



Doing Business in Botswana

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About Botswana

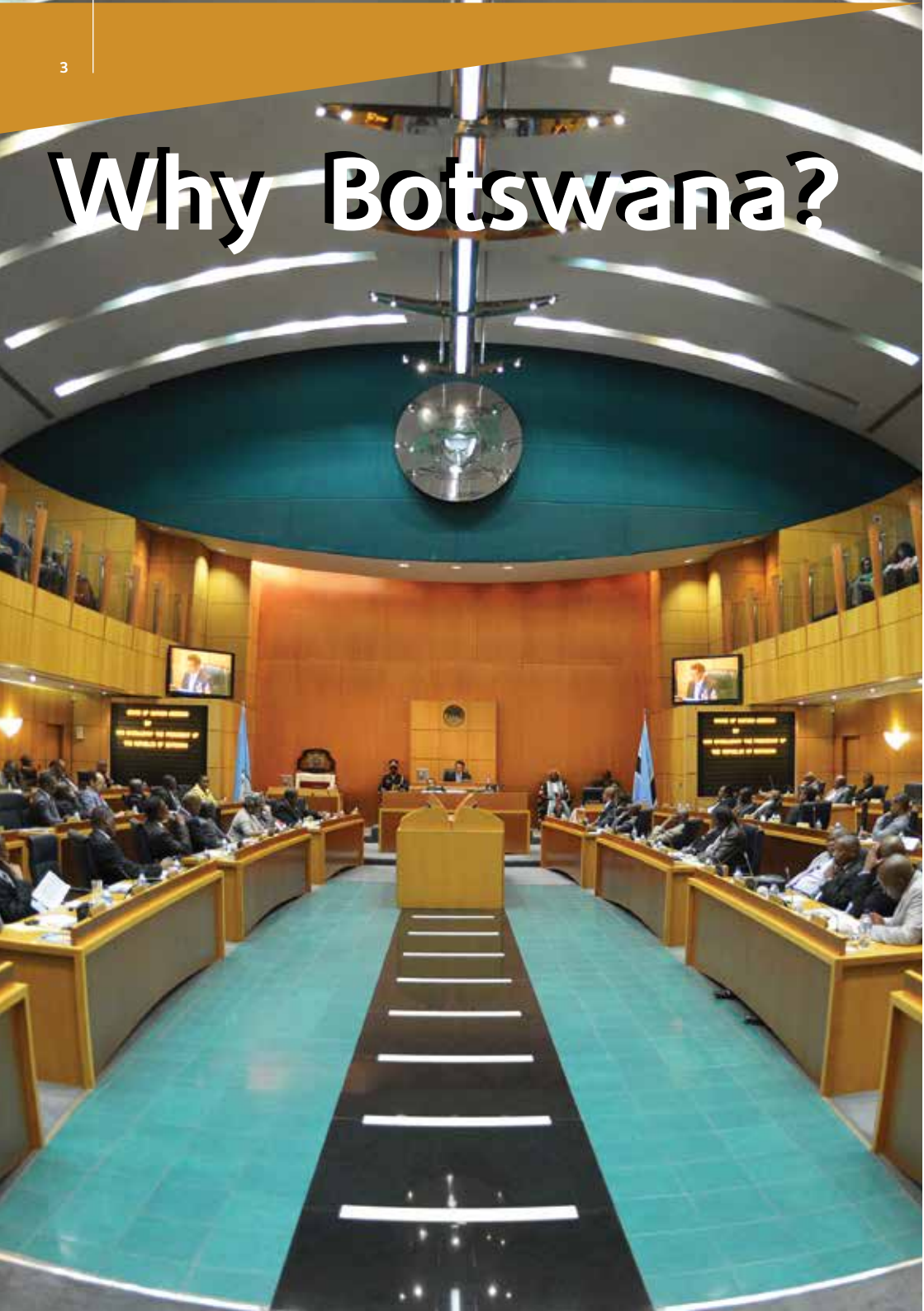
LOCATION:

At 582,000 km², Botswana is a land-locked 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 "FAST FACTS"

Area	: 582,000 km ²
Population	: 2 million
Capital	: Gaborone
Form of Government	: Parliamentary Republic Head of State : His Excellency, President Lt. General Dr. Seretse Khama Ian Khama
Adult Literacy Rate	: 83%, World Bank
Official Language	: English
National Language	: Setswana
Gross Domestic Product 2016	: USD 15.6 billion
Per capita GDP	: US\$ 7,018
GDP Real Growth Rate for 2016	: 4.3%
Inflation Average Rate	: 2.8%
Currency	: ISO code is BWP, One Pula = 100 Thebe
(Current exchange rate	: 1 BWP 0.0986 USD)
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 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 are ranked as the world's second most attractive investment location by New York University's Altman's Baseline Profitability Index (BPI);
- We have the highest sovereign credit rating, and were named the 2nd Freest Economy in Africa;
- 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 292 million people;
- Botswana provides duty-free access to South Africa, Namibia, Lesotho and Swaziland;
- Botswana provides duty-free and quota-free access to the European Union (EU) market.

