



# 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.



**BOTSWANA** 

*Our pride, your destination*

# 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.

## BOTSWANA AT A GLANCE

Area	: <b>582,000 km<sup>2</sup></b>
Population	: <b>2.3 Million</b>
Capital	: <b>Gaborone</b>
Form of Government	: <b>Parliamentary</b>
Republic Head of State	: <b>His Excellency, President, Dr. Mokgweetsi E. K. Masisi</b>
Adult Literacy Rate	: <b>83%, World Bank</b>
Official Language	: <b>English</b>
National Language	: <b>Setswana</b>
Gross Domestic Product 2018	: <b>USD 18.3 billion</b>
Per capita GDP	: <b>USD 7831</b>
GDP Real Growth Rate for 2018	: <b>4.5%</b>
Inflation Average Rate	: <b>2.6% (May 2019)</b>
Currency	: <b>ISO code is BWP, One Pula = 100 Thebe</b>
Current exchange rate	: <b>1 BWP ≈ 0.0945 USD (July 2019)</b>
Weights & Measures	: <b>Metric System</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 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 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

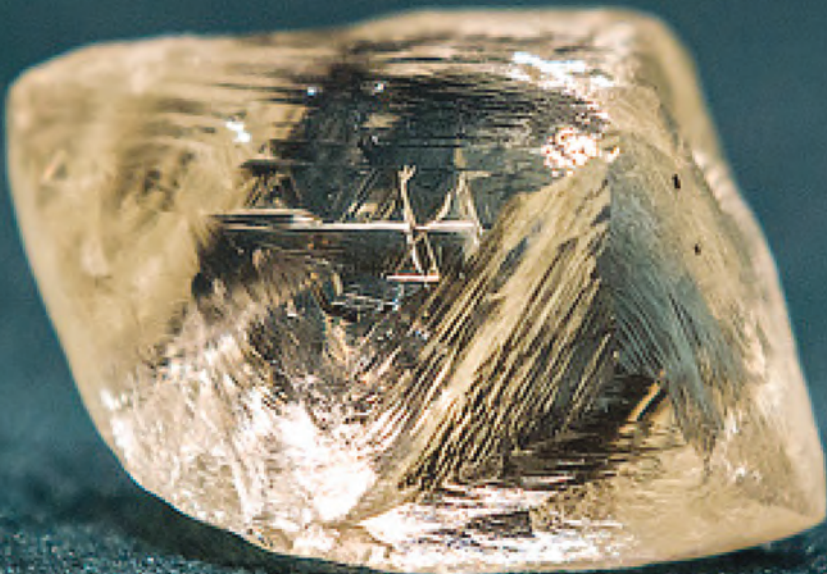


- We have the highest sovereign credit rating by Standards and Poor global ratings (2019);
- We are named the 2nd freest economy in Africa by Heritage Foundation (2019);
- We have one of the fastest growth rates in per capita income in the world.

## 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 350 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;
- We offer duty-free import of machinery and equipment for manufacturing purposes.

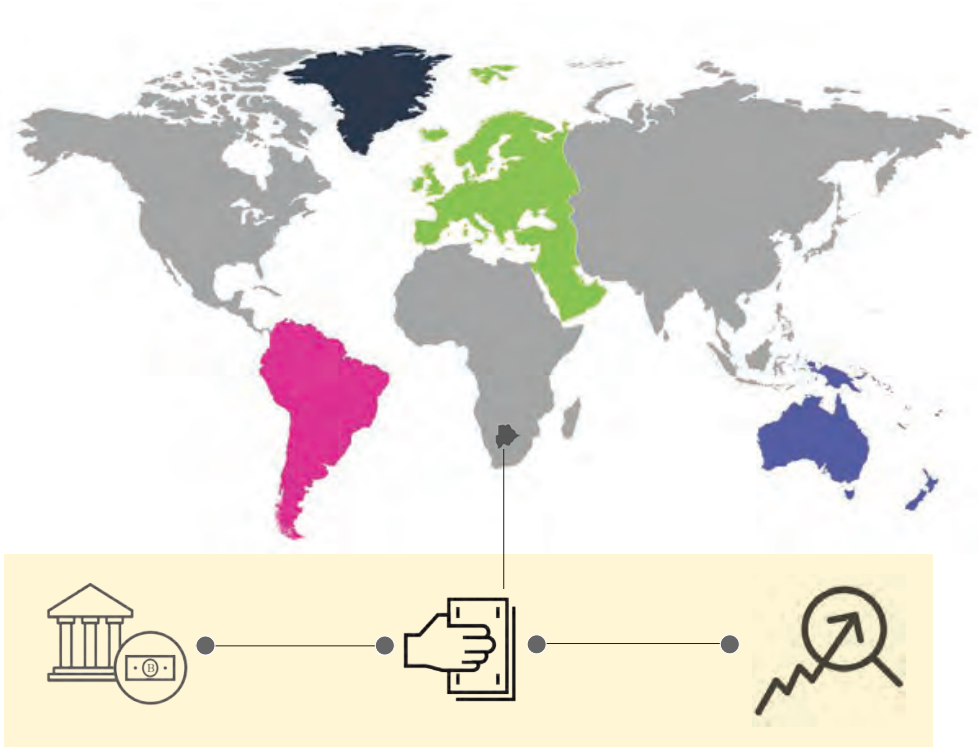
## THE QUALITY OF BOTSWANA'S WORK-FORCE IS SECOND TO NONE IN AFRICA



- The workforce is well educated – 83% 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 POOR'S (S&P GLOBAL RATINGS) 2019:**

Has affirmed Botswana's 2019 sovereign credit ratings of 'A-' and 'A-2' for long and short-term bonds denominated in domestic and foreign currency. The stable outlook is also maintained.

