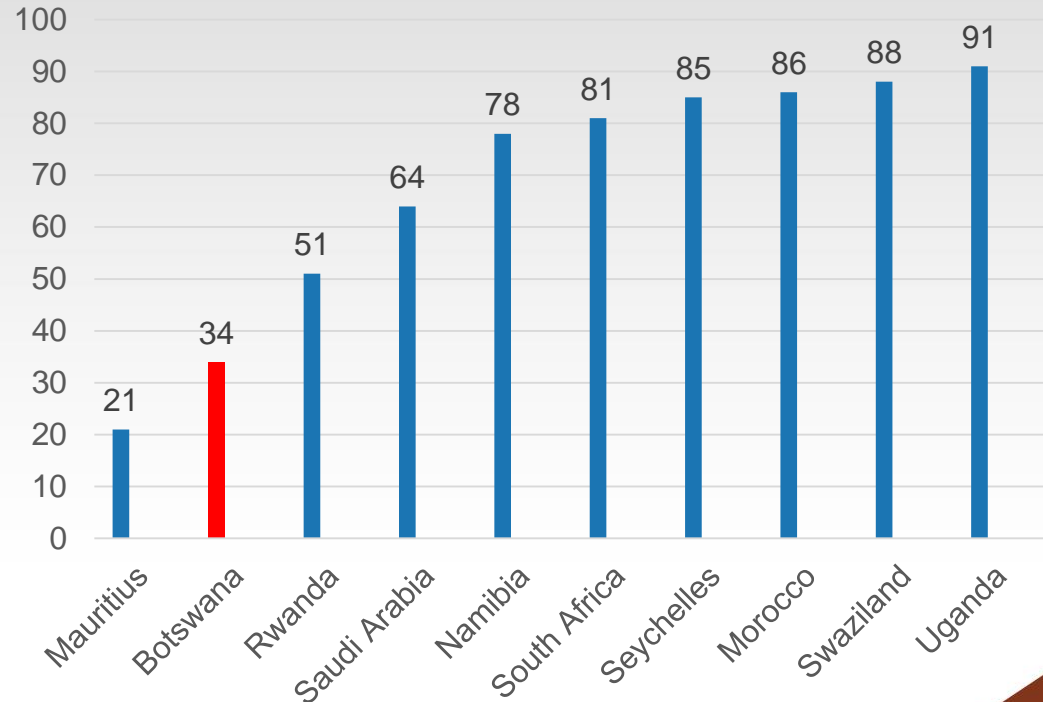
A Highly Skilled Workforce

Literacy rate across Age Groups (As at 2014)



INDEX OF ECONOMIC FREEDOM 2016

- Compiled by the Heritage Foundation in Partnership with the Wall Street Journal.
- The 10 aspects of economic freedom measured in the Index can be grouped into four broad categories:
 - Rule of law (property rights, freedom from corruption);
 - Government size (fiscal freedom, government spending);
 - Regulatory efficiency (business freedom, labor freedom, monetary freedom); and
 - Market openness (trade freedom, investment freedom, financial freedom).
- Botswana ranks 34 out of 180, and 2nd in Africa.



Pertinent business environment strengths

- Zero tolerance to corruption – Transparency International Ranking
- Sound legal system and adherence to the rule of law
- Political stability,
- Sustained periods of economic growth, sound macro-economic discipline
- Labour market stability, predictable with an 82% literacy rate
- Highest Investment grade sovereign credit rating in Africa
 - A- and A-2 short and long term (Standard & Poors) / A2 by Moody's
- No foreign exchange controls
- Remittances and full repatriation of profits and dividends
- No restrictions on business ownership

Competitive tax framework

22% Corporate Tax	Non incentivised rate
15% Corporate Tax	Manufacturing, IFSC, BIH
25% Max Income Tax	Personal Income
12% VAT	National Rate
Tax Holiday	5 – 10 year tax break
200% Tax Rebate	Training Costs
No Foreign Exchange Controls	
Duty exemption: importation plant & machinery	
No Foreign Ownership Restrictions	
Expanding Double Taxation Treaty Network	
Facilitation of Access to Land	

Botswana's Key Sector Opportunities



Investment opportunity overview

Project Location

Key Project Features: Agriculture 1

Project Description:

Zambezi Integrated agro-commercial project

Key project metrics:

A feasibility study diversify agricultural production, reduce imports & ensure food security through 25,000ha for production being (15,000ha for rainfed & irrigation of field crops and 10,000ha)-fruits completed. Project composition entail irrigation and rain-fed infrastructure and transmission lines.

