



Doing Business in Botswana



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Botswana...the true sparkle of Africa

Botswana is a land of unmatched beauty, plentiful in wildlife and rich in culture, giving it a magical and dreamlike quality, from its prominent salt pans to diamond rich deserts and lush flood plains. Since peacefully gaining its independence in 1966, Botswana has managed to exploit its wealth of underground resources, especially diamonds, to develop not only its diverse economy but also its people. Botswana is the biggest producer of diamonds in the world by value. It is hailed as a shining beacon of democracy, stability and peace in a continent renowned for turmoil and instability. Its people have a rich diverse culture and embrace all who come to Botswana with a welcoming warmth.

For a while, Botswana was Africa's best secret. This did not bode well for the growth of its economy, hence there was a need to create awareness about investment opportunities in the country, its splendor and its promise. The time had come for Botswana to show the world the pride they have for their country and what it has to offer. To address this, a national identity program was developed and from it, the Nation Brand symbolized with the Pride-mark.



About Botswana

LOCATION

At 582,000 km², 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.

BOTSWANA AT A GLANCE

Botswana's economic growth will rebound by 11.4% in 2021 from a sharp decline of 8.7% in 2020 due to the impact of the COVID-19 pandemic.

Area	: 582,000 km²
Population	: 2.3 Million
Capital	: Gaborone
Form of Government	: Parliamentary
Republic Head of State	: His Excellency, President, Dr. Mokgweetsi E. K. Masisi
Adult Literacy Rate	: 90% (Statistics Botswana)
Official Language	: English
National Language	: Setswana
Gross Domestic Product (2021)	: USD 17.63 Billion (Statistics Botswana)
Per Capita GDP (2021)	: USD 6997.81 (Statistics Botswana)
GDP Real Growth Rate for (2021)	: 11.4% (Ministry of Finance)
Annual Inflation (Average 2021)	: 6.7%
Currency:	: ISO code is BWP, One Pula = 100 Thebe
Annual Average Rate (Exchange)	: 1 BWP ≈ 0.0903 USD (2021)
Bank Rate	: 3.75
Weights & Measures	: Metric System

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 Independence in 1966;
- We have zero tolerance for corruption, and we boast a sound legal system and adhere to the rule of law;
- We have been consistently rated as the second 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

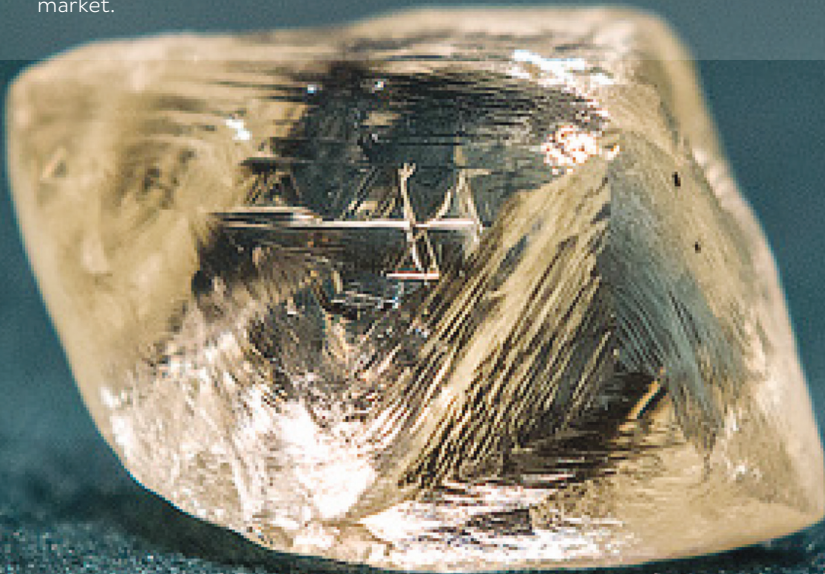


- We have the highest sovereign credit rating in Africa by Standards and Poor global ratings (2021);
- We are named the 3rd freest economy in Africa by Heritage Foundation (2022);

BOTSWANA OPENS THE DOOR TO A MASSIVE MARKET



- We provide investors with preferential access to the Southern African Development Community's (SADC) entire marketplace – over 393 million people;
- Botswana provides duty-free access to South Africa, Namibia, Lesotho and eSwatini;
- Botswana provides duty-free and quota-free access to the European Union (EU) market.



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 a centre for Innovation and Research and Development (R&D) via the Botswana Innovation Hub.

