

# A Place to Live, Visit and Invest



INVEST IN BOTSWANA SEMINAR Tallin, Estonia

Moemedi Mokgosi

August 2018



# **Botswana Overview**



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2.262 Million

#### **Borders**

South Africa, Zimbabwe, Namibia, Zambia

#### Land

582 000 km<sup>2</sup>

#### **GDP**

USD 17.30 Billion (2017)

#### **GDP** per Capita

USD 7,570 (2017)

#### Inflation

(3.3 % May 2018); 3.3% in 2017

#### **Interest Rates**

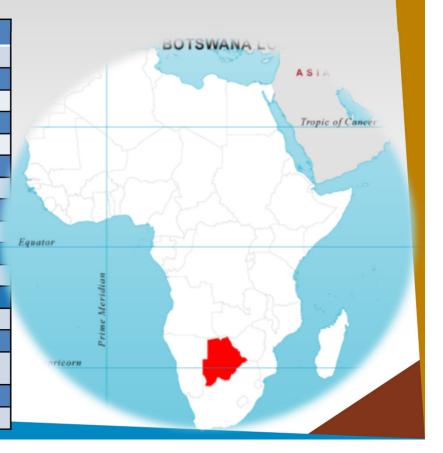
Bank rate 5.0%: Prime Lending Rate 6.5%

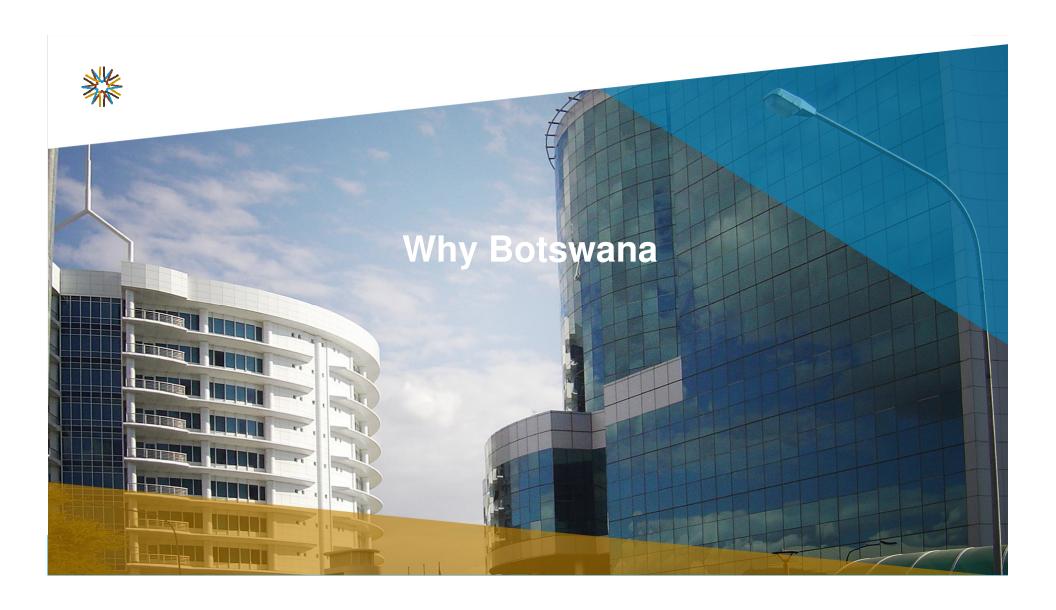
#### Key Export Products 2017 (US\$8.7 billion)

Diamonds, copper, nickel, Ignition wiring sets and other wiring sets for vehicles, boneless beef, soda ash, and copper ores and concentrates