The Quality of Botswana's Workforce is Second to None in Africa

- The workforce is well educated — 82% are literate and most speak English;
- There are no labour tensions;
- Our people are peaceful and humble. The different communities maintain harmonious relations.

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.

Botswana is committed to Continued Growth

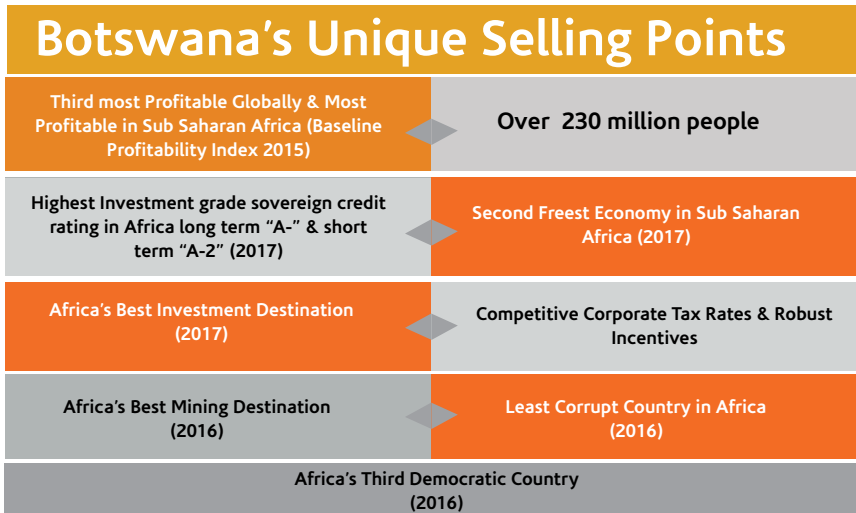
- We are consistently investing in new and improved core infrastructure such as power plants, fibre-optic networks, roads, railways and international banking institutions;
- We are establishing ourselves as a centre for innovation and Research and Development (R&D) via the Botswana Innovation Hub.

BOTSWANA SOVEREIGN RATINGS

(A) Standard & Poor's (S&P) 2016: "A-" and "A-2" Sovereign Credit Rating for long term and short term, respectively. The ratings apply to both local and foreign currency borrowing. S&P have noted that the 2016 ratings are supported by the strong Government balance sheet, well managed economy and long record of political stability (source: Bank of Botswana website, 2016).

(B) Moody's Investors Service: Has renewed and reaffirmed, for 2016 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/2016>))



International Rankings



Botswana's competitiveness rises for the 2nd consecutive year to 64th (138), 4th most competitive economy in Africa. With strong macroeconomic environment in 2016/17, WEF-GCR



Botswana is the 3rd most profitable country in the world (BPI 2015), US Foreign Policy Magazine



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



Botswana is Africa's second peaceful country; ranks 28 out of 163 in 2016, Institute for Economics & Peace



Botswana is the least corrupt country in Africa; ranks 35 out of 176 in the world in 2017, Transparency International

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.
- Duty-free import of machinery and equipment for manufacturing purposes.
- 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.
- 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% VAT for the first 5 years, 10 % VAT thereafter.
- Zero customs duty on imported raw material. Provides 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).
- 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 the Botswana Investment and Trade Centre (BITC) include but are not limited to:

Mining Sector: 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.

Cargo, freight and logistics: Consolidation, deconsolidation, distribution, transport services, handling, warehouse management and integrated systems.

Leather and leather goods: High premium leather production, high premium leather goods production, preferential market access through trade agreements to key growth markets for leather and leather products and exporting leather and leather goods to high growth markets.

Automotive sector: 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.

Information Communication Technology (ICT) sector: 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 sector: Diagnostic facilities (imaging and laboratory), pharmaceutical manufacturing, manufacturing of biomedical equipment, medical tourism

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

Energy Sector: Power generation, extraction of coal bed methane and renewable energy projects such as solar PV plants and solar power generators as well as bio-fuel projects.

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

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

- **Infrastructure:** Transportation and logistics
- **Financial and Business Services sector:** Banking, insurance and investment funds.

