



SACU MEMBER STATES' COUNTRY PROFILES SACU INVESTMENT ROUNDTABLE

12TH -13TH APRIL 2022



Since 1910
SACU
SOUTHERN AFRICAN CUSTOMS UNION



We are pleased to have you attend the first ever Investment Roundtable for the SACU region, comprising of Botswana, Eswatini, Lesotho, Namibia and South Africa, being held under the theme, ***“Positioning SACU as an industrial, investment, manufacturing and innovation hub for the African continent and beyond”***.

The Investment Roundtable will showcase investment opportunities in selected priority sectors across the SACU Region, targeting: Textiles and Clothing, Pharmaceuticals, Cosmetics and Essential Oils as well as Agro-processing specifically leather & leather products, meat & meat products, and fruits & vegetables. These sectors offer extensive opportunities for the development of Regional Value Chains across SACU.

The Roundtable will also feature panel discussions with leading experts on financing for industrialisation, competitiveness of the trading environment, as well as a Business to Business sessions featuring meetings with promoters of investment projects in the listed priority sectors.

Attendees include SACU Ministers of Trade and Finance, Private Sector representatives from SACU and beyond, Development Finance Institutions, International, Continental and Regional Organizations, Heads of Investment Promotion Agencies, Development Partners, Senior Government officials and Industry Experts, amongst others.

We trust that you will make the most out of the network opportunities and conversations during the Roundtable and most importantly, ***make the SACU region your preferred investment destination.***

Ms. Paulina Mbala Elago
Executive Secretary of SACU



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Since 1910

SACU

SOUTHERN AFRICAN CUSTOMS UNION





1. INTRODUCTION

- 1.1 The Southern African Customs Union (SACU) is the world's oldest functioning customs union, established in 1910. Its Member States are the Republic of Botswana, the Kingdom of Eswatini, the Kingdom of Lesotho, the Republic of Namibia, and the Republic of South Africa. Annexure 1 provides high level profile of each of the Member States.
- 1.2 The SACU Secretariat has its Headquarters in Windhoek, Namibia. The SACU Secretariat is responsible for the day-to-day administration of SACU. It also coordinates and monitors the implementation of all decisions of the SACU institutions. The Secretariat is also responsible for the coordination of the negotiation of trade agreements with third parties.
- 1.3 SACU's main objectives are to:
 - (a) facilitate the cross-border movement of goods between the territories of the Member States;
 - (b) create effective, transparent and democratic institutions which will ensure equitable trade benefits to Member States;
 - (c) promote conditions of fair competition in the Common Customs Area;
 - (d) substantially increase investment opportunities in the Common Customs Area;
 - (e) enhance the economic development, diversification, industrialization and competitiveness of Member States;
 - (f) promote the integration of Member States into the global economy through enhanced trade and investment;
 - (g) facilitate the equitable sharing of revenue arising from customs, excise and additional duties levied by Member States; and
 - (h) facilitate the development of common policies and strategies.
- 1.4 The SACU's Vision is *"An economic community with equitable and sustainable development, dedicated to the welfare of its people for a common future."*
- 1.5 The Mission of SACU is:
 - (a) to serve as an engine for regional integration and development, industrial and economic diversification, the expansion of intra-regional trade and investment, and global competitiveness;
 - (b) to build economic policy coherence, harmonisation and convergence to meet the development needs of the region;
 - (c) to promote sustainable economic growth and development for employment creation and poverty reduction;
 - (d) to serve as a building block of an ever-closer community amongst the peoples of Southern Africa;
 - (e) to develop common policies and strategies for areas such as Trade Facilitation; effective customs controls; and competition; and
 - (f) to develop effective, transparent and democratic institutions and processes.