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 International Finance Service Centre (IFSC) companies, 22% for other businesses and 25% for individuals;
- We allow remittance and full repatriation of profits and dividends;

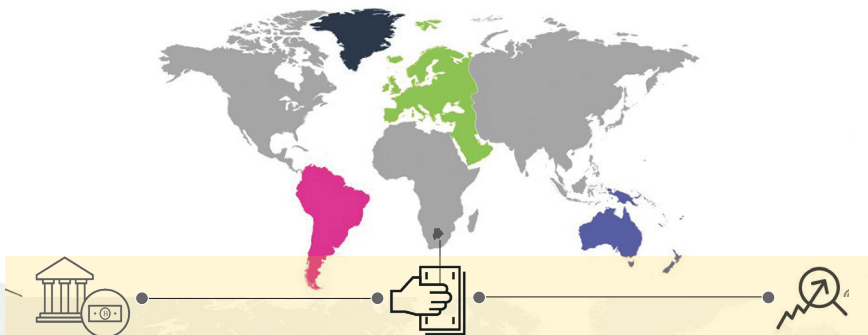
THE QUALITY OF BOTSWANA'S WORK- FORCE IS SECOND TO NONE IN AFRICA



- The workforce is well educated – 90% are literate and most speak English;
- There are no labour tensions;
- Our people are peaceful and humble. The different communities maintain harmonious relations.



BOTSWANA SOVEREIGN RATINGS



STANDARD AND POORS'S (S&P GLOBAL RATINGS) 2021

In September 2021, S&P Global Ratings revised its outlook on Botswana to stable from negative and affirmed its 'BBB+/A-2' long- and short-term foreign and local currency sovereign credit ratings.

At the same time, we revised our outlook to stable and affirmed our 'BBB+/A-2' long- and short-term foreign and local currency credit ratings on the Bank of Botswana, which we equalize with our ratings on the sovereign.

A stable and predictable institutional framework continues to support the ratings, and the monetary policy framework supports macroeconomic stability.

Additional support will be from the strong diamond sector recovery, will lead to a material improvement of the fiscal and external performance over the next two years.

(Source: <https://www.bankofbotswana.bw/news/sp-global-ratings-affirms-sovereign-credit-rating-and-upgraded-economic-outlook-botswana>)

MOODY'S INVESTORS SERVICE 2021

Moody's has downgraded Botswana's sovereign credit rating for long-term bonds, denominated in both domestic and foreign currency, from 'A2' to 'A3'. However, the agency changed the outlook from negative to stable.

According to Moody's, the downgrade is due to the reduction in the capacity of Government to absorb future shocks as a result of the erosion of fiscal buffers, occasioned by the COVID-19 pandemic and, also, relatively weaker economic resilience mainly reflecting lower economic diversification compared to peer countries in the 'A' rating category.

Moody's indicated that there are persistent fiscal consolidation challenges, but the external position of Botswana as strong, albeit weakening due to the recent deterioration of the trade balance.

Botswana, however, pursues economic recovery and transformation plan (ERTP) which is meant to cushion against the negative effects of COVID-19 pandemic as well as address issues of economic diversification and improve doing business environment.

Moody's indicated that the ratings could be revised upwards if there is improved resilience to shocks, reduced vulnerability of the budget structure and evidence of notable progress on economic diversification and measures adopted to improve business environment, materially reducing economic and fiscal reliance on the minerals sector.

<https://www.bankofbotswana.bw/index.php/press-release/moodys-has-downgraded-botswanas-sovereign-credit-rating-a2-a3-and-changed-outlook>

BOTSWANA'S UNIQUE SELLING POINTS



01 ➤

Strategically linked to global market with numerous trade agreement such: SADC, SACU-ETFA, SADC-EPA, SACU MERCOSUR, UK- SACU + Mozambique EPA; AfCTFA.

02 ➤

Third freest economy in Sub Saharan Africa out of 47 countries, rule of law and modest tax burden are relative strengths. (Heritage Foundation 2020)

03 ➤

Africa's best country in mining investment attractiveness and best practices mineral potential (Fraser institute, 2021)



Competitive Corporate Tax Rates and Robust Incentives

04 ➤

- Botswana is the highest ranked jurisdiction in Africa on policy, ranking 15th out of 77 countries
- The country is the most attractive jurisdiction in Africa when considering both policy and mineral potential. Ranked 11th out of 77. Fraser Annual Survey of Mining

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	
➤	100% DUTY REBATE ON IMPORTATION OF MACHINERY	
➤	100% DUTY REBATES ON RAW MATERIAL IMPORTED	
➤	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 INTERNATIONAL FINANCIAL SERVICE CENTRE (IFSC) ACCREDITED COMPANIES

Incentives for IFSC companies are as follows:

- 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; and
- Denomination of share capital in any major convertible currency.