On-going, land being sought from Chobe Land Board. Clearing of 2,500ha to take place (September 16-March 17), subject to availability of land

Business model:

Government procurement

Investment costs:

BWP 3,8 billion (\$380 mn)

Expected return:

Reduction of food importation bill

Government Support

Improved social development and self-sufficiency in food

Key Investment Rationale

To reduce food importation bill and attain food security for the country



FOOD MANUFACTURING OPPORTUNITIES

PEDIGREE. Feed the good™



- **Pet food: canned, dry and others**
- Meaningful import substitution opportunities exist
- Currently, few producers exist, section is rather not concentrated
- Distinct advantage- pet food is 100% made from meat, with no soy additives
- Current trade data shows RSA as key supplier of HS 290910 (pet food) averaging 2900t values at 2900US\$
- Importation of Pet food grown - 61.2%
- Investments in vaccines development and manufacturing
- Research is another exciting avenue (breed improvements)



Key Sector Opportunities – Leather

- Abundance and good quality of hides and skins
- National herd size of 2.5-3.3 million cattle annually
- Average off-take ratio of 9%, yielding 200,000-300,000 hides annually
- Introduction of modern tracking systems to replace branding and improve hide quality
- Proven production of good quality hides at BMC, size second only to Namibia and South Africa

- Premium Leather Tanneries
- Premium Leather Goods Manufacturers
- Premium Goods Distributors
- Hide Collectors
- Leather Product Designers

- Skills Development
- Research and Development
- Technological Capacity

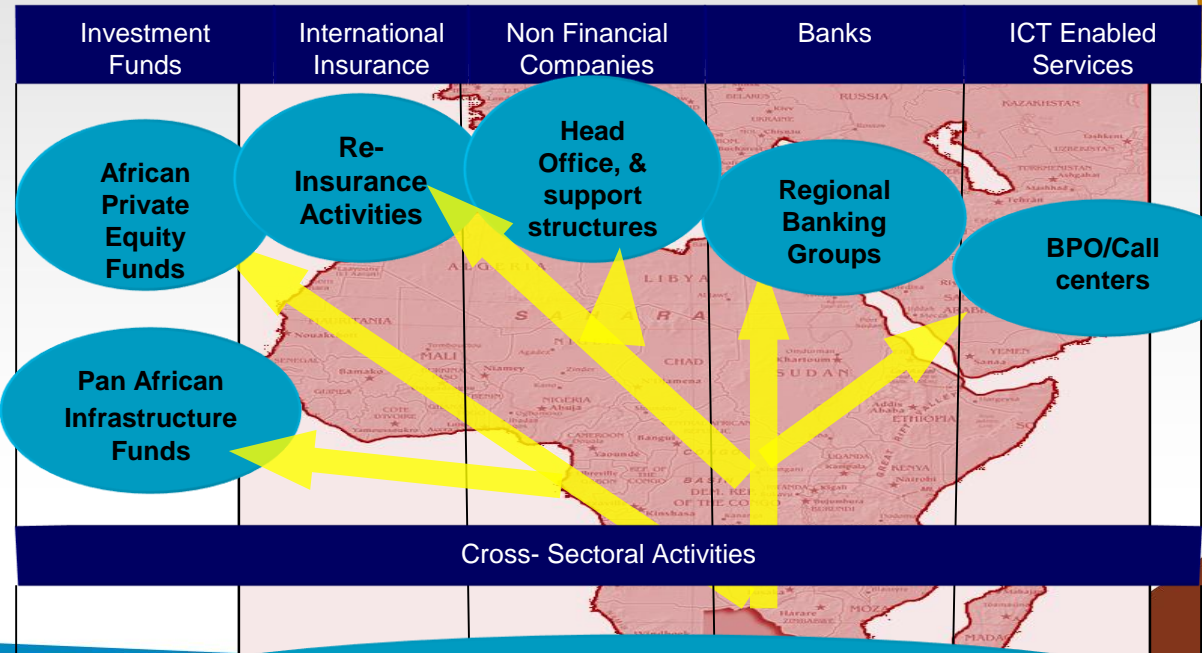
To create a premium & well-branded leather sector