#### Key Import Products 2017 (US\$7.1 billion)

Non-industrial diamonds, petroleum products, Industrial diamonds, fuel machinery



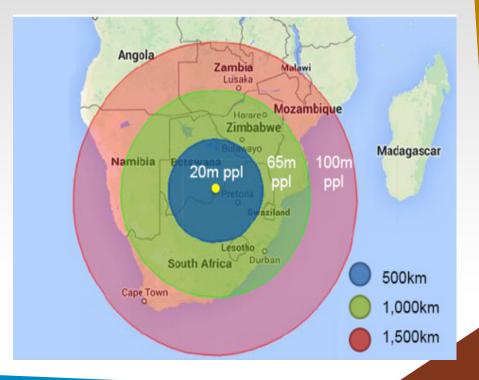


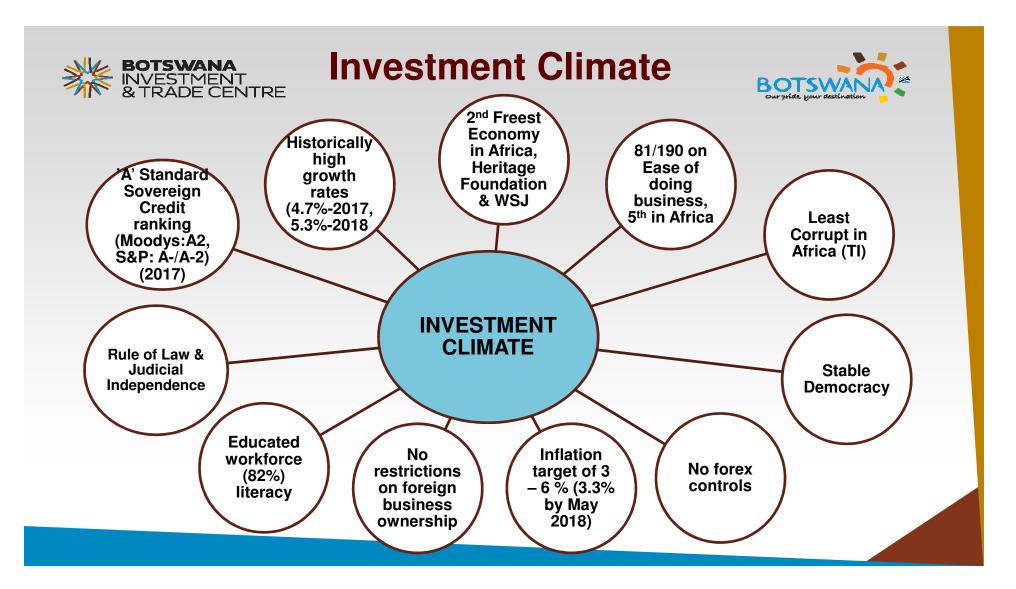




#### **LOCATION ADVANTAGES**

- Botswana's central location in SADC with relatively good connectivity and accessibility
- Botswana being in a similar time zone with continental Europe, which aligns working hours and facilitates convenient business communications
- Botswana's stable, strong currency, and high liquidity in the Capital Markets,
- ☐ Relatively sound infrastructure to support multinational business operations

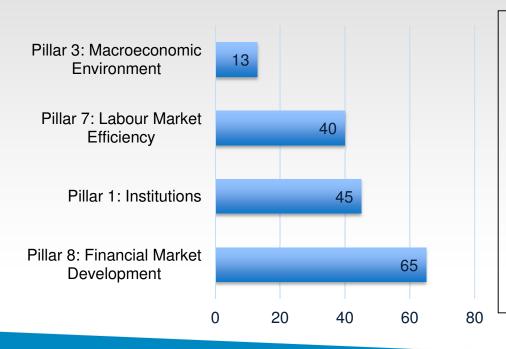








# Botswana 63/137 in the Global Competitiveness Report rankings(2018)



# Botswana stands out on a number of the 12 pillars:

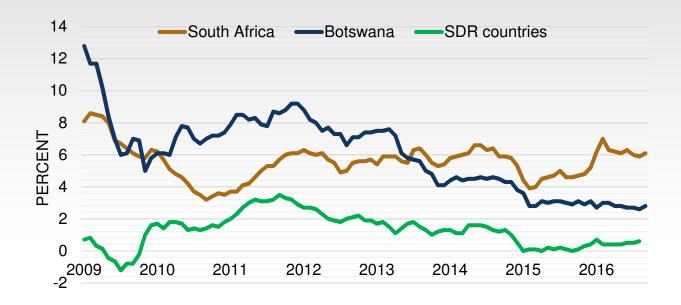
- Ranks 13<sup>th</sup> in the world in terms of soundness of macroeconomic environment
- Ranks 40<sup>th</sup> in the world in terms of labor market efficiency
- Ranks 45<sup>th</sup> in the world in terms of soundness of institutions

