



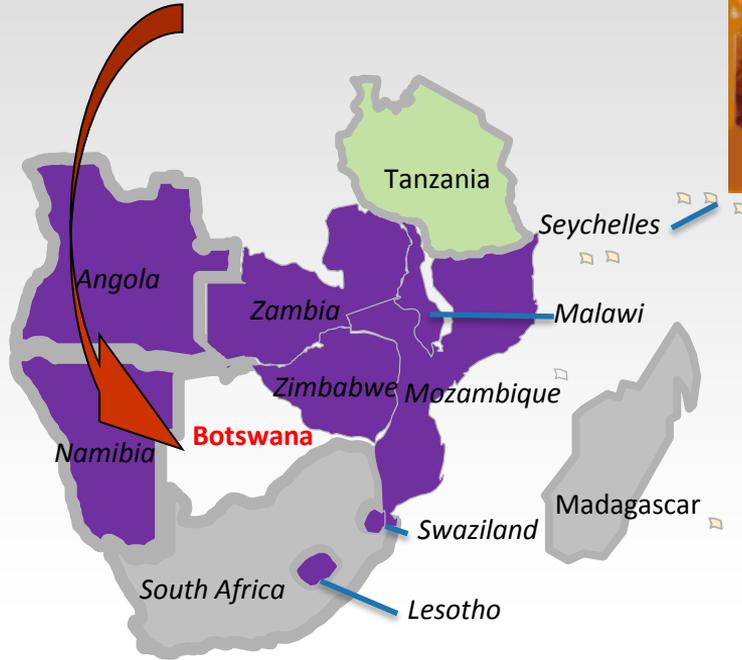
**BOTSWANA**  
INVESTMENT  
& TRADE CENTRE



**BOTSWANA/NETHERLANDS TRADE & INVESTMENT  
FORUM**

**Amstelveen  
October, 2016**

# Botswana: At a glance



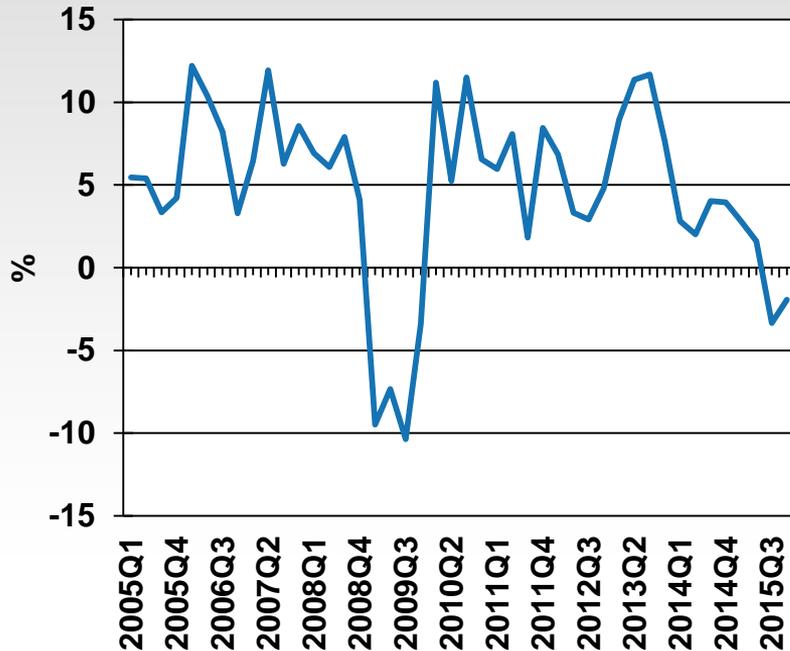
<b>Population</b>
2,024,904 (2011)
<b>Land</b>
582 000 km <sup>2</sup>
<b>GDP (4% 2017)</b>
USD 12.9 Billion (2015)
<b>GDP per Capita</b>
USD 6 041 (2015)
<b>Foreign Exchange Reserves (millions)</b>
BWP 80 283 or USD 7 402 (June 2016)
<b>Inflation (Target 3 – 6%)</b>
2.8% September 2016
<b>Interest Rates</b>
Bank rate 5.5 (August 2016)

