



BOTSWANA INVESTMENT & TRADE CENTRE

FINANCIAL & BUSINESS SERVICES



OVERVIEW OF BOTSWANA

Botswana holds a strategic position within the Southern African Development Community (SADC), a region encompassing over 293 million individuals. With a strong foundation of good governance and an unwavering commitment to combating corruption, Botswana stands out as one of Africa's most stable and attractive economies for investors. While its economy has historically relied on abundant natural resources, particularly diamonds, the country has earned widespread acclaim as a success story in terms of its developmental progress on the continent.

Botswana has fostered a conducive environment for capital and business growth, aligning with its strategic objective of diversifying the economy into value-adding sectors that cater to the rapidly emerging regional market. Consequently, the country ranks as the fourth most competitive economy in Africa and is recognized as one of the continent's easiest destinations for conducting business.

Botswana: Quick Facts

Indicator	
Population	2.3 million
Area	581,730 km ²
Capital	Gaborone
Business language	English
GDP/capita	US\$ 6,581 (2022)
Nominal GDP	US\$28.42 (2022)
GDP growth	5.8% (2022) 4.0% (2023) 5.1% (2024)
Change in inflation Rate	12.2% (2022)

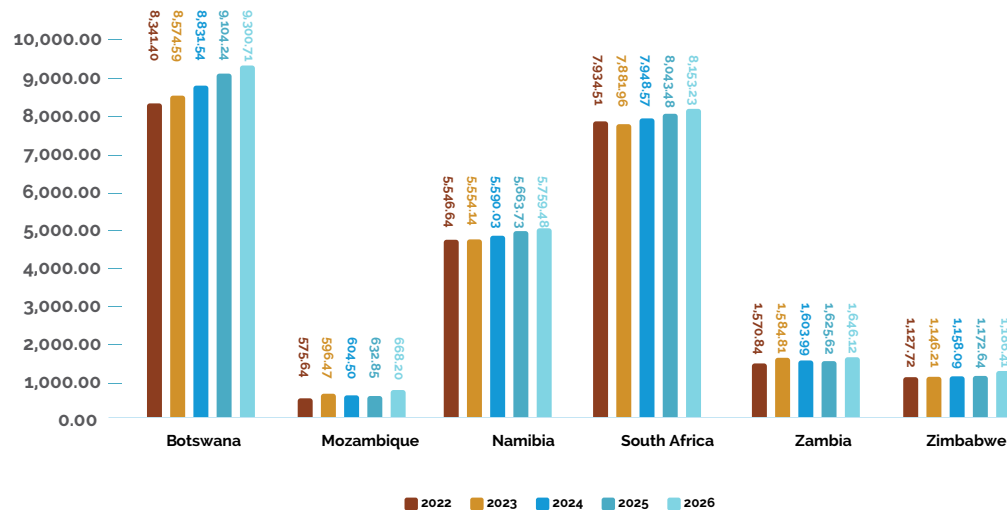
Source: Statistics Botswana, 2023, Transparency International, 2023 & BITC



BOTSWANA'S BUSINESS AND FINANCIAL SERVICES INDUSTRY OVERVIEW

Botswana aims to become a global financial hub offering cross-border services like banking and insurance. With an affluent Southern African economy and robust growth, Botswana's wealthy population presents a significant market for financial services.