MARKET ACCESS

Botswana is at the centre of the Southern African Development Community (SADC), with market access to over 292 million people in 15 countries with a combined GDP of more than US\$700 billion. SADC's Free Trade Area (FTA) launched in 2008 provides zero tariffs for 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 5 countries with a combined GDP of more than US\$60 billion (Botswana, Namibia, Lesotho, Swaziland 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

Botswana Investment and Trade Centre (BITC) is an integrated Investment and Trade Promotion Authority with an encompassing mandate of investment promotion and attraction; export promotion and development including management of the Nation Brand.

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:

- Company and Business Registration
- Trade and Business license applications
- Entry visas, work and residence permits
- Work Permit Exemptions
- Connection of utilities e.g. Power, telecommunications and water
- Income tax and VAT registration
- Access to Industrial and commercial land
- Facilitation of construction permits
- Allocation of BITC factory space (subject to availability)
- Environmental Impact Assessment (EIA) Compliance
- Provision of information on the Botswana business climate, regulatory regime and investment opportunities
- Opening a Bank Account



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 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.

With all that it has to offer, Botswana became Africa's best kept secret. This did not bode well for the growth of its economy. The need came for the world to know about this land of opportunity, splendour and 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 programme was developed and from it we got the nation brand symbolised the Pridemark.

Branding a country

The branding of Botswana was born from a concept applied the world over of nation branding. Nation branding is when a country consolidates its key unique elements or features, and packaging them for different target audiences. A country will put together the business offerings for prospective and potential investors. It will showcase what it has for tourists in order to drive to tourism to the country and increase spend. This happens for all other aspects of what the country has to offer.

Nation branding allows for the packaging and holistic positioning of a country in the global market strategically such that it stands out while providing an identity that its people can rally behind.

Brand Botswana

The purpose of our nation brand is to bring Botswana together around a single identity and agreed set of values, in order to stimulate stronger communities, culture and heritage and most importantly instil a greater sense of pride and community engagement in our country.

The brand also positions Botswana to international audiences as an attractive place to visit, work and invest. The national brand highlights:

- Our national assets
- Looks to differentiate Botswana from its African neighbours
- Grow our trade performance
- Stimulate international investment
- Accelerate innovation and new industry development
- Enhance the tourism visitation and spend

Administratively, Brand Botswana is responsible for the:

- Development and management of the overall branding, marketing and promotion

- of the country
- Coordination of branding, marketing and promotions by key national stakeholders such as tourism, export, investment, government entities
- Authorisation to appraise Brand Botswana stakeholder activities, behaviours and communications for compliance with national brand strategy and call stakeholders into account
- Management and licensing of the Botswana brand logo (Pride Mark)

THE IMPORTANCE OF BUILDING A STRONG NATION BRAND:

Building and strengthening Botswana's brand image would require intensive efforts, actions, support, cooperation and collaboration by all its citizens, companies and institutions to ensure the following:

Exports: Produce high quality products and services to the extent that consumers from all over the world proactively seek, procure and consume Botswana goods.

Trade, Investment and Immigration: Herein lays vast opportunities for investors to seize and activate the potential we so proudly speak of. In other words, the national effort to making Botswana attractive to outsiders should translate into more people coming to live, work or study in our country because of the high quality of life and enabling business environment.

Governance: When both locals and outsiders regard governance issues in Botswana, our government must enjoy support and trust by being consistently viewed as being fair, transparent and competent. Also, our country's regard for human rights, national commitment to global issues such as peace and security, justice, poverty and the environment should be beyond reproach.

Culture and Heritage: Like most progressive countries often held in high regard, Botswana would most certainly benefit from being considered as a nation that appreciates its heritage and contemporary culture.

People: Being the biggest and most valuable asset of the country, Botswana themselves must be known as a friendly, warm and welcoming people. Effectively, Brand Botswana is a catalyst that sets social, economic and cultural processes into motion to make Botswana the Africa's favourite place to live and work for mutual benefit and success. It is the vehicle through which our nation builds and communicates our collective competitive advantage, and winning characteristics by synthesizing them to improve our nation's profile and reputation.

Brand Botswana symbol – The Pride Mark

- The '**Pride Mark**' is a symbol of a commitment by an individual or group in Botswana to instil pride in the community.
- It links to the overall Essence of 'Pride and Progress' and the Brand Botswana Blueprint.
- Each activity or product that carries the Mark must clearly support the Essence of Brand Botswana, deliver positive social outcomes and demonstrate the values of peaceful, progressive, trustworthy and inclusive.

Additionally, consistent and widespread use of the Pride Mark, by brand partners can foster the necessary repeated exposure. These actions, coupled with an increased international presence can go a long way in promoting and improving Botswana's image internationally.