Source: WEF GCB, 2017-2018





# **BOTSWANA AND OTHER TRADING PARTNERS' INFLATION**



Source: Bank of Botswana, 2018





**Trade Balance (Million Pula, 2017)** 

9 622

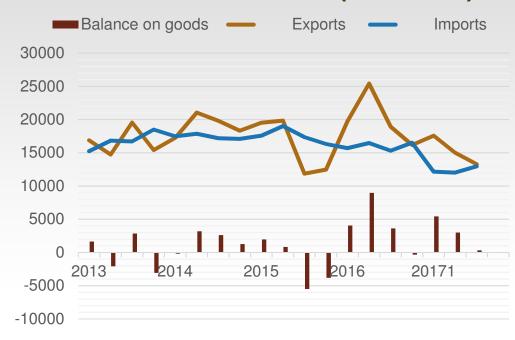
**Total Exports (Million Pula, 2017)** 

61 406

**Total Imports (Million Pula, 2017)** 

51 784

# **Merchandise Trade (P'Million)**



Source: Bank of Botswana NB\* 2017 figures are provisional





# \*\*TRADE CENTRE COMMERCIAL & AGRO PROCESSING





Aquaculture Production: Consumption – 4, 000 t/yr Production - 300 tons Imports -3, 700 tons

Total of 24 165 ha of Agriculture land available for Leasing

- a) **Ngamiland** 20 359 ha
- b) Central 3 806





**Zambezi Integrated Agro-commercial** project: 25000ha (15000ha rainfed & irrigation of field crops; 10000 horticulture;

CAPEX: BWP3.8 bn US\$ 380mn

**SPEDU**: horticulture; Agro processing; Aquaculture; lowest incentives



940 milking; 830 dry; 1930 young) Milk production: 3m Litres (P15.6 m) Imports: 60 m Litres (P212m) Value Chain analysis cost the Invt Opportunity at BWP 1.83 bn

Dairy Production: total 3700 cows;



**Ostrich Production:** Population 77,000; **EU Compliant Abattoir** capacity – **20** 000 birds: Anchor tenant at DOMU

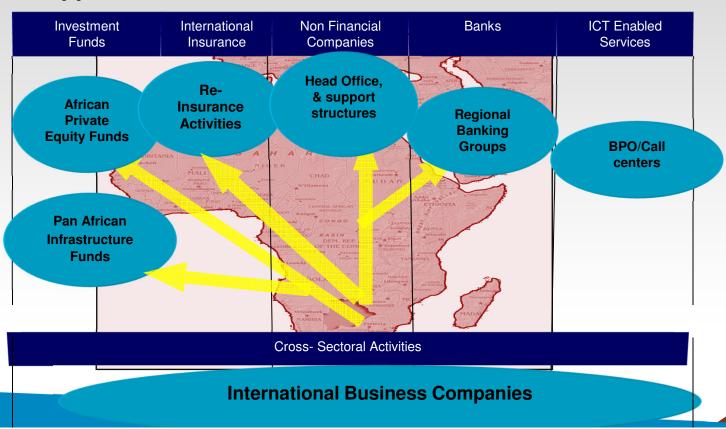
Estimated CAPEX: TBC

Key Stakeholder: Ministry of Agriculture





# **Opportunities within Financial and Business Services**







# **MANUFACTURING: Automotive Components & Parts**



- Botswana present the best stable location to supply OEMs in RSA
- Today 2 Companies supply OEMs with ignition wiring sets from Botswana
- Their market share has gradually increased to 50%
- Automotive components cluster could locate in Lobatse Town (68 km from the City Centre), good serviced land
- Tractor Assembly for export to Southern Africa (SADC US\$ 683 220 000), Best location, Selibe Phikwe (SPEDU incentives).
- Market Entry Private Sector (100% FDI or possibly JVs)





# **MANUFACTURING:** – Leather Park

- · Abundance and good quality of hides and skins
- · National herd size of 2.5-3.3 million cattle annually
- Botswana in the process of establishing a leather Park in a 70ha land in Lobatse
- Estimated CAPEX for Infrastructure development (BWP 498 million), through open tender

#### **Private Sector Opportunities**

- Establishing 5 x Premium Leather Tanneries
- Premium Leather Goods Manufacturers
- Premium Goods Distributors
- Hide Collectors
- Leather Product Designers