## A PLACE TO LIVE

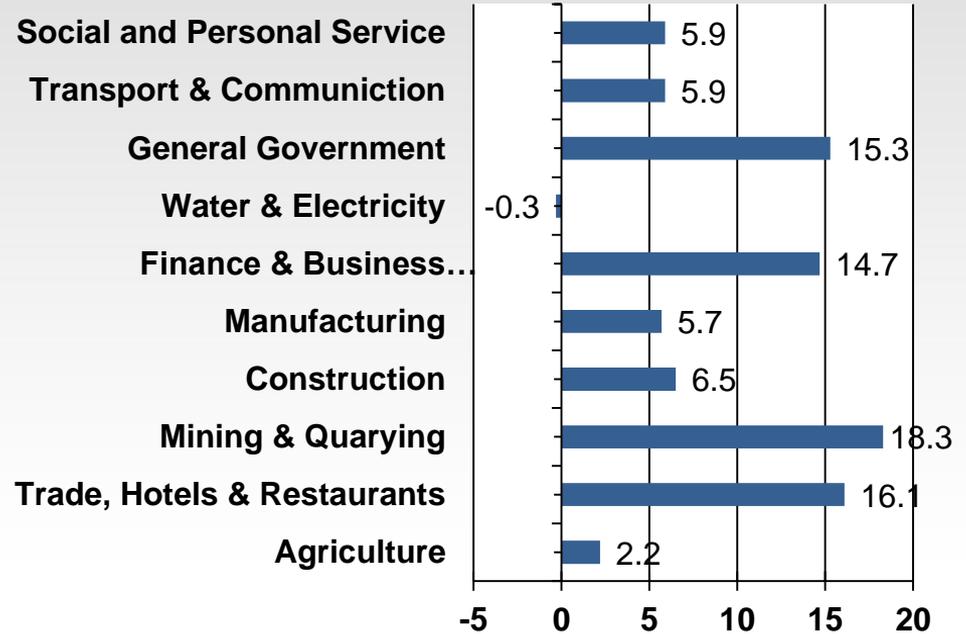
- Modern and attractive to live in, work and enjoy life
- Offers good quality of life
- A place to raise children and enjoy an excellent work-life balance
- Friendly, welcoming and accommodating people