2. SACU POLICY, REGULATORY AND INVESTMENT ENVIRONMENT

A. Policy Environment and Priorities

- 2.1 SACU is a single customs territory with a free flow and duty free intra-SACU trade and a common external tariff (CET) applicable to all goods imported from outside the Customs Union. In this regard, SACU approach trade relations with third parties as a bloc. Tariff offers are made jointly to safe-guard the integrity of the CET.
- 2.2 SACU's Work Programme is focused on industrialisation through the development of regional value chains, investment and export promotion, financing for industrialisation, Trade facilitation and logistics as well as the implementation of the AfCFTA. SACU implements a special revenue sharing arrangement under which revenue collected from customs and excise duties is shared amongst the Member States according to an agreed revenue sharing formula.

B. Regulatory Environment


- 2.3 SACU is governed through a number of institutions, namely the SACU Summit of the Heads of State or Government, Council of Ministers, SACU Commission and the Secretariat. The Summit is responsible for the political and strategic direction whilst the Council of Ministers is responsible for the overall policy direction and functioning of SACU Institutions, including the formulation of policy mandates, procedures and guidelines for these Institutions. The SACU Commission is responsible for the implementation of the SACU Agreement, overseeing the management of the Common Revenue Pool and supervise the work of the Secretariat. The Secretariat is responsible for the day-to-day administration of SACU.
- 2.4 Currently, the International Trade Administration Commission (ITAC) of South Africa administers the SACU CET.
- 2.5 The national legal, judicial and administrative systems are highly compatible and share the same common law tradition. SACU is in fact a well-functioning space for private commerce, retail, transport and investment.
- 2.6 Four of the five Member States (Botswana being the exception) are members of the Common Monetary Area (CMA) with their currencies pegged and freely convertible on a 1:1 basis to the South African Rand. SACU is also an Excise Union and as such applies identical excise duties as well as rebates, refunds or drawbacks of such duties.





C. INVESTMENT ENVIRONMENT

2.7 Whilst the SACU Agreement does not provide for a regional investment framework, Investment policies are developed independently by each Member State. However, Member States cooperate with each other to leverage on investment opportunities. Similarly all SACU Member States are signatories to the SADC Protocol on Finance and Investment which provides for harmonisation of the financial and investment policies with the aim of diversifying and expanding the productive sectors of the SADC economies. Table 1 below summarises key highlights of the country specific investment policies.

Table 1- SACU's Member States' Investment Policies

Member States	Investment Policy
 Botswana	<p>The Government of Botswana has developed several policy documents to re-direct the country's positioning on trade and investment. Key among these are the: Vision 2036; Transformative Strategy; revised Economic Diversification Drive (EDD); National Trade Policy; Industrial Development Policy; and Doing Business Roadmap and Implementation Plan.</p> <p>The 2009-2016 National Investment Strategy, which is currently being considered for review, seeks to among others facilitate the following:</p> <ul style="list-style-type: none"> » attract increased levels of domestic and FDI flows as a strategy for diversifying the economy away from diamonds, whose revenues were projected to sharply decline by 2018; » creation of new sources of export revenues to replace the envisaged decline in diamond revenue, as well as creation of employment opportunities and wealth; and » economic diversification through upstream and downstream beneficiation of minerals and other locally available natural resources, commercial agriculture, services and business hubs, tourism, and special economic zones (free zones).
 Eswatini	<p>The Eswatini Investment Policy underscores the importance of FDI in the economic development of the country in terms of employment creation, revenue generation, technology transfer, export development, skills transfer, MSME growth and further investment.</p> <p>The policy is underpinned by the economic philosophy espoused by the Government of Eswatini, which is a free enterprise system.</p> <p>This system has sound economic management as the basis for creating an attractive macro-economic environment that is necessary for increasing investor confidence.</p> <p>Stability of the macroeconomic environment is the guiding principle behind the Government's management of the national economy, which is the most important driver for new investment.</p>