- Skills Development
- Research and Development
- Technological Capacity

**Leather Park in Lobatse** 





### FOOD MANUFACTURING OPPORTUNITIES





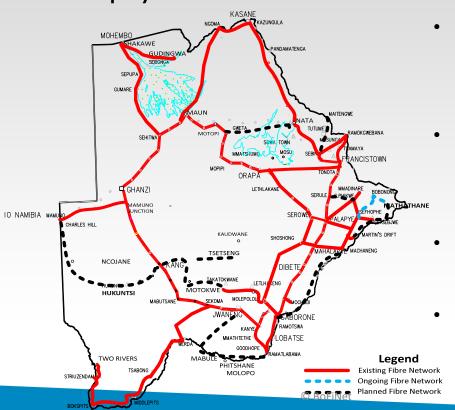
- Pet food: canned, dry and others
- Meaningful import substitution opportunities exist
- Currently, few producers exist,
- Distinct advantage- pet food is 100% made from meat, with no soy additives
- Market value of Pet food in SADC stands at US\$27 506 247; RSA key regional supplier
- Importation of Pet food grown 61.2% since 2007/8





## **ICT Infrastructure in Place**

### Fibre deployment



- National fibre coverage of approximately 9000
   Km countrywide covering Cities, major Towns and Villages.
- Fibre coverage is in line with the national broadband strategy covering villages with minimum population of 5,000 inhabitants.
  - Routes designed as meshed networks for high availability of services.
- The infrastructure will support the e-Government initiatives.



- BPC will invest USD46mn on the BWP4.8bn (USD450.91mn) North West Grid Connection Project
- □ Phase I (Jan 2018 Dec 2019) construction of 400kV backbone transmission line from Morupule B to Maun via Orapa (two 400kV substations at BWP2.4bn (USD225.43mn)
- □ Phase II (Aug 2018 Oct 2020) Extension of the 400kV grid from Phokoje
- ☐ Opportunity Open Competitiveness Bidding

**ENERGY: Transmission Grid Expansion** 



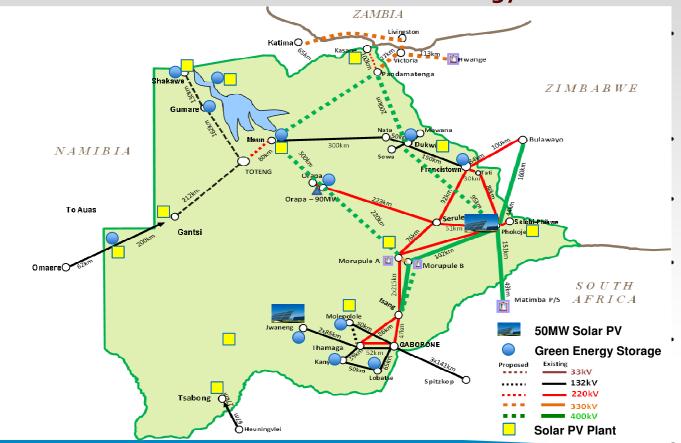


Source: Botswana Power Corporation, 2017



BPC's Road Map to 200 MW Renewable Energy





- BPC has embarked on a comprehensive renewable power development strategy, in which BPC will develop and operate a 100 MW Solar Power Plant (2x50 MW).
- The Corporation will also develop and operate mini hybrid power plants in 20 isolated villages (total 15 MW).
- In addition, BPC will build 12 smaller Solar PV Plants in dedicated villages (total 75 MW).
  - BPC will install power storage containers all over Botswana in order to store the power during the day and dispatch it at night.
  - The first phase of implementation for the projects is expected to commence at the end of the year (2017).