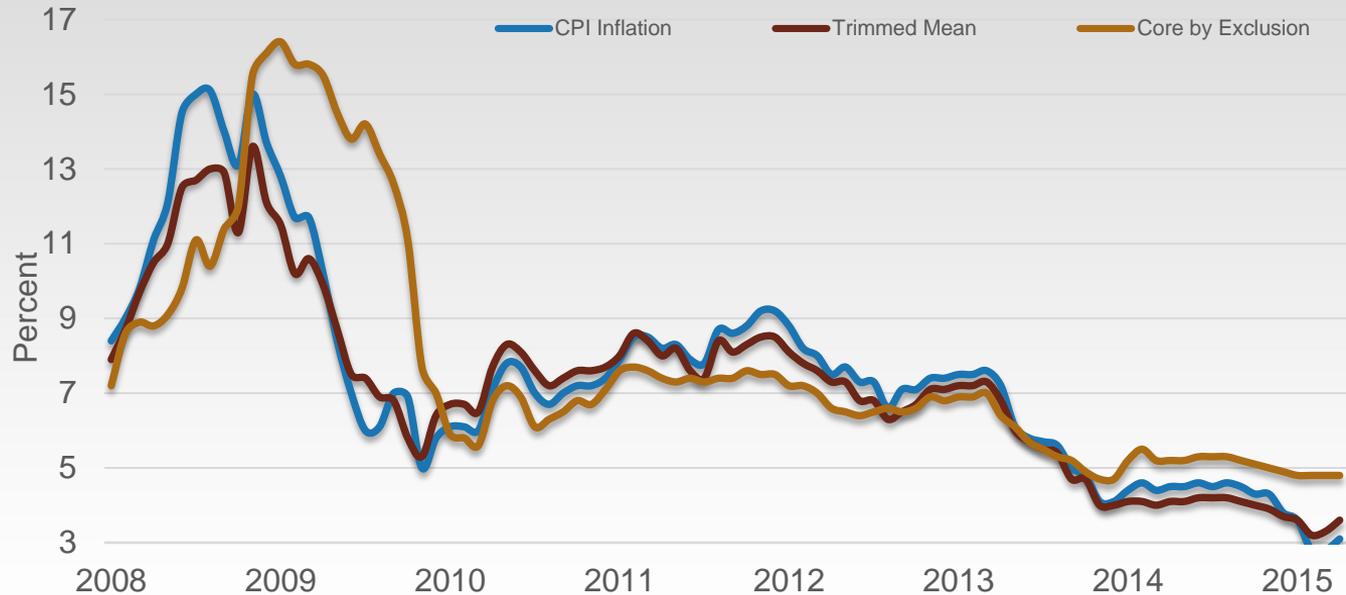
## Real GDP Growth



## GDP by Economic Activity



## ANNUAL CPI INFLATION, HEADLINE & CORE<sup>1,2</sup>



1. The Consumer Price Index (CPI) currently comprises a basket of 384 items divided into 51 sections covering goods and services. The weights in the basket, which was last revised in September 2006, are derived from the 2002/03 Household Income and Expenditure Survey.
2. Two measure of core inflation are currently published: the “trimmed mean”, which excludes more volatile price movements, and “core by exclusion”, which removes the impact of changes in administered prices.

## Merchandise trade

Trade Balance (Million Pula, 2015)

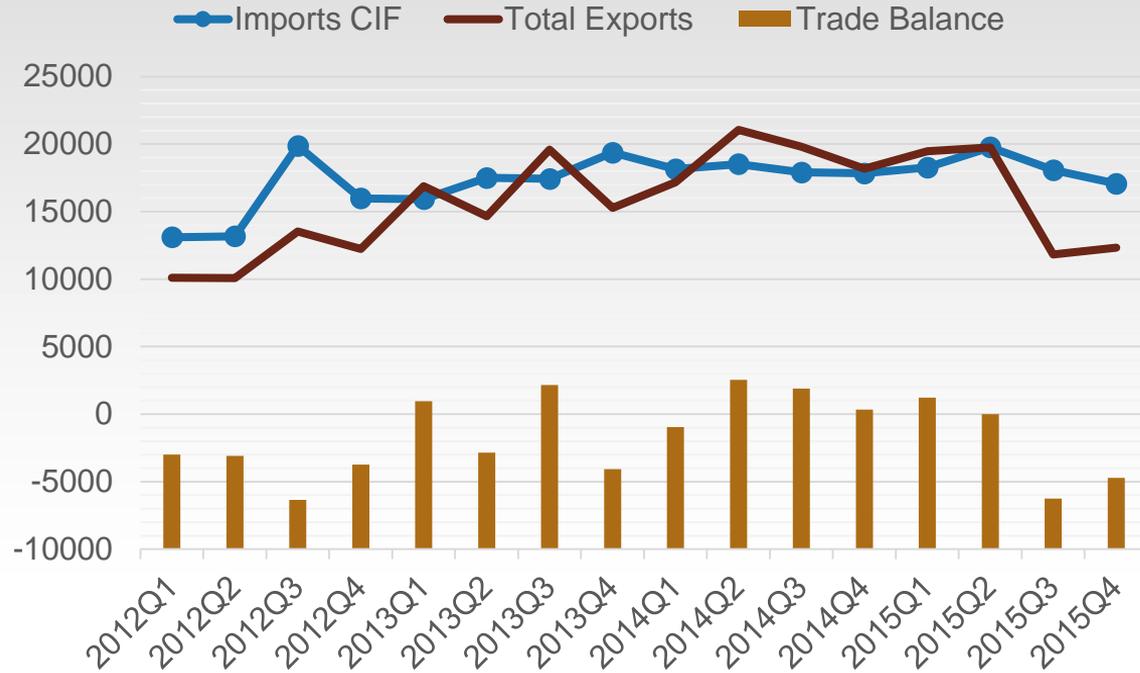
**-9,750**

Imports FOB (Million Pula, 2015)

**70,241**

Total Exports (Million Pula, 2015)