(Source: (<http://www.bankofbotswana.bw/2019>))

## **MOODY'S INVESTORS SERVICE:**

Has renewed and reaffirmed, for 2018 Botswana's credit rating of A2 for foreign and domestic bonds. The stable outlook is also upheld. This follows the review that took account of the commodity price shock and impact on the country's economic and fiscal strength. Moody's noted that the current economic and fiscal challenges emanating from the external environment, are appropriately captured by the A2 rating.

(Source: (<http://www.bankofbotswana.bw/2018>))



# 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



Highest Investment grade in sovereign credit ratings in Africa, long-term "A-" and short term "A-2", underpinned by governments continued prudent macroeconomic policies (Moody's Investors Service 2018)

03



Third freest Economy in Sub Saharan Africa, with regulatory environment encourages growth, and openness to foreign investment and trade promotes competitiveness and resilience. (The Heritage Foundation 2019)

04



Africa's fourth Investment destination (Quantum Global Group, 2018)

05



Competitive Corporate Tax Rates & Robust Incentives

06



Africa's Best Investment Attractiveness mining destination, with tax regime that continues to be exemplary when compared to other jurisdictions and encourages investment in exploration (Fraser Institute Annual Survey of Mining Companies 2018)

07



Second Least corrupt country in Africa (Transparency International 2019)

# 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 FOR MANUFACTURING
- ▶ CUSTOMS DUTY EXEMPTION ON RAW MATERIALS FOR GOODS GOING OUTSIDE OF SOUTHERN AFRICAN CUSTOMS UNION (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 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.

## SELEBI PHIKWE ECONOMIC DIVERSIFICATION UNIT (SPEDU) REGION INCENTIVES



The SPEDU Region has the following incentives:

	5% CORPORATE TAX FOR THE FIRST 5 YEARS, <b>10%</b> THEREAFTER
	DUTY REBATES ON IMPORTED RAW MATERIAL. PROVIDES REBATE OF CUSTOMS DUTIES AND VALUE.
	ADDED TAX UNDER SCHEDULE 4 – <b>REBATE ITEM 470.03</b> , AND VAT ACT THIRD SCHEDULE – <b>ITEM 470. 03</b> 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.