The SPEDU Region has the following incentives:

5% CORPORATE TAX FOR THE FIRST 5 YEARS, **10%** THEREAFTER.

DUTY REBATES 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); AND

PROVIDES REBATE FOR CUSTOMS DUTIES AND VALUE ADDED TAX FOR IMPORTATION OF RAW MATERIALS UNDER SCHEDULE 3 OF THE CUSTOMS TARIFF AND VAT ACT.

Special Economic Zones (SEZ) Economic incentives

- 5% Corporate Tax for the first 10 years then 10% Corporate Tax thereafter
- Duty-free Imports of Specialist Plant and Machinery for Manufacturing Purposes
- Waiver on Transfer Duty on Land and Property and Property Tax Exemption for 5 years
- No Exchange Controls and full Repatriation of Profits and Capital
- Zero-rated VAT on Raw Materials for Manufacturing for Export
- Fast tracked land allocation and long term renewable land leases

INVESTMENT OPPORTUNITIES

KEY PRIORITY SECTORS:

Some of the investment opportunities that are actively promoted by Botswana Investment and Trade Centre (BITC) include but are not limited to:



MINING:

Mining and base metals, such as gold, uranium, copper, nickel, coal, manganese and mining services. Also includes prospecting, expansion of existing mining projects, new mining projects, beneficiation of minerals and business opportunities relating to links with other sectors.



MINERAL BENEFICIATION:

Diamond trading, cutting and polishing, jewellery manufacturing and diamond related services such as security, banking, insurance, and certification and brokerage services.



EDUCATION:

Photographic safari tourism training, mining and energy technical schools, medical and health sciences institutions, business school, lifelong training institutions and education services for special needs students.



AGRICULTURE:

Grain, fruit and vegetables, irrigation, dairy farming, horticulture, leather (raw hides and skins), pork and beef products.



INFORMATION COMMUNICATION TECHNOLOGY (ICT):

Innovative money operations, e-Waste, TV White Space, TV Broadcasting, e-Health, BPO and Call Centres and e-Commerce, software and app development and ICT in agriculture.



HEALTH:

Diagnostic facilities (imaging and laboratory), pharmaceutical manufacturing, manufacturing of biomedical equipment, medical tourism



AUTOMOTIVE:

Supply of parts and components to South Africa's automotive sector, supply of replacement parts for vehicles of large scale projects, expansion of existing component manufacturing industries, R&D services, diversification of after-sales services for private and commercial vehicles and the establishment of skills development / training facilities for auto mechanics and technicians.



CARGO, FREIGHT AND LOGISTICS:

Consolidation, deconsolidation, distribution, transport services, handling, warehouse management and integrated systems.



MANUFACTURING:

Manufacturing across all sectors such as general manufacturing, bulk breaking, pharmaceuticals, automotive components etc



INFRASTRUCTURE: Transportation and logistics



FINANCIAL AND BUSINESS SERVICES: Banking, insurance and investment funds.

MARKET ACCESS

Botswana is at the centre of the Southern African Development Community (SADC), with market access to people in 16 countries with a combined GDP of more than US\$725 billion. SADC's Free Trade Area (FTA) launched in 2008 provides zero tariffs for at least 85% of goods traded among member states.

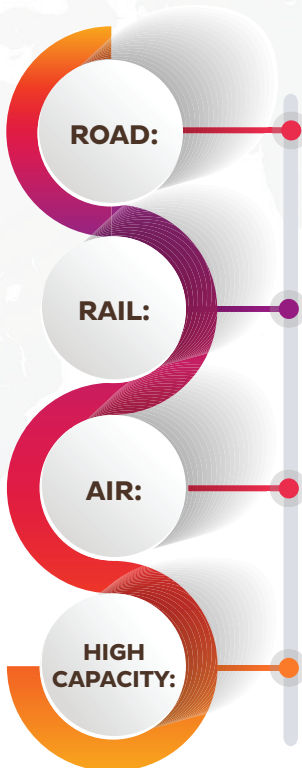
As a member of the Southern African Customs Union (SACU), Botswana's products enjoy duty free access to a market of more than 61 million people in five countries with a combined GDP of more than US\$60 billion, Botswana, eSwatini, Lesotho, Namibia and South Africa.