**63,411**



# 10 REASONS TO INVEST IN BOTSWANA



## 10 Reasons To Invest In Botswana

- 1 English is the main business language
- 2 Corporate Tax is capped at 22%; manufacturing; financial services and companies registered in the Innovation Hub attract 15%, 200% tax allowance on training costs; possible tax holidays (5 – 10 years) through Development Approval order and 12% VAT
- 3 It is among the top 28 (out of 163) most peaceful countries in the world (Global Peace Index 2016); 2<sup>nd</sup> in Africa
- 4 Its geographic location makes it a logical central hub for Southern Africa
- 5 It has excellence infrastructure thanks to its central location and efforts to become a financial services centre
- 6 A one-stop shop is available to support investors with entering the market
- 7 It possesses a strong skill base with 82% literacy and fluent in English, while salary costs remain low
- 8 Foreign firms are given equal treatment to domestic ones thanks to a transparent and straight forward regulatory environment
- 9 According to transparency international's corruption rankings, it ranked first ahead of its regional competitors, coming 28/175 countries (Corruption perception index 2015).
- 10 It has been consistently awarded good credit ratings, ahead of its regional competitors by credit rating agencies such as Moody (A2) and S&P (A-/A-2), thanks to its strong external and fiscal balance sheet, robust institutions amongst others



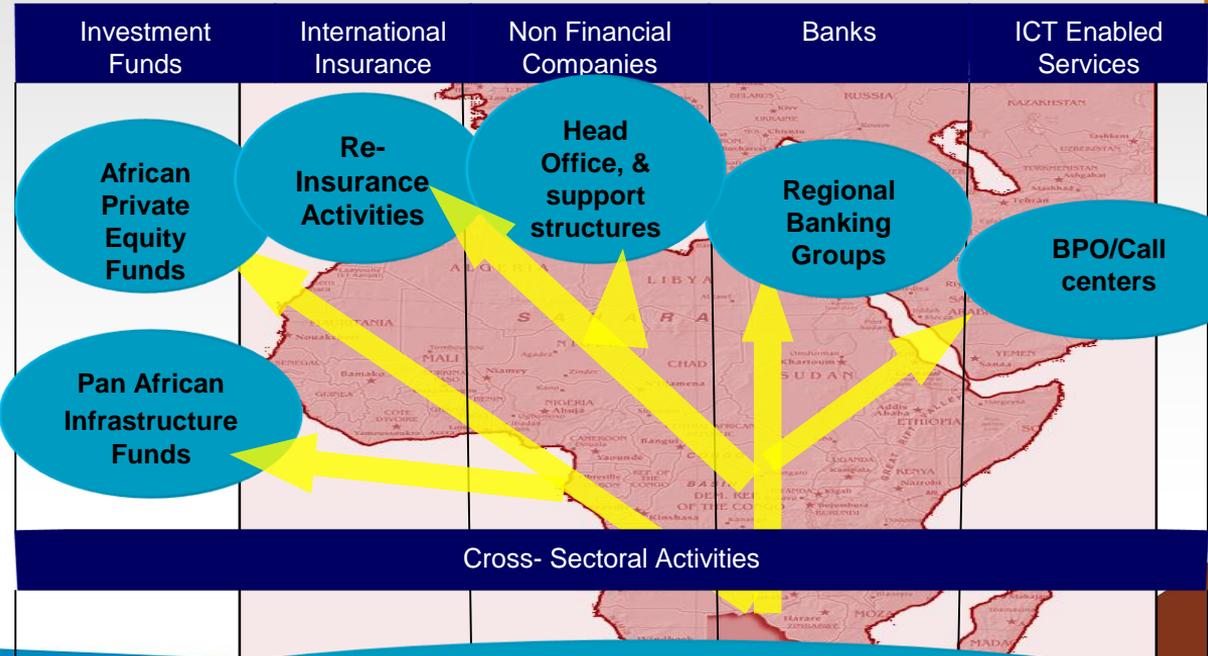
# KEY INVESTMENT OPPORTUNITIES

# 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**

## 2. Key Sector Opportunities – automotive components

- Focus on component manufacturers supplying SA-based automotive manufacturers: **R43.15bn** in 2013 imports
- Focus on components and parts with synergies to other priority sectors eg leather
- Focus on basic components including headlamps, dashboard lamp fittings, flashing warning light fittings, interior lamps, windscreen wipers