Member States	Investment Policy
 <p data-bbox="136 440 237 464">Lesotho</p>	<p data-bbox="394 309 1451 336">Lesotho has established a Business Facilitation Portal whose main objectives are to:</p> <ul style="list-style-type: none"> <li data-bbox="394 341 1917 368">» simplify and automate the procedure for “starting a business” in Lesotho to improve the Doing Business (DB) ranking; <li data-bbox="394 373 2096 400">» simplify the procedures handled by the One Stop Business Facilitation Centre and publish those on an online information portal; and <li data-bbox="394 405 1800 432">» simplify construction permit procedure and publish streamlined procedures on an online information portal. <p data-bbox="394 469 2096 496">Lesotho has also established an online licensing system which renders fully fledged online services that are linked with online payment.</p> <p data-bbox="394 533 636 560">These services are:</p> <ul style="list-style-type: none"> <li data-bbox="394 564 904 592">» Online issuance of traders’ licenses; <li data-bbox="394 596 1048 624">» Online issuance of manufacturing licenses; and <li data-bbox="394 628 792 655">» Online renewal of licenses. <p data-bbox="394 692 1749 719">An online licensing system was also launched in February 2020 together with the business facilitation portal.</p>
 <p data-bbox="136 895 237 919">Namibia</p>	<p data-bbox="394 764 1514 791">Namibia has embarked on a few key policy reforms that concern investments, as follows:</p> <ul style="list-style-type: none"> <li data-bbox="394 796 2096 855">» On the 19th February 2020, the Minister of Finance tabled the Income Tax Amendment Bill 2020 in Parliament. The Bill repealed certain provisions of the Export Processing Zone Act, 1995, and phased out tax exemptions pertaining to certain traders and manufacturers. <li data-bbox="394 860 2096 919">» Special Economic Zones (SEZs) will be introduced as a new incentive regime and to this effect, a policy for SEZs is nearing completion. This policy will pave the way for the enabling SEZ Act and implementation thereof. <li data-bbox="394 924 2096 983">» The current investment law, the Foreign Investment Act of 1990, will be replaced with the Namibia Investment Promotion and Facilitation Act which is in the process of finalisation. <li data-bbox="394 987 2096 1046">» The Namibia Investment Promotion and Development Board, an autonomous entity in the Presidency, was established to serve as the Investment Promotion Agency of the country and commenced operations from April 2021. <p data-bbox="394 1083 2096 1142">The above policy changes are all aimed at creating a conducive policy environment that balances the interests of investors (foreign and domestic), with legitimate public policy objectives.</p>

Member States



South Africa

Investment Policy

In 2010, South Africa embarked on a “new generation” investment policy regime which deals with protection, openness, and facilitation to help balance the rights and obligations of investors and States.

The investment policy framework provides for the protection of all investments in South Africa, both foreign and domestic investors, while preserving the sovereign right of the government to pursue legitimate public policy objectives in line with its constitutional requirements.

The investment environment is regulated by the Protection of Investment Act No.22 and serves as the regulatory framework for investment in the country. The Act, which was assented to by President Cyril Ramaphosa in December 2015:

- » confirms that South Africa remains open to foreign investment;
- » does not impose any new obligations on investors;
- » does not override existing legislation protecting investment in South Africa;
- » achieves a balance between the rights and obligations of investors and of Government, particularly in respect of the Constitutional obligations to safeguard the public interest; and
- » clarifies standards of protection for investors – both foreign and domestic – by setting out provisions ordinarily found in Bilateral Investment Treaties (BIT’s) in a manner that is consistent with South Africa’s Constitution and existing legal framework.

Existing Bilateral Investment Treaties (BIT’s) with African countries are being addressed under negotiations of the AfCFTA with the view to developing an Investment Framework that is aligned to the Protection of Investment Act and consistent with the South African Constitution.

The Act also ensures that investors and their investments can expect fair administrative treatment that is not arbitrary. It therefore confirms administrative or procedural justice in the form of access to government-held information; and to be given reasons for any administrative action taken in accordance with the South African Constitution.

The Act further confirms investors’ right to make use of any legal avenue available in the South African legal system to enforce their rights and it provides for a State-to-State led dispute settlement mechanism pursuant to the exhaustion of domestic remedies.