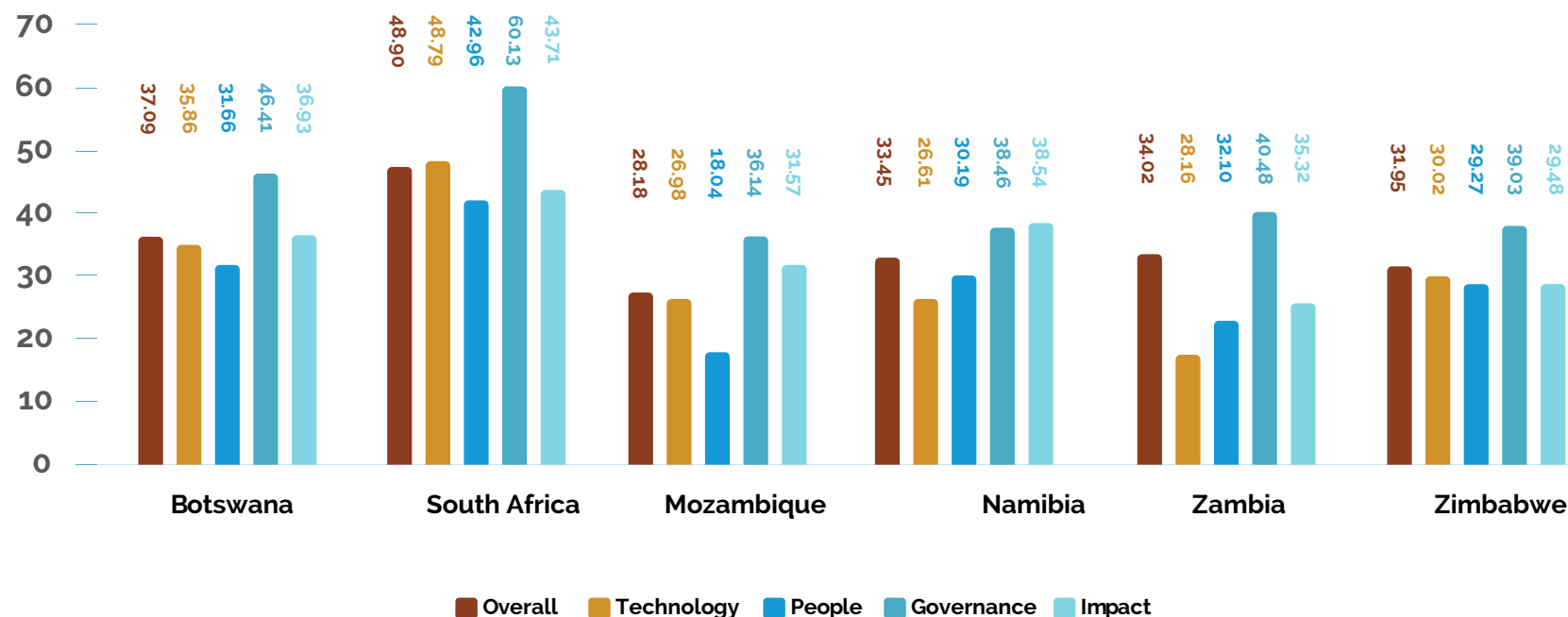
GDP per capita (US\$), 2022, 2023, 2024, 2025 and 2026



Botswana's IFC regulatory framework offers banks, business firms, insurance companies and investment funds a platform to penetrate and consolidate in sub-Saharan Africa's rapidly growing markets. Ranking 3rd best in Southern Africa in Network Readiness Index, Botswana has the propensity to capitalize on ever-revolving ICT opportunities owing to the country's heavy investment on its robust ICT infrastructure and enabling policies.



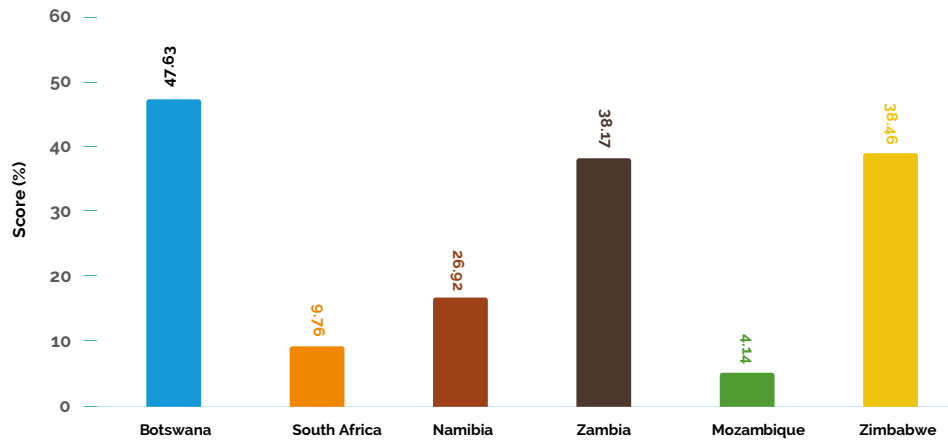
Network Readiness of Regional Economies (% Score)



Source: WEF Network Readiness Index, 2022 Score: 1-7 (higher average score means higher degree of competitiveness)