**South Africa's Top 10 Automotive Part Imports (R million), 2010-2013**

Component	2010	2011	2012	2013	Share %, 2013	CAGR %, 2010-2013
Automotive tooling	1,596	2,369	2,798	4,090	9.5	36.8
Tyres	2,900	3,206	3,610	3,990	9.2	11.2
Engine parts	2,549	2,960	3,074	3,546	8.2	11.6
Transmission shafts/cranks	1,076	1,302	1,414	1,774	4.1	18.1
Gauges/instrument parts	984	1,244	1,303	1,607	3.7	17.8
<b>Stitched leather seats &amp; parts</b>	<b>1,139</b>	<b>1,138</b>	<b>1,206</b>	<b>1,543</b>	<b>3.6</b>	<b>10.6</b>
Engines	705	1,181	1,243	1,361	3.2	24.5
Brake parts	774	918	887	1,116	2.6	13.0
Lighting equipment/parts	746	805	746	933	2.2	7.7
Catalytic converters	903	823	627	892	2.1	-0.4
Other	13,946	16,942	18,232	22,295	51.7	16.9
<b>Total</b>	<b>27,318</b>	<b>32,888</b>	<b>35,140</b>	<b>43,147</b>	<b>100.0</b>	<b>16.5</b>

Botswana's competitive advantage

Given Botswana's planned developments of leather manufacturing, it is likely to gain a competitive advantage in supplying stitched leather seats and parts to South Africa's automotive industry

