



**BOTSWANA**  
INVESTMENT  
& TRADE CENTRE



Mr Bobo Senosi  
Director Opportunities  
6 July 2017

# Outline

General  
Functions



How can we  
facilitate you to  
Botswana



Sector  
Opportunity  
Overview

# GENERAL FUNCTIONS OF BITC

- Investment Promotion ( Joint Venture Partnerships, skills and Technology Transfer, no limitations on foreign ownership)
- Export Promotion and Development ( Trade Expos, Contacts promotion Missions, Export Development, Trade Portal)
- Business Facilitation ( Pre Investment Support services and Aftercare support services )
- Brand Botswana( Position Botswana as a premier destination to live in visit, invest in )
- Global Expo Botswana ( Trade and Investment Platform , business matchmaking programme)

# Botswana : at a glance



mongabay.com

## Population

2,2 Million

## Borders

S.A, Zimbabwe, Namibia,

Zambia

## Land

582 000 km<sup>2</sup>

## GDP (4.3% 2016)

BWP 170 billion (2016) USD 15.6 billion

## Real GDP per Capita

BWP 76,446 (2016) USD 7018

## Inflation

(2.8% Av 2016), 3.5 % May 2017

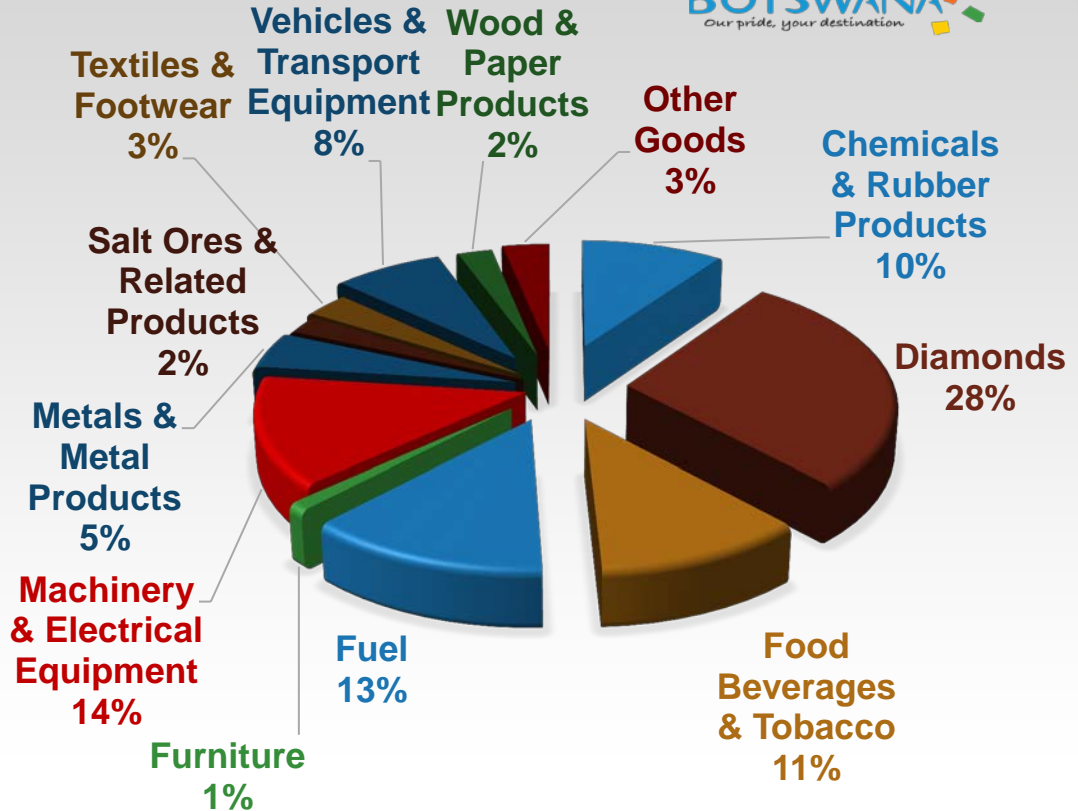
## Interest Rates

Bank rate 5.5%: Prime rate 7.5% 2017

Source:  
Statistics  
Botswana

## Principal import commodity groups 2016 (BWP Millions)

- Import Bill in 2016 reached BWP 66.84 billion (USD 6.1 billion)
- Diamond constituted 28% of total imported products (BWP18.9bn)
- Followed by Machinery & Electrical equipment – 14% (BWP 9.2bn)
- Fuel– 13% (BWP8.6bn)
- Food beverages & tobacco – 11% (BWP7.5bn) etc
- Chemical & Rubber products-10% (BWP 6.6bn)





## Botswana's Competitiveness Ratings



Least corrupt country in Africa; ranks 35 out of 176 in the world in 2017



Is the 3<sup>rd</sup> most profitable country in the world (BPI 2015)



Botswana's competitiveness rises for second consecutive year to 64<sup>th</sup> out of 138 and is the fourth most competitive economy in Africa. With strong macroeconomic environment in 2017