Its role:

The administrative arm of Brand Botswana is responsible for:

- The development and management of the overall brand, marketing and promotion of the country
- The coordination of branding, marketing and promotions by key national stakeholders such as tourism, export, investment, government entities
- The appraisal of key stakeholder activities, behaviours and communications for compliance with national brand strategy and if need be, call stakeholders into account
- The management and licensing of the brand Botswana logo (**Pride Mark**)



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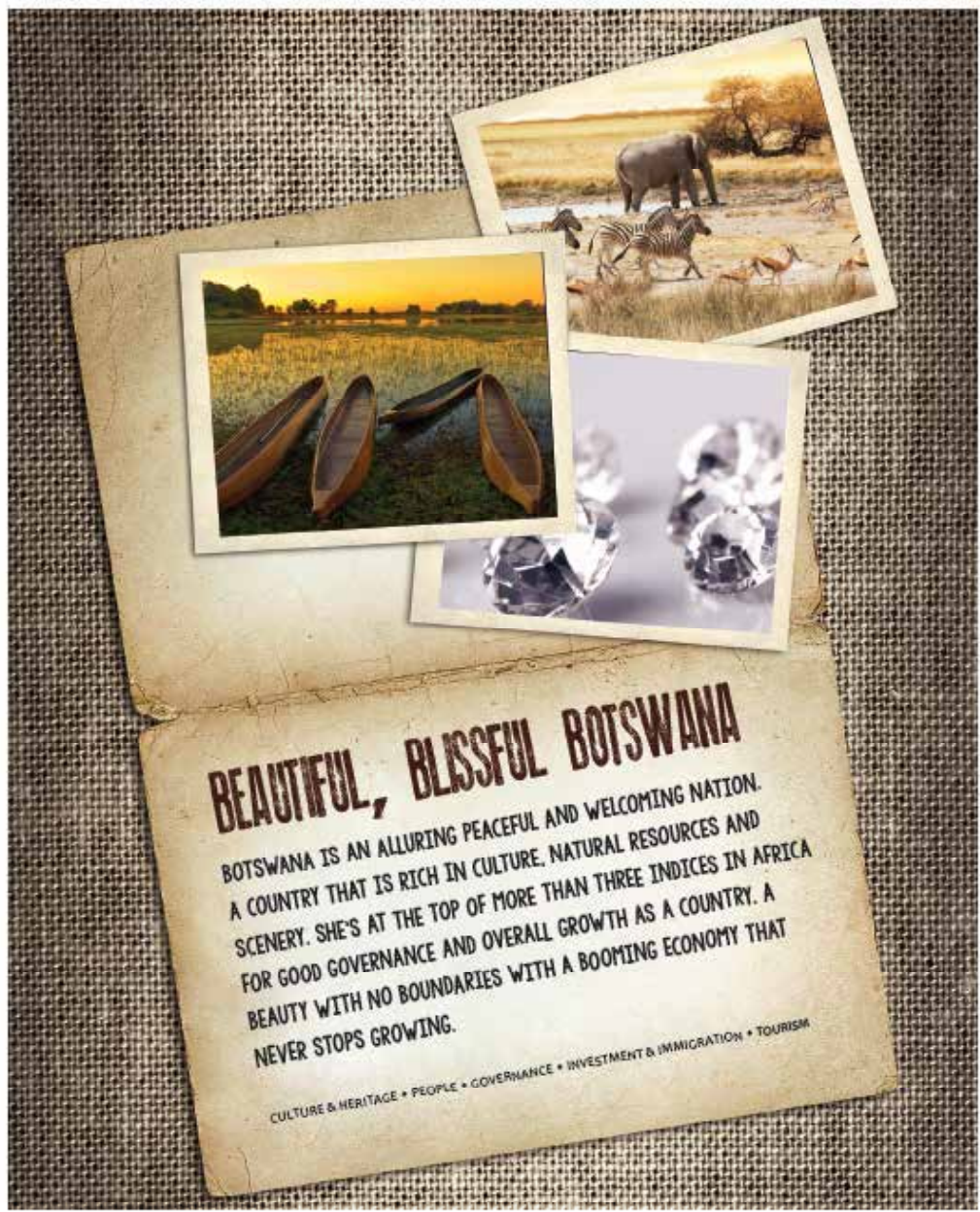
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BEAUTIFUL, BLISSFUL BOTSWANA

BOTSWANA IS AN ALLURING PEACEFUL AND WELCOMING NATION. A COUNTRY THAT IS RICH IN CULTURE, NATURAL RESOURCES AND SCENERY. SHE'S AT THE TOP OF MORE THAN THREE INDICES IN AFRICA FOR GOOD GOVERNANCE AND OVERALL GROWTH AS A COUNTRY. A BEAUTY WITH NO BOUNDARIES WITH A BOOMING ECONOMY THAT NEVER STOPS GROWING.

CULTURE & HERITAGE • PEOPLE • GOVERNANCE • INVESTMENT & IMMIGRATION • TOURISM