## 3. 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**

## 4. 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**

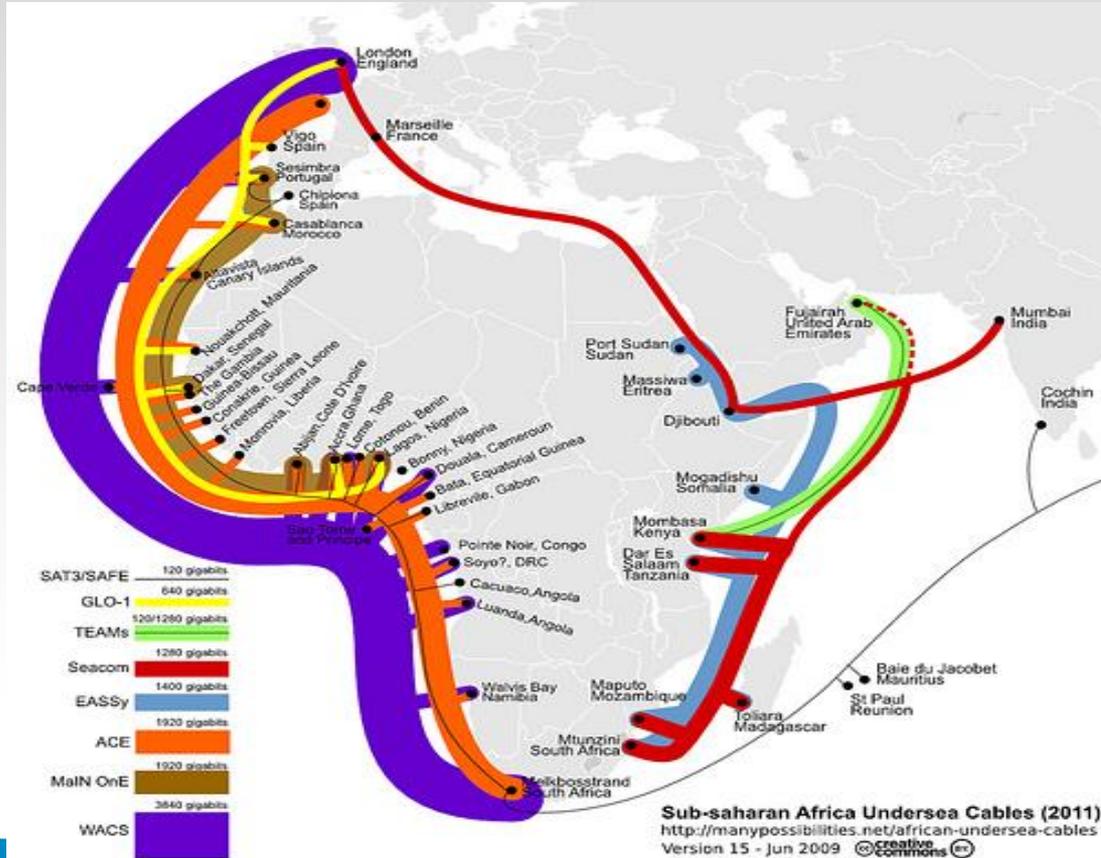
**Distribution & Warehousing**

**Shipping Lines**

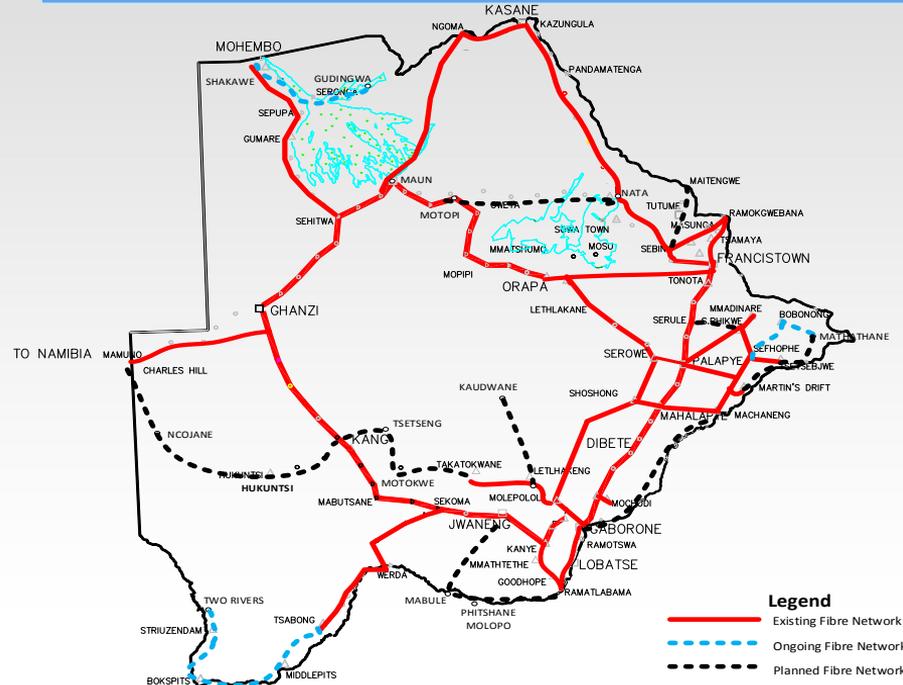
**Airlines**

**Couriers**

## 5. ICT OPPORTUNITIES



## ICT Cont. : 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. 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