Furthermore, through SACU, Botswana is part of the Trade, Investment and Development Cooperation Agreement (TIDCA) with the United States (US); the FTA agreement with the EFTA States and Preferential Trade Agreement (PTA) with MERCOSUR, and PTA with India.

Botswana is eligible for trade benefits with the US under the African Growth and Opportunity Act (AGOA). Botswana enjoys duty free quota, free market access into EU and UK under SADC EPA agreement and SACU + Mozambique + UK respectively.

Botswana is also signatory to the African Continental Free Trade Area (AfCFTA), which aims at accelerating intra-African trade and boosting Africa's trading position in the global market by strengthening Africa's regional integration. The total market size is estimated to be GDP USD 2.83 trillion 2021 and a population of nearly 1.32 billion people.

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 Democratic Republic of Congo (DRC), Angola, Mozambique, Tanzania and Malawi. It operates containerised Dry Port facilities in the capital Gaborone, in the north at Francistown and Selebi - 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 to be established in Walvis Bay offers 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 and Ethiopia.

HIGH CAPACITY:

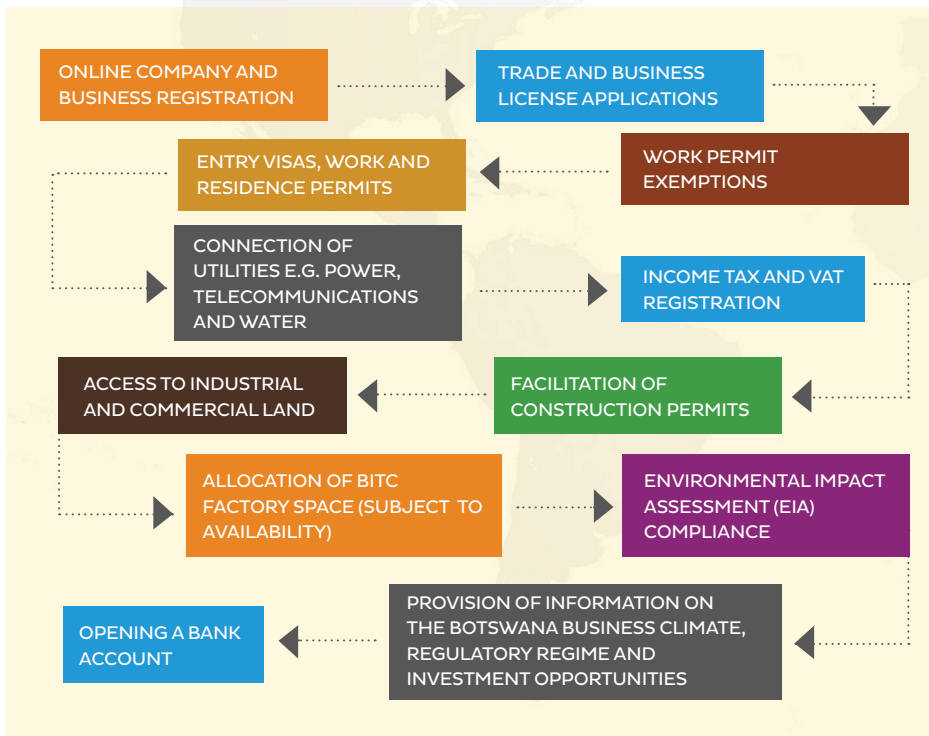
High Speed Data Transmission - The East African Submarine Cable System connects Botswana through Durban, South Africa, to Europe, the Americas, the Middle East and Asia. The West Africa Cable System will when completed connect Botswana through Namibia to the west, to the United Kingdom.



BOTSWANA INVESTMENT AND TRADE CENTRE

The organization plays a critical role of driving Botswana's economic growth through attraction of Foreign Direct Investment (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 our country locally and internationally. Through this encompassing mandate, BITC has committed to deliver on the following services, through the **Botswana One Stop Service Centre** housed at its head office in Gaborone to ensure the ease of doing business for all investors:



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Moving Botswana ahead.

#AkolaBotswana

**INVEST IN YOU
INVEST IN BOTSWANA
INVEST IN GROWTH**

BITC provides services that are meant to develop Botswana's economy so that the country is in a healthier position to grow. These services include;

**Business Facilitation | Investment Promotion
Export Development and Promotion | Business Intelligence**

Speak to us today for more information about how our services can benefit you.
Call 3633300 or visit our website.



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