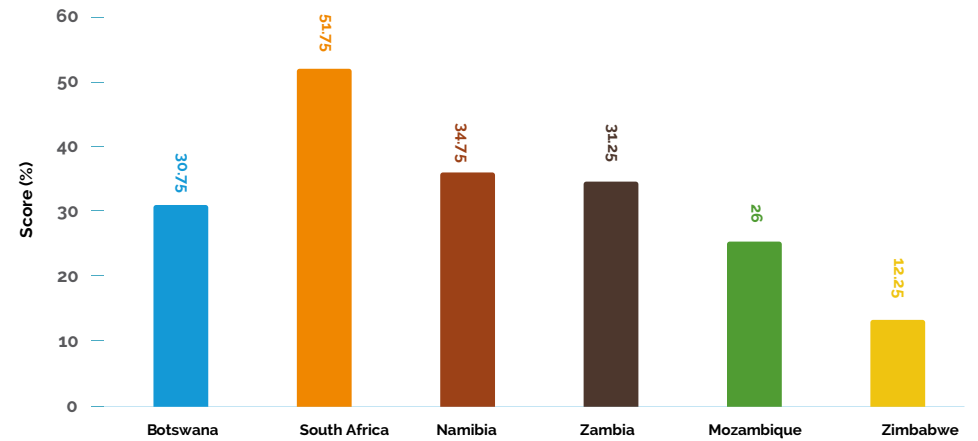
With an educated labour force and an impressive adult literacy rate of 88.5%, Botswana has adopted English as the official language since her independence in 1966. Furthermore, Botswana has a neutral English accent presenting a unique selling point for attracting multinational Business Process Outsourcing (BPO) firms seeking to expand into Africa. Botswana has recently implemented a national education strategy that focuses on ICT related training by providing future-proof ICT training and free ICT devices for all students in Government owned primary and secondary schools as part of the Smart Botswana (SmartBots) development initiative.

ICT Skills in the Education System (%), 2022



Source: WEF Network Readiness Index, 2022

Investment in Emerging Technologies (%), 2022



Source: WEF Network Readiness Index, 2022
Score: 1-7 (higher average score means higher degree of competitiveness)

OPPORTUNITIES IN THE BUSINESS & FINANCIAL SERVICES SECTOR

Botswana's central location within southern Africa offers numerous opportunities for investors in the business and financial services industry. In 2021 Botswana banking sector that accounted for 55.6% of the country's GDP. Botswana Banking sector is more developed and penetration-driven than most Africa countries.

Comparison of per capita deposits (2023)

	banks per capita, USD	Client deposits, richest 20%, USD per capita	poorest 80%, USD per capita
Botswana 2	,744.79 1	0,979.17	686.20
Mozambique	300.92 1	,203.69	75.23
Namibia 2	,889.31 1	1,557.24	722.33
South Africa	4,924.05 1	9,696.19	1,231.01
Zambia	362.45 1	,449.79	90.61

Source: BMI, 2023

Botswana's life insurance sector has grown tremendously over the years and is expected to grow faster than non-life insurance making it one of the largest and most advanced markets in Sub Sahara Africa.

COMPARISON OF PER CAPITA DEPOSITS (2022 - 2028)

	2022	2023	2024	2025	2026	2027	2028
Gross life premiums written, USD	385.67	377.59	382.94	411.09	437.78	457.62	477.68
Gross life premiums written, USD, % chg y-o-y	-3.1601	2.09506	1.4170597	.3491786	.4927384	.5324234	.382987
Gross life premiums written, %	1.894976	1.833661	1.759796	1.697192	1.659416	1.629947	1.601983

	2022	2023	2024	2025	2026	2027	2028
Gross non-life premiums written, USD million	144.83	44.103	148.18	61.49	173.34	82.51	91.47
Gross non-life premiums written, USD, % chg y-o-y	-0.81791	0.49982	.825829	.984707	.336551	.291698	.908324

Source: BMI, 2023

Among the key opportunities in the sector are:

Botswana's wealthy population has varying demands for financial services ranging from investment to accounting, tax advisory and banking. The country offers a complimentary time zone, global network connectivity and skilled workforce for BPO and shared services centres. To date, the country has thirteen (13) Double Tax Avoidance (DTA) treaties with African states, investor nations and international financial centres for improved ease of doing business rankings. The recently ratified Africa Continental Free Trade Agreement (AfCFTA) will allow Botswana to attract and penetrate more IFSC markets in the Continent.