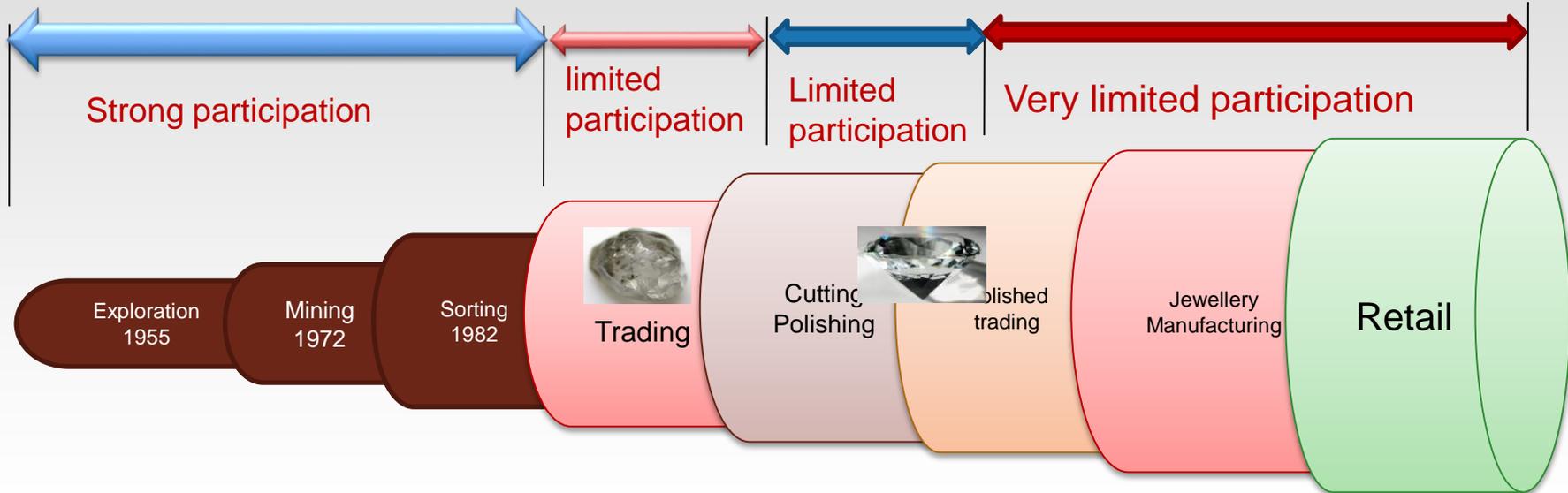
### Government Support

**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.

## 6. Resource Beneficiation-Diamonds



- Strategic intent; sustainable involvement in more sectors of the value chain

Diamond  
Beneficiation Cluster



OTHER  
SERVICES

CRITICAL PLAYERS

Hotels

Financing

Retail

Car Rental

Cutting &  
Polishing

Jewelry

Training

CORE

Raw  
Material

Brokers

Catering

Rough Trading

Polished Trading

Air  
Transport

Cert. Lab

Special  
Security

Communication

Equipment  
Supplier

Sec  
Trading

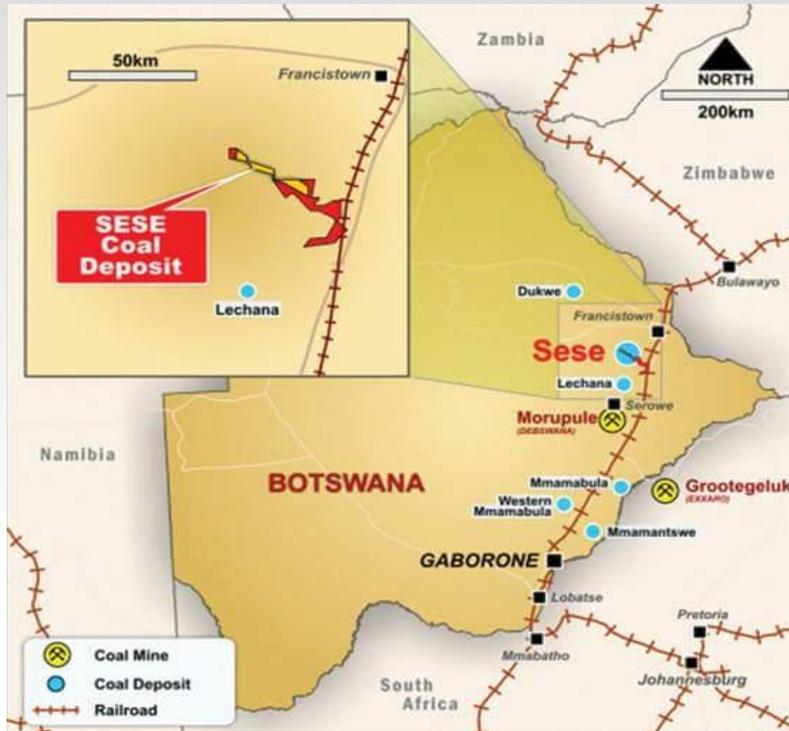
Insurance

DIAMOND  
OFFICE

Internet

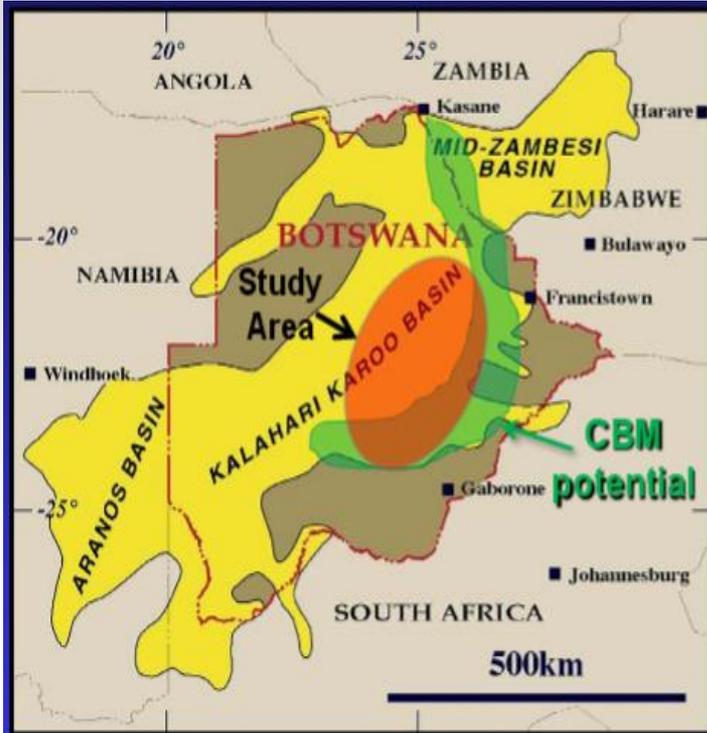
Factory  
Space

## 7. Resource Beneficiation - Coal



- Botswana has a confirmed 212 billion tonnes of unexploited coal.
- Currently only one mine (Morupule) produces around 3 million tonnes per annum.
- The demand of coal-for-energy has increased significantly nationally, regionally and internationally

Botswana's mining industry is heavily reliant on heavy fuel oil / diesel. Diesel cost ~ gas equivalent ranges from AUD 25/GJ to AUD 30/GJ. Strong incentive for companies to convert to gas.



Modified From Scales, 2006

## CBM Study Results

Exploration 2001-2003

41,459 km<sup>2</sup> Study Area

Four Boreholes Tested

Reservoir thickness: ≤ 80 m

Reservoir ≤ 30% coal

Gas Content: 50-100 scf/ton  
(as-received)

Estimated GIP

- 60 Tcf (coal)
- 136 Tcf (carb. shale)
- 196 Tcf total

Data from Botswana DGS  
(www.gov.bw)



- ❑ Coal beds within the study area contain an estimated gas-in-place resource of 60 trillion cubic feet (Tcf).
- ❑ The associated carbonaceous shales are estimated to contain an additional 136 trillion cubic feet
- ❑ Resulting in combined 196 trillion cubic of gas in place.