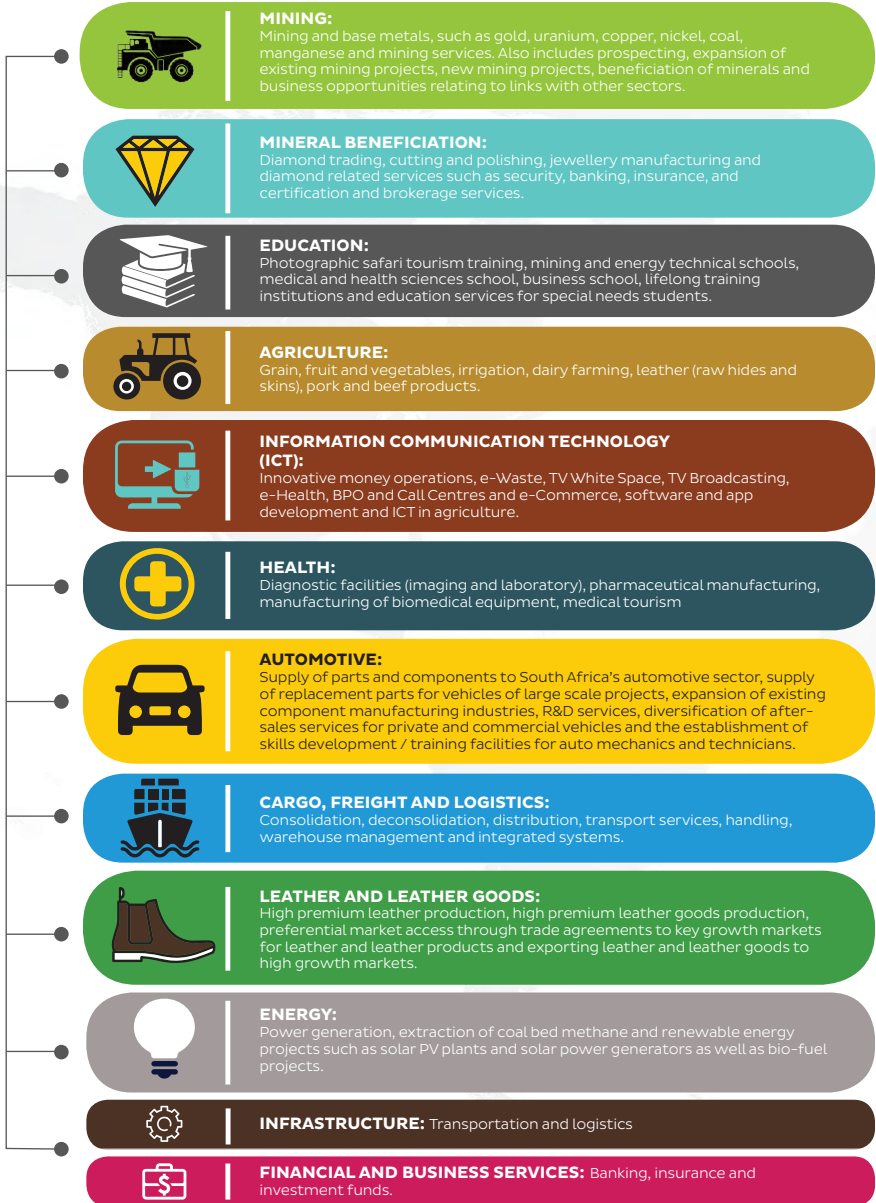
## BILATERAL INVESTMENT TREATIES

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 Investment and Trade Centre (BITC) include but are not limited to:



# MARKET ACCESS

**Botswana is at the centre of the Southern African Development Community (SADC), with market access to people in 15 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, Namibia, Lesotho, eSwatini 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. 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 (WTO), 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 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 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 and Kenya.

## HIGH CAPACITY:

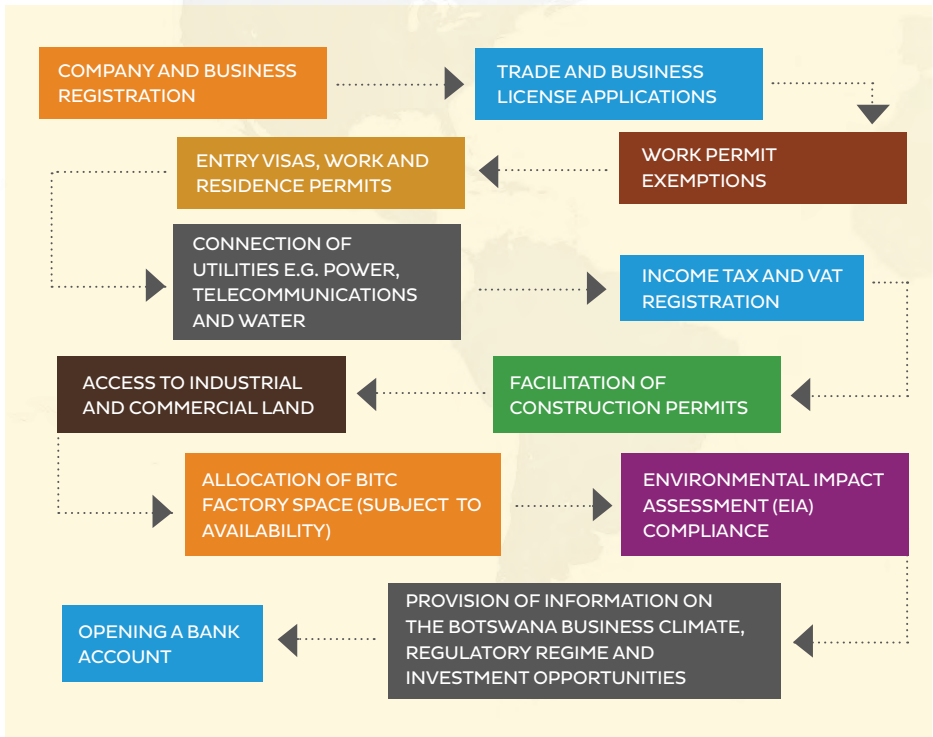
High Speed Data Transmission - The East African Submarine Cable System connects Botswana through Durban, South Africa, to Europe, the Americas, the Middle East and Asia. The West Africa Cable System will when completed connect Botswana through Namibia to the west, to the United Kingdom.



# 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:



## CONTACT INFORMATION:

### BITC Head Office

Private Bag 00445,  
Gaborone, Botswana  
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 [enquiries@bitc.co.bw](mailto:enquiries@bitc.co.bw)

 [www.facebook.com/bitc](http://www.facebook.com/bitc)

 [@Go\\_Botswana](https://twitter.com/Go_Botswana)

 <https://www.linkedin.com/company/botswana-investment-and-trade-centre>

# INVEST IN BOTSWANA

## WHY BOTSWANA ?

Having been celebrated as one of the fastest growing economy in Africa, Botswana assures you of a profitable, stable, secure, and suitable investment environment.

# BE A PART OF BOTSWANA'S PHENOMENAL GROWTH STORY

visit us at [www.gobotswana.com](http://www.gobotswana.com)



GO  **BOTSWANA**  
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& TRADE CENTRE