Africa's second most peaceful country; ranks 28 out of 163 in 2016



Africa's second most free economy; ranks 28 out of 180 in the world in 2017, with regulatory frameworks that encourages growth

## 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, and sound macro-economic discipline
- Labour market stability, predictable, with an 83% literacy rate
- Highest investment grade sovereign credit rating in Africa,
  - A- by Standard & Poor's and A2 by Moody's
- No foreign exchange controls; full remittances & repatriation of profits and dividends
- No restrictions on business ownership; can be 100% foreign owned

## Competitive tax framework; 22% vs 23.5% global average

15% Corporate Tax	Manufacturing, IFSC, BIH
22% Corporate Tax	Non incentivised rate
25% Max Income Tax	Personal income
12% VAT	National Rate
Tax holiday	0 to 10 year tax break
200% Tax rebate	Training costs
Duty exemption on importation of plant & machinery	
No Foreign Ownership Restrictions	
Expanding Double Taxation Treaty Network	
Facilitation of Access to Land	



## 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

# Key sector opportunities

## Commercialization of the agriculture & Agribusiness sector



- Leather
- Beef
- Primary Production
- Agro Processing
- Feeds
  - Pork Farming
  - Dairy Farming
- Ostrich Farming

## Mining & Resource Beneficiation



- Soda Ash
- Coal
- Diamonds
- Base Metals

## Manufacturing; import bill substitution



- High Import Bill
- Automotive Components
- General manufacturing;  
almost all products consumed

## Services



- ICT
- Financial & business
- BPO

Premised on accelerating economic diversification

# Key Sector Opportunities

## Infrastructure & Property Development



- **National Infrastructure; roads, bridges, water pipelines**
- **Residential & Commercial Property Development**

## Energy



- **Solar**
- **Coal-bed methane (CBM)**
- **Biogas and biodiesel**
- **Coal to liquids**

## Transport and Logistics



- **Rail Projects:**
  - **Trans Kalahari Railway**
  - **Mosetse – Kazungula**
  - **Botswana – Mozambique**
- **Aviation**

## Tourism & Hospitality



- **Hotels & Lodges**
- **Tented Camps**
- **Air Charter Services**
- **Medical Tourism**

Premised on accelerating economic diversification

**IFSC Framework** (Private Equity funds, Regional Banking Groups, Head Office, Reinsurance, BPO)

- 15% **corporate tax**, Zero Rating for **VAT**,
- Exemption from **Withholding Tax(WHT)** when distributing to Non Residents (RSA-20%)
- Exemption from **Capital Gains Tax (CGT)** on asset disposal
- Up to 15% tax credit for taxes suffered in jurisdictions where no DTA is in place,
- 200% tax rebate for training costs,

**ICT** (7000km of competitive cost fibre network at basements of most building is urban and town centres)

- Services & Applications Providers
- Content Services providers
- Board Casting Services
- Mobile Money

**BPO/Contact Center)** - Conducive environment under IFSC framework

- fibre network at competitive cost,
- literate workforce & neutral accent
- high employment (labour intensive),
- high service standards,

# Application Procedure

- Submit business plan with three to five year financials,
- BITC studies application and follows up any outstanding information,
- When satisfied with the application, BITC calls a Certification Committee Meeting,
- BITC officials present to and defend the application with the Certification Committee,
- Committee makes a decision by a majority vote,
- If approved, BITC facilitates a recommendation to the Hon Minister MFDP,
- The Hon Minister MFDP issues Tax Certificate via BITC.
- If rejected, reasons are advanced, and BITC formally informs the company to either resubmit or withdraw.

## Other Info:

- Requirement for substantive presence, (No brass plate)
- Ring fenced from domestic economy,

## Why promote the BPO Sector( Contact Centers) In Botswana

- It has the potential to contribute to total output & economic growth significantly
- It can assist diversify the economy, particularly the business service subsector
- Botswana like the rest of Africa has a huge youth unemployment problem @28.5%
- It has a high propensity to create employment opportunities particularly for the youth especially given high youth unemployment prevailing
- Decoupling of backbone from BTC to form BOFINET has led to good infrastructure investments which in turn is leading to competitive costs for both voice and data
- Enormous potential which exists to unlock growth of this sector domestically e.g. from government departments and agencies which is yet to be fully exploited
- Employment creation is one of the top agendas for government which is consistent with the sector as it is labour intensive
- The sector will improve service delivery because of high service standards that will be adopted locally
- Competitive salaries locally and comparative productivity to RSA, neutral accent relative to India, favourable timezone relative to source markets , political stability relative to Philippines
- No limitations to foreign ownership and more labour stability relative to RSA
- The Sector can be accommodated under IFSC incentives
- Support Businesses can be youth lead( Coffee shops, Gyms, Transport, Counselling services)
- As BITC we commit to engage more with your Ministry as a critical stakeholder in ensuring Botswana has a vibrant BPO sector as clearly there is need for a youth wage subsidy

# 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

## Fiscal

- 5% for first 5 years; 10% thereafter
- 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.
- 50 year land lease tenure
- 30% offtake from Government procuring entities