DOUBLE TAXATION AGREEMENTS

Active		
Barbados	Mozambique	Sweden
France	Namibia	
India	Seychelles	Zimbabwe
Lesotho	South Africa	
Mauritius	Swaziland	
Awaiting Ratification		
Belgium	Malawi	Tanzania
Luxemburg	Russia	Zambia
Under Negotiation		
Angola	Japan	Nigeria
China	Kenya	Uganda

Source: Botswana IFSC website, 2015

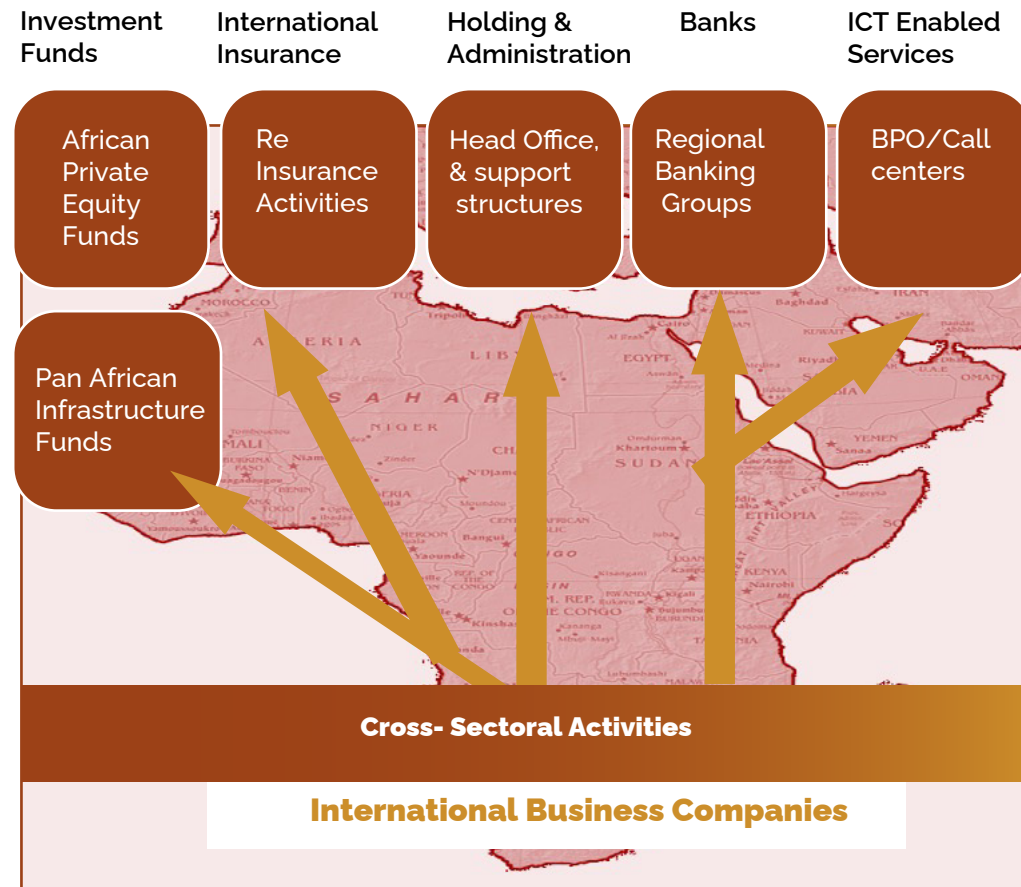


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- Income Tax Act 2018 (s138(7)(2))
- Banking & financial operations
- Broking & trading of securities
Investor advice
- Management & custodial functions in relation to collective investment schemes
- Insurance & related activities
- Registrars & transfer agency services
- Accounting & financial administration

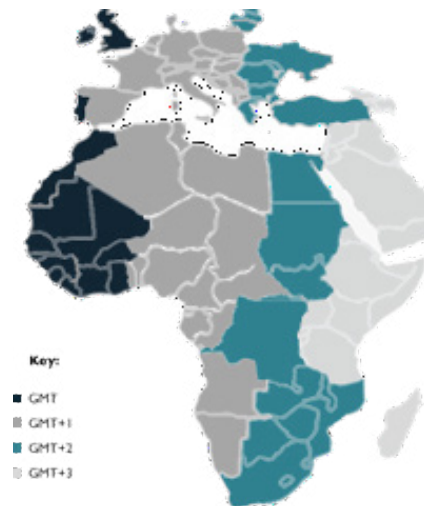
INVESTORS CAN SET UP A VARIETY OF STRUCTURES UNDER THE IFSC TO SERVICE REGIONAL MARKETS



BOTSWANA'S VALUE PROPOSITION IN THE BUSINESS & FINANCIAL SERVICES INDUSTRY

Botswana's location offers a strong value proposition for cross-boarder business and financial services particularly for European, African and Middle East markets. With a GMT+2 time zone, the Country facilitates timely data mining, cleaning and back-office processing making it a strategic BPO destination for Africa and globally.