3. MARKET ACCESS FOR THE SACU MEMBER STATES

3.1 SACU Member States have signed preferential trade agreements with several trading partners as a bloc. These provide preferential market access for the Member States' exports. The Member States are also beneficiaries to several non-reciprocal trade arrangements, providing preferential access for SACU's exports, among them being the African Growth and Opportunity Act and the Generalised System of Preferences of developed countries. These Arrangements are key in supporting SACU Member States' industrialisation and investment aspirations. The market access arrangements available to the SACU Member States are outlined below.

Table 2 – Trade Agreements with third parties

Name of the Agreement	Type of Agreement ¹	Parties to the Agreements	Scope and products covered
Southern African Development Community (SADC): Protocol on Trade in Goods	Free Trade Agreement: Protocol on Trade in Goods	SACU Member States and Madagascar, Malawi, Mauritius, Mozambique, Seychelles, Tanzania, Zambia and Zimbabwe	Tariff liberalisation on goods traded among Member States, subject to the Rules of Origin.
EFTA-SACU Free Trade Agreement (FTA)	Free Trade Agreement	SACU Member States and Iceland, Liechtenstein, Norway and Switzerland	Tariff reductions on selected goods. Industrial goods (including fish and other marine products) and processed agricultural products. Three Bilateral Agreements between the individual EFTA States and SACU cover basic agricultural products falling in Chapters 1 to 24 of the Harmonised System.
Economic Partnership Agreement between the SADC EPA States, and the European Union and its Member States	Free Trade Agreement	South Africa, Botswana, Eswatini, Namibia, Lesotho and Mozambique (referred to as the SADC EPA Group), and the European Union (EU)	Duty-free quota-free market access for Botswana, Eswatini, Lesotho and Namibia into the EU and partial liberalisation for South Africa.
Economic Partnership Agreement between the SACU Member States, Mozambique, and the United Kingdom (UK)	Free Trade Agreement	SACU Member States, Mozambique (referred to as the SACUM), and the UK	Duty-free quota-free market access for Botswana, Eswatini, Lesotho and Namibia into the UK and partial liberalisation for South Africa.
SACU-Southern Common Market (MERCOSUR) PTA	Preferential Trade Agreement	SACU Member States and Argentina, Brazil, Paraguay and Uruguay	Limited scope Agreement covering 1 000 tariff lines with preference margins ranging between 10% and 100%.

¹ It is important to study the specific agreements to understand the specific provisions.



Generalised System of Preferences (GSP)	Unilateral preferences granted under the enabling clause of the WTO	Offered to eligible developing countries by developed countries	Products from eligible developing countries qualify for preferential market access into these markets
Africa Growth and Opportunity Act (AGOA)	Unilateral preferences granted by the US	Granted by the US to 39 eligible sub-Saharan African countries	Duty free access to the US market under the combined AGOA/GSP programme stands at approximately 7 000 product tariff lines






4. IMPROVING THE BUSINESS ENVIRONMENT IN SACU

A. Ease of Doing Business

- 4.1 SACU offers an attractive investment proposition on the African continent, with an operating environment that is conducive to, and supportive of business development.
- 4.2 All the SACU Member States are making great strides towards improving the business environment. Each country is implementing a reform programme aimed at improving the ease of doing business. Table 3 below highlights the reforms implemented in each Member State:

Table 3 – Ease of Doing Business in SACU

	<ul style="list-style-type: none">» Launch of the Online Business Registration System (OBRS) in June 2019, with key objective to achieve faster, cheaper and more accurate business registration;» Ongoing development of the e-VISA portal to enable online application and issuance of VISA;» Systems integration of the Companies and Intellectual Property Authority (CIPA) with the Department of National and Civil Registration, with further efforts ongoing to integrate with the Botswana Unified Revenue Service (BURS) and Public Procurement and Asset Disposal Board (PPADB);» Recently passed legislation aimed at improving the business environment:<ul style="list-style-type: none">» Trade Act and the Industrial Development Act to allow for the issuance of licenses and registration certificates over the counter;» the revised Export Credit Reinsurance Act of 1997 to expand the Botswana Export Credit Insurance (BECI) products to include the Outward Investment Insurance and the Medium- and Long-Term Export Credit Insurance; and» Launch of the Botswana One-Stop-Shop Business Facilitation Services Centre in 2014, which is an investment facilitation centre housing relevant government agency as a single cohesive structure that provides prompt, efficient and transparent services to investors.
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Botswana





Lesotho

The Government of the Kingdom of Lesotho is committed to creating and enabling regulatory and administrative environment in which business can operate. The Government has established the One-Stop Business Facilitation Centre (also known as the one-stop-shop).