1. Financial Services Sector

IFSC Framework entitles you to:

- 15% corporate tax,
- Exemption from WHT when distributing to Non Residents,
- Exemption from CGT when disposing assets in a subsidiary where you own more than 25% equity,
- Zero Rating for VAT,
- Up to 15% tax credit for taxes suffered in jurisdictions where no DTA is in place,
- 200% tax rebate for training costs,
- Fast tracked Value Add services through the BITC One Stop Shop,

Investors can set up a variety of structures under the IFSC to service regional markets



International Business Companies

Key Sector Opportunities - Cargo & Logistics

- Centrally located in the heart of SADC
- Land-linked access to seven fast-growing regional markets
- The perfect location to leverage regional trade, with Intra-regional transport volumes (between each country excluding international imports and exports) are expected to more than double in the next two decades
- Able to utilise favourable neighbouring port, rail and road infrastructure in South Africa and Namibia
- Provides an alternative route to SADC's other highly congested corridors

Tracking & Management

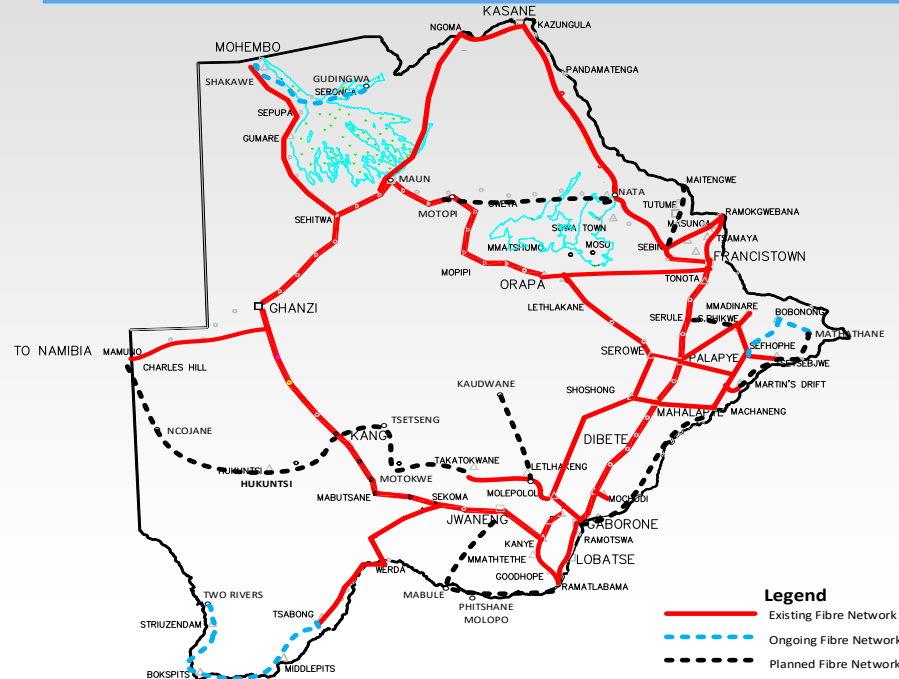
Distribution & Warehousing

**Shipping
Lines**

Airlines

Couriers

ICT Opportunities. : Fibre Network



✓ BoFiNet has national fibre coverage in excess of 7,000 Km countrywide covering Cities, major Towns and villages.