Complementary Time Zone



Source: Frontier Advisory research, 2015

International Air Connectivity



Source: Frontier Advisory research, 2015

Botswana is globally connected with direct airlinks to Africa's largest air hubs- Addis Ababa (Ethiopia), Nairobi (Kenya) and Johannesburg (South Africa) respectively. The Botswana Digital and Innovation Hub (BDIH) has developed a world class Science and Technology Park in Botswana's capital city- Gaborone as a cluster for local businesses, financial services firms, R&D activities and some of the world's leading technology-driven knowledge-based companies and institutions. The park provides state of the art tech facilities, high speed network and a government owned data centre to create a conducive business environment for tenants

INSTITUTIONAL SUPPORT OFFERED TO THE BUSINESS AND FINANCIAL SERVICES INDUSTRY

Institution	Description
Botswana Investment and Trade Centre	<p>Aims to develop Botswana as a world-class hub for cross-border financial and business services within Africa and the region</p> <p>Botswana IFSC supports knowledge-intensive business services, working with government to develop policy conducive to the success of the BPO and IFSC sector</p> <p>Fosters innovation and sophistication in business and financial services</p> <p>Facilitates a competitive business and investment climate to promote and attract investment into Botswana</p> <p>Assists potential investors with setting up and doing business in the country</p> <p>Makes recommendations for competitive changes to legislation and the national investment framework</p> <p>Provides updated, timely information on Botswana's business climate and regulatory regime</p>
Outsource Botswana	<p>Association of the call centre and business process outsourcing industry in Botswana</p> <p>Advocates for the creation of a conducive business environment</p> <p>Protects the interests of the industry</p> <p>Ensures that the correct conditions are in place for the industry to grow</p>
Botswana Unified Revenue Service	<p>Mandated to perform tax collection duties and also to improve the efficiency of its taxpayer service</p> <p>Administers and promotes compliance with Botswana's revenue legislation</p> <p>Facilitates trade and manages the country's borders to ensure both security and economic development</p>
Non-Bank Financial Institutions Regulatory Authority	<p>Independent Non-Bank Financial Institutions (NBFI) regulator</p> <p>Regulates and enforces compliance within the NBFI sector (including insurance, pension funds, capital markets, non-bank lenders, CIUs, asset managers, investment advisors and custodians)</p> <p>Strives to improve the legislator framework for the NBFI sector</p> <p>Ensures the protection of investors</p>
Banking Trade Association	<p>Office of the Banking Adjudicator (OBA)</p> <p>Independent body to resolve legitimate complaints between clients and banks</p> <p>Investigates complaints about banking services in Botswana</p>
Botswana Digital Innovation Hub	<p>Assists Botswana in transitioning into a knowledge-based country with a productive and innovation-driven economy</p> <p>Developing Botswana's first science and technology park</p> <p>Positions Botswana as an attractive location for knowledge-intensive, technology-driven firms</p> <p>Promotes interaction between local and international innovation-driven companies</p>
Bank of Botswana	<p>Contributes to the sound economic and financial well-being of the country</p> <p>Ensures monetary stability and a safe and stable financial system</p> <p>Fosters financial conditions conducive to the sustained economic development of the country</p>

Source: BITC, 2015; Frontier Advisory research, 2015

INVESTMENT CLIMATE

Botswana has created an enabling environment for capital and business to thrive and support its strategic focus to diversify the economy into value – adding sectors. As the fourth most competitive economy in Africa and the easiest African countries to do business with. The country has a peaceful democracy with an excellent investment climate. It enjoys good governance and a stable macro-economic environment.

BOTSWANA OFFERS MANY INCENTIVES FOR INVESTORS, INCLUDING:

- ✔ No restrictions on business ownership,
- ✔ Up to 100% Duty rebates on importation of machinery,
- ✔ 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; and
- ✔ Deductible training rebate of 200%.
- ✔ Provide up to 100% duty rebate for customs duties on imported raw materials for manufacturing under schedule 3 of the Customs Act.

INCENTIVES FOR IFSC ACCREDITED COMPANIES

- ✔ 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.