# SPEDU Incentives

## 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

## 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 Region Labour Laws

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



# Special Economic Zones in Botswana

- Primary aim of SEZs (Incentives) will overcome barriers to trade, investment & the attraction of FDI
- Address (i.e.) restrictive policies, excessive bureaucracy and limited access to serviced land
  - Create a more competitive or conducive business environment for the attraction investors
  - Increase and diversify our export, increase our foreign earnings
  - Create substantial employment

## **The new benefits/incentives will lie specifically in:-**

- Creation of competitive, investor friendly business environment to attract both **domestic & foreign investors**
- Fast tracking of all authorizations to start & operate a business within the zone (achieve business efficiencies):-
- **(Company formation, licensing & permitting, incl. work & Res. permits)**  
Provide simplified/ streamlined regulatory compliance procedures – require minimum documentation & quality SEZ infrastructure
- MFG industries. Business Services, Agri-Business/Agro-Processing, Energy, Minerals/Resource Beneficiation, Mining Services & Logistic

SEZ	Existing Industries	New Industries to be considered
SSKIA	<ul style="list-style-type: none"> <li>• Diamond Beneficiation</li> <li>• Automotive Components</li> <li>• Logistics Hub</li> </ul>	<ul style="list-style-type: none"> <li>• Aircraft MRO</li> <li>• Electronics</li> <li>• Electrical</li> <li>• Pharmaceuticals/ Medical Devices</li> </ul>
Selibe Phikwe (Tuli Block)	<ul style="list-style-type: none"> <li>• Horticulture</li> </ul>	<ul style="list-style-type: none"> <li>• Tourism</li> </ul>
Fairgrounds	<ul style="list-style-type: none"> <li>• Financial Services</li> <li>• ICT Services</li> </ul>	<ul style="list-style-type: none"> <li>• Biotechnology</li> <li>• Healthcare</li> </ul>
Lobatse	<ul style="list-style-type: none"> <li>• Meat Manufacturing / Leather/ Biogas</li> </ul>	<ul style="list-style-type: none"> <li>• Biotechnology</li> <li>• Garments</li> </ul>
Pandamatenga	<ul style="list-style-type: none"> <li>• Agro-processing</li> </ul>	-
Greater Palapye	<ul style="list-style-type: none"> <li>• Coal, Logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Coal and Coal-based Chemicals</li> <li>• Renewable Energy</li> <li>• Light manufacturing</li> <li>• Education</li> </ul>
Francistown	<ul style="list-style-type: none"> <li>• Mining &amp; Logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Logistics-related services (warehousing, processing, packaging, labeling)</li> <li>• Light manufacturing</li> <li>• Financial technology (Fintech)</li> <li>• E-commerce</li> </ul>
Selibe Phikwe	<ul style="list-style-type: none"> <li>• Metals &amp; mining, Logistics Hub</li> </ul>	<ul style="list-style-type: none"> <li>• Coal and Coal-based Chemicals</li> <li>• Tourism</li> <li>• Base metal beneficiation (nickel-based alloys)</li> </ul>

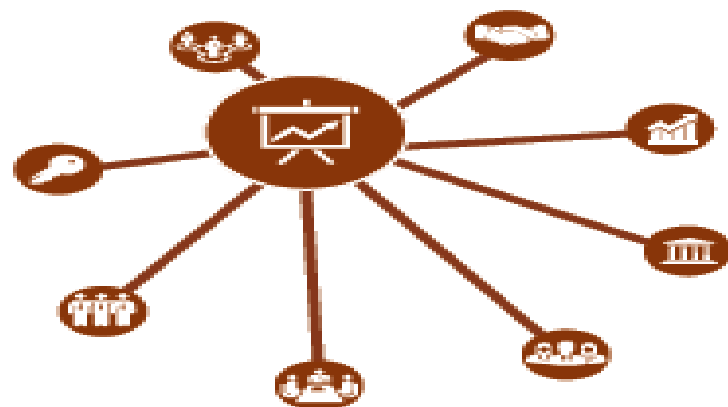
# FINANCING OPTIONS IN BOTSWANA

- Development Financial Institutions
  - CEDA( Short term , Long term subsidised loans, Limit up to P30 Million
  - BDC ( Big scale project above P30 Million )
  - National Development Bank
- Commercial banks ( More stringent lending requirements, need to build track record with them)
- International Funders( IDC, Norsad etc.)

## Why Global Expo Botswana?

31<sup>st</sup> October – 3<sup>rd</sup> November

- Meet buyers/sellers of your product
- Take part in the Business Matchmaking
- Enter into partnerships and Joint Ventures
- Attend all business workshops
- Take part in the Investment and Trade Conference
- Meet the government procurement divisions
- Engage agents/distributors of your product
- Explore new markets



## Sectors



Mining



Chemicals and Cosmetics



Timber and Furniture



Automobiles



Engineering products



Tourism



Manufactured products



Electrical goods and appliances



Agri Business and Agriculture products



Machinery

# Thank You



- [www.bitc.co.bw](http://www.bitc.co.bw)