✓ Planned fibre deployment for 2015/16 is about 500km.

ICT Investment opportunity overview

Project Location

Key Project Features: Projects 3

▪ **Project Description:**

1. Services and Applications Providers (SAP);
2. Content Services Providers (CSP).
3. Broadcasting services

▪ **Key project metrics:**

1. These are licensees who shall own, operate or provide physical infrastructure used to carry service and applications and content like international Gateway Systems (Satellite or Terrestrial), Cable Transit Systems, Satellite Hub Systems, Tower Management, Broadcasting Signal Distributer, Public Land Mobile Cellular Systems, Public Fixed Systems as well as Uplink Satellite Broadcasting Stations.
2. non-infrastructure based facilities intended to provide all forms of services and applications to end users using infrastructures of the NFP for services carried on public fixed networks, services carried on public land mobile cellular networks, international services, Mobile Virtual Network Operator (MVNO) services and satellite services.
3. Under broadcasting sector there are also Content Services Providers (CSP). These are licensees who will provide content material in the form of speech or other sounds, text, data, images, whether still or moving solely for broadcasting (TV and Radio). The licenses available under the CSP category include: Radio broadcasting, television broadcasting as well as subscription management services.

4. Investment costs: USD 1mn to USD 18 million

Expected return: Communication infrastructure development



Government Support

Improved social development

Key Investment Rationale

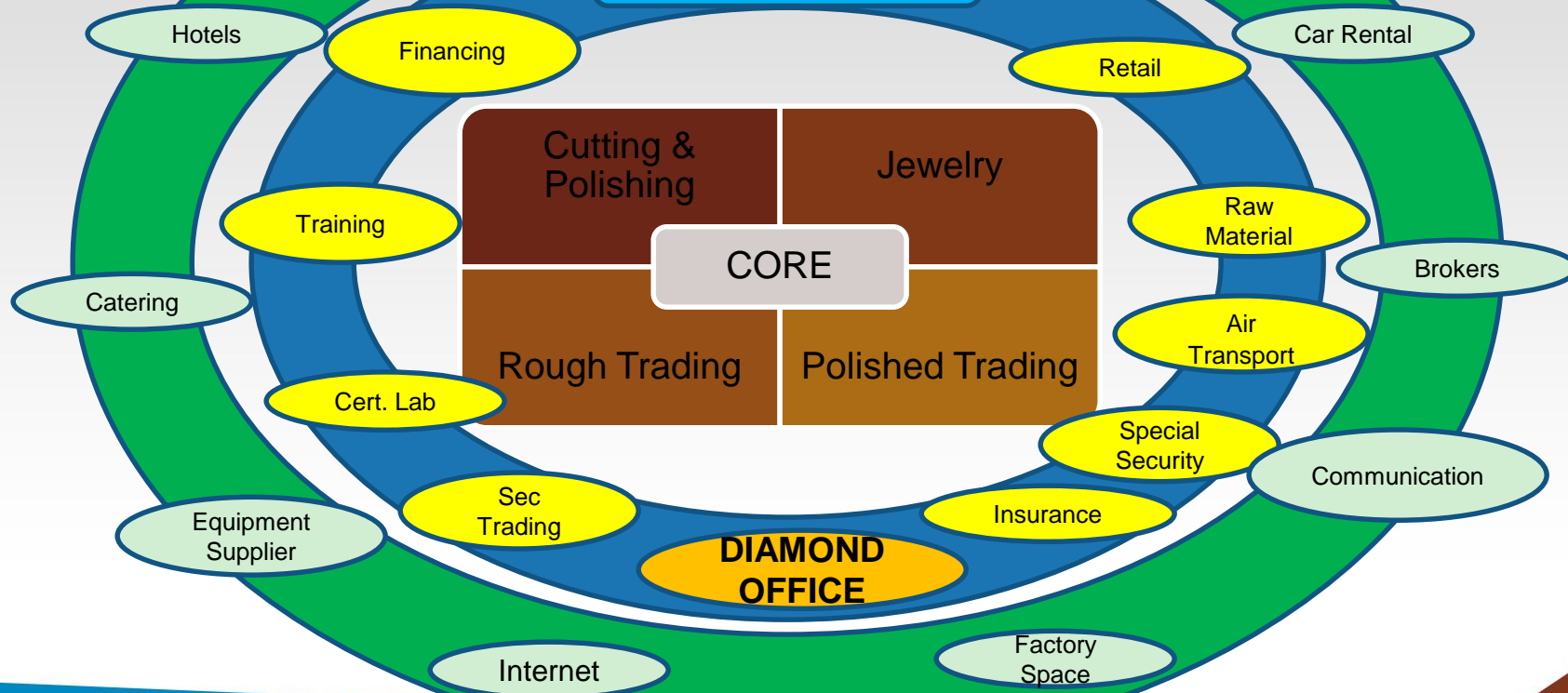
The introduction of the new Licensing Framework, there are plenty opportunities for investors to invest in the different license categories available from BOCRA.