Source: Botswana Power Corporation, 2017



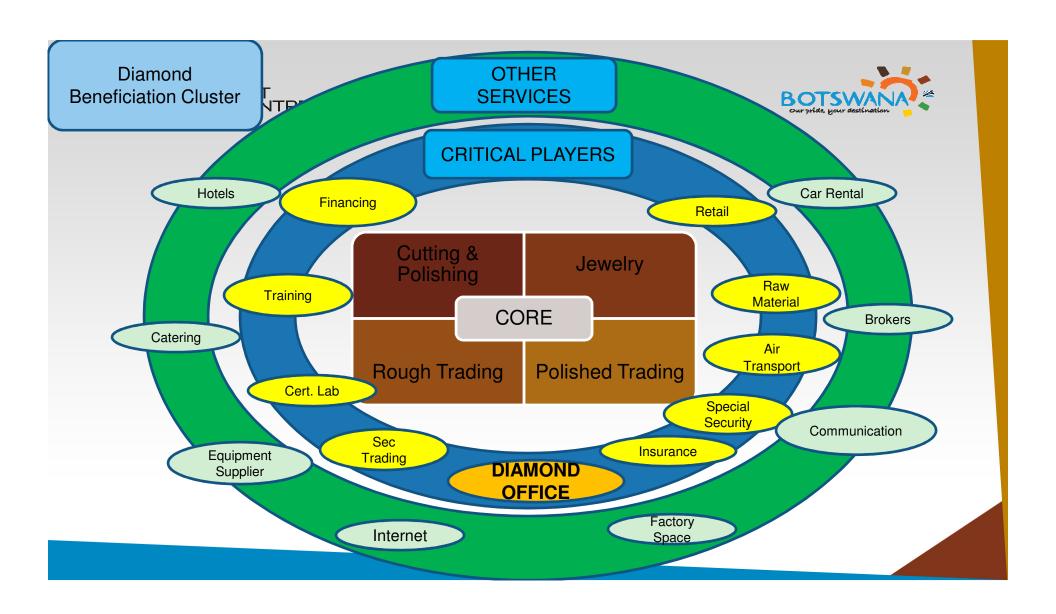


## **Energy Opportunities- Coal Beneficiation**



- Botswana has a confirmed 212 billion tonnes of unexploited coal.
- Opportunity The USD4.5bn coal-to-liquid fuels, fertilizer and power plant planned for Botswana by Botswana Oil Limited. Facility to deliver at least 304MW of electricity and produce 20 000 barrels of fuel/day
- Coal Bed Methane Gas 196 trillion cubic of gas in place.
- Other Planned Projects: BOL seek environmentally friendly CTL technologies; exploring Gas-to-Liquid (GTL) technologies
- Advantages: Botswana's Price of fuel is the lowest in Southern Africa (USD0.74 per diesel litre Vs Southern Africa Regional Average of USD1.03/I)

Source: BITC, 2016







# **INVESTMENT PROJECTS**







#### **Infrastructure Projects: Botswana Railways**

#### **Project Description:** Mosetse-Kazungula-Mmamabula-Lephalale railway lines Maintenance Workshop Expansion - Botswana Railways Kazungula Key project metrics: 1.The Mosetse-Kazungula-starts from Mosetse on the Francistown Sua Pan Rail Line linking with Zambia Rail network at Kazungula. It covers a distance of 367km from Mosetse to Kazungula. Mosetse 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 **Key Project** = 67 kmMahalapye Features: 2.The workshop will undertake repairs and refurbishment of wagons, locomotives-operations **Project 1** 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 Improved social development Government **Support** Improved Access to Quality Basic Service **Key Investment** Infrastructure Development Rationale



BOTSWANA INVESTMENT			
	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 000m². 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.	Gaborone	
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.		



## **MARKET ACCESS**













Preferential market access to more than 293 million consumers in the SADC region Duty free and quota free market access -61 million consumers (Botswana, South Africa, Namibia, Lesotho and Swaziland)

Duty Free market access within the Non-EU European countries ( Norway, Liechtenstein, Iceland and Switzerland) Duty free and quota free market access to the European Union Boosting Intra-Africa Trade (BIAT) which identifies seven priority action clusters: trade policy, trade facilitation, productive capacity, trade related infrastructure, trade finance, trade information, and factor market integration.



# **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.





# **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

preference in Government procurement provided the quantity, quality and price requirements are met), in line with Economic Diversification Drive (EDD)

Direct Government off-take on procurement of at least 30% (First

### **SPEDU Region Labour Laws**

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



# Invitation to Global Expo Botswana





30<sup>th</sup> October – 2<sup>nd</sup> November 2018 Gaborone International Convention Centre (GICC), Botswana

Theme | 'Seizing opportunities through networking with global business leaders'



# BOSSC

- Company Registration
- Acquisition of Work & Residence permits, Business visas
- Facilitation of Factory Space & Land Allocation
- Application for Incentives (IFSC, Manufacturing Approval Order and Development Approval Order (DAO)
- Tax and VAT Registration
- Opening Bank Account

Aftercare Services: Monitoring, Renewals, Expansions etc.







# BOTSWANA

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