SPEДУ REGION 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
- ✔ Provide rebate for customs duties and

SPECIAL ECONOMIC ZONES INCENTIVES

- ✔ 5% corporate tax for the first 10 years then 10% corporate tax thereafter
- ✔ Duty rebates on imports of specialised plant and machinery for manufacturing purposes
- ✔ Waiver on transfer duty on land and property and Property Tax Exemption for 5 years
- ✔ Zero – rated VAT on raw materials for manufacturing and export
- ✔ Fast – tracked land allocation and long-term renewable land leases

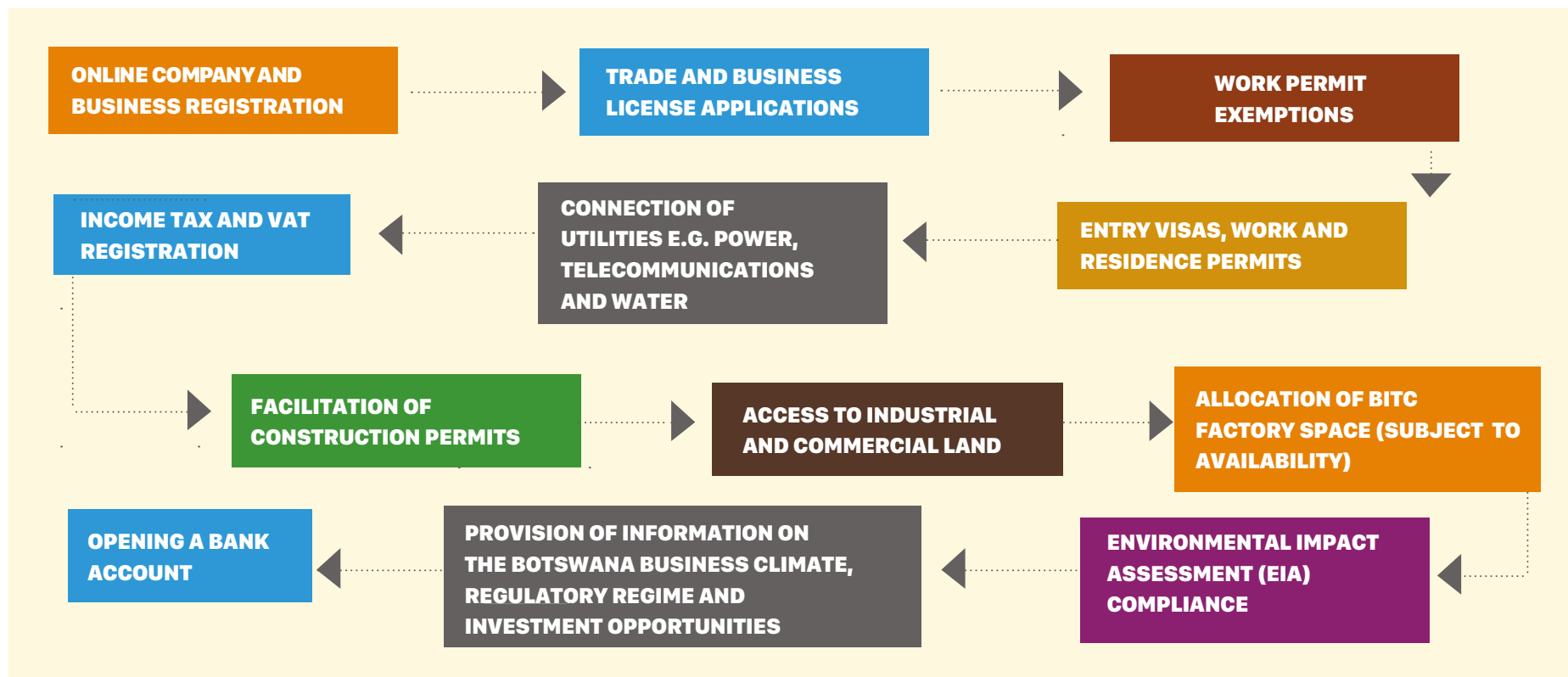
Industrial Rebates

Industrial Rebates are specified under Schedule 3 of the Customs and Excise Tariff Schedule, and are granted to manufacturers who import raw materials from outside the SACU market for production of goods for domestic consumption. The Industrial Rebates offer a full or partial exemption of customs duty on the imported raw materials and are generally accessible to a wide range of industries such as Textiles, food, machinery etc. The customs duty liability on the raw materials ceases as soon as manufacture has been completed. In exceptional cases where goods manufactured under Industrial Rebate are disposed of within Botswana, VAT becomes due and payable: Botswana Unified Revenue Services

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 DETAILS

BITC is ready to facilitate your investment. For further information and inquiries related to Botswana and Financial & Business Services please contact:

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