Diamond
Beneficiation Cluster



OTHER
SERVICES

CRITICAL PLAYERS



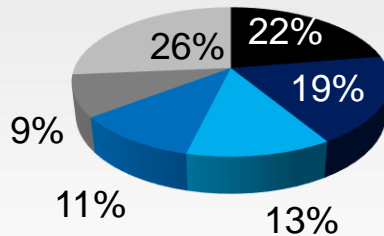
Resource Beneficiation - Coal



- Botswana has a confirmed 212 billion tonnes of unexploited coal.
- Opportunity – Coal-to-Liquid (CTL capital investment costs range around **\$ 50, 000-\$70,000 per barrel of daily capacity, compared to \$100,000-\$145,000 per barrel of daily capacity** for biomass to liquids plants (World Coal Institute 2006)
- Coal Bed Methane Gas - 196 trillion cubic of gas in place.
 - ❑ highest development potential - Eastern margin of the basin, (80m in thickness and contains up to 30% by volume of coal)
 - ❑ Reservoir modelling of the results obtained indicates that a reasonably large percentage (15-20 %) of Coalbed Methane (CBM) gas in place could potentially be developed at a gas price of \$2.00/thousand cubic feet at the wellhead

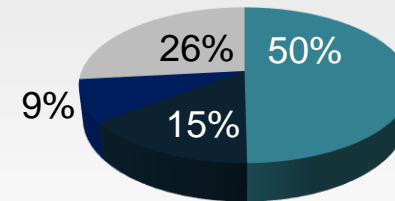
Automotive Components

2008



■ Thailand ■ US ■ Romania
■ Philippines ■ Germany ■ Rest of World

2013



■ Botswana ■ Thailand
■ US ■ Rest of World

Botswana started to supply the South African market with ignition wiring sets in 2009 and now controls half of South Africa's ignition wiring set import market.

INVESTMENT PROJECTS



Infrastructure Projects: Botswana Railways

Key Project Features: Project 4

Project Description:

1. Moseitse-Kazungula-Mmamabula-Lephalale railway lines
2. Maintenance Workshop Expansion – Botswana Railways

Key project metrics:

1. The Moseitse–Kazungula–starts from Moseitse on the Francistown Sua Pan Rail Line linking with Zambia Rail network at Kazungula. It covers a distance of 367km from Moseitse to Kazungula. The Mmamabula -Lephalale route starts at Dibete and continues in an easterly direction. Part of the route is situated within Botswana and the rest in South Africa: Botswana = 56 km; South Africa = 67 km
2. The workshop will undertake repairs and refurbishment of wagons, locomotives-operations which are currently outsourced abroad (BR fleet – 1, 386 wagons, 34 locomotives, 22 passenger coaches & a further additional 15 expected to be procured)

Business model:

PPP and normal government tender procedures

Investment costs:

1. Estimated Costs for the project is US\$1,115 bn
2. Workshop will cost about USD 15 million.

Expected return: provision of infrastructure backbone



Government Support

- Improved social development

Key Investment Rationale

- Improved Access to Quality Basic Service
- Infrastructure Development

Investment opportunity overview

Project Location

Key Project Features: Project 2

Project Description:

Airport City/SEZ (573ha) under the special economic zones initiative

Key project metrics:

1. Airport centre - which will include retail and offices including with an entertainment area 50 000m². Hotel and conferencing facilities to host international events.
2. Cargo hub which will be the core of logistics for the distribution and export of goods and freight using the multi-modal transport system
3. Servicing of land with all the backbone infrastructure such as water, telecommunications, power, sewer etc. .