- ❑ The highest development potential is along the eastern margin of the basin, where the carbonaceous sequence can be up 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.

## Coal To Liquids (CTL)

The low price of coal compared to the high price of other fuel sources, whether oil (currently trading at \$600 per tone), 'unconventional' oil, or gas, provides a degree of longer term investment certainty that has generated a significant amount of interest in CTL fuels worldwide (World Coal Institute, 2015).



- ❑ CTL plants are one of the most cost effective of the alternative fuel, particularly when overall operating costs and the low cost of coal are considered.
- ❑ Through ongoing technological development the capital cost of CTL plants is expected to decrease.
- ❑ CTL provides one of the most affordable alternatives to conventional petroleum production.
- ❑ In Sub-Saharan Africa; South Africa has been operating CTL for many yeas, a broadening and growth of the market will drive both existing providers and new entrants to develop more efficient and cost effective processes to gain the market advantage
- ❑ 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)

**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

# 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 000m<sup>2</sup>. 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.



# GLOBAL EXPO BOTSWANA 2016





**Unlocking Opportunities  
for Economic Growth**

23-26 • Nov • 2016

GABORONE, BOTSWANA

## Why Global Expo Botswana?

- 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

# EXAMPLES OF PROFESSIONAL ADVISORY FIRMS IN BOTSWANA



**Deloitte.**



**BBL Bookbinder**  
BUSINESS LAW

Member of Bowman Gilfillan Africa Group

**Collins Newman & Co.**  
Attorneys Notaries Conveyancers



# Thank You



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