Business model:

PPP, and normal government procurement process

Investment costs: USD 61 million

Expected return:

The SSKIA Airport City desires to transform the SSKIA into a vibrant commercial centre through a series of logistical, retail, and recreational developments.



Government Support

Improved social development

Key Investment Rationale

To transform the value of land and leverage on its development for the purpose of revenue generation from non-aeronautical activities such as amongst others leasing, concessions just to highlight a few.

Market Access

- **Southern African Customs Union (SACU)**
 - Duty free and quota free market access - 61 million consumers (Botswana, South Africa, Namibia, Lesotho and Swaziland)
- **Southern African Development Community (SADC) Trade Protocol**
 - Preferential market access to more than 293 million consumers in the SADC region
- **African Growth and Opportunity Act (AGOA)**
 - Duty free and quota free market access to the USA
- **Economic Partnership Agreement between SADC and the European Union (EU)**
 - Duty free and quota free market access to the European Union

INCENTIVES – SPEDU REGION

- SPEDU Region has a population of 203 000
- SPEDU hub, Selebi Phikwe Town est. in the 70s following discovery and mining and smelting of copper
- Government adopted initiatives to spur econ activity in commercial irrigation and Manufacturing



SPEDU tax framework

Fiscal Incentives

5% for first 5 years; 10% after

Fiscal Incentives (provided in line with SACU provisions)

- Zero customs duty on imported raw material
- Provide rebate of Customs duties and Value Added Tax under Schedule 4 - Rebate Item 470.03, and VAT Act Third Schedule - Item 470.03 for manufacturing done exclusively for export outside Common Customs Area (CCA)
- Provide rebate of Customs duties and Value Added Tax for importation of raw materials under Schedule 3 of the customs tariff and VAT act.

Government off-take

- Direct Government off-take on procurement of at least 30% (First preference in Government procurement provided the quantity, quality and price requirements are met), in line with Economic Diversification Drive (EDD)

SPEDU tax framework

Provision of Land

- Minimum 50 year Lease

Input Costs

- SPEDU Region will provide internet connectivity with bandwidth that promotes business competitiveness;
- Preferential ICT rates (telecommunications, data and voice rates) as already provided for IFSC companies

SPEDU Region Labour Laws

- SPEDU Region Employer - Employee Relations
(To provide work environment which promotes productivity and harmonious employer/ employee relations)

About BITC



- Investment Promotion, Export Development & Nation Branding Agency of Botswana.
- Head office in Gaborone, Botswana,
- London Office at 6 Stratford Place, London W1C 1AY, United Kingdom
- Johannesburg Office located in 88 Stella Street, Sandton Mews, 3rd floor, Westwing, Sandton,
- Mumbai Office located No. 43, Marker Chamber VI, Nariman Point, Mumbai India
- Network of Botswana Embassies around the world,
- Professional advisory firms, National and Regional Chambers of Commerce,
- Other collaborating partners (IPAs, TPOs) around the world,

Investor Value Added Services

- **Business Linkages / Facilitate engagements / Company Visits**
- **Investor facilitation services (One-Stop-Shop);-**
 - Partnerships and Joint Ventures
 - Premises; Land,
 - Work & Residence Permits, Visas
 - Company registration, Licensing
 - Incentives; IFSC, Manufacturing, Tax Holidays (DAO)
 - Professional Advisory firms; registrations (company, tax etc.)
- **Aftercare Services – renewals, expansions etc.**

Thank You



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