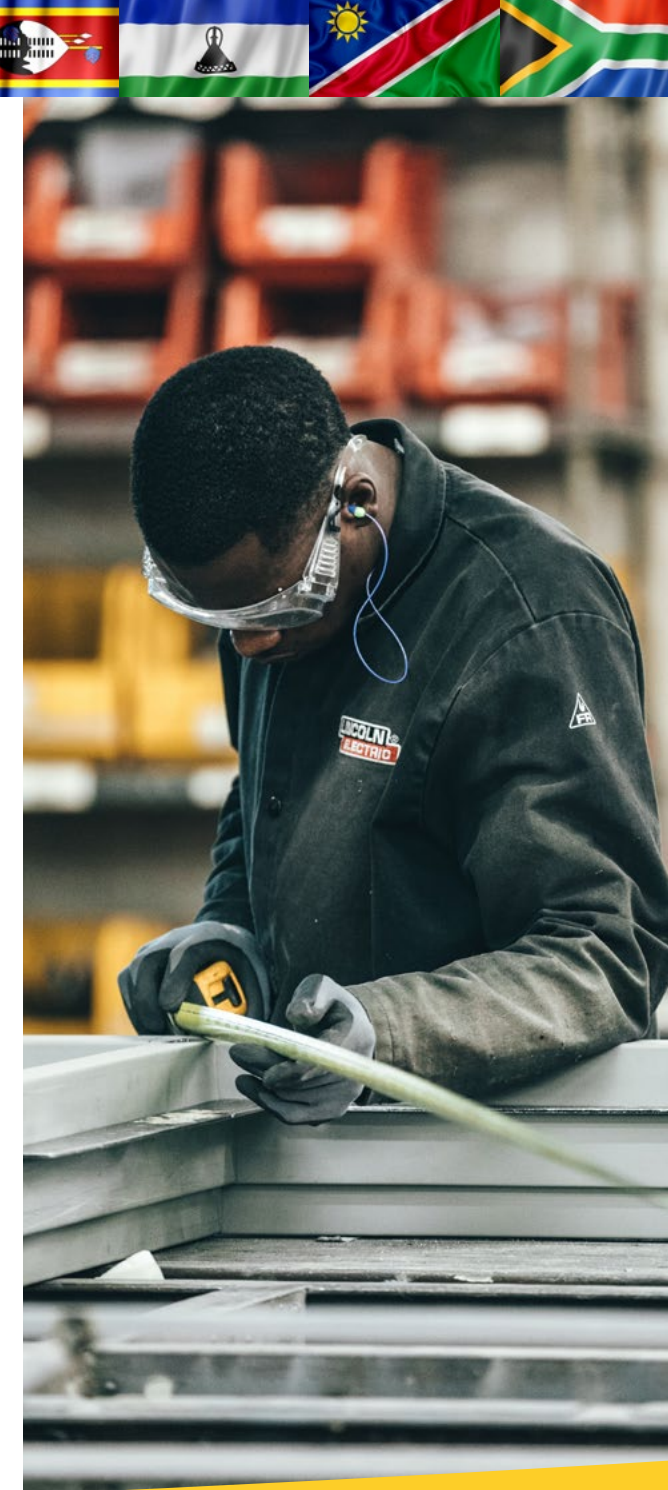
- » Registering a business has moved to a fully integrated online process from application, payment, to obtaining a business registration through the OBFC;
- » Business Licensing and Registration 2019 and Business Licensing and Regulations 2020 were developed to improve Investment Climate in Lesotho. These led to creation of E – Licensing Platform which has reduced time for registering business from 28 days to 3 – 7 days. This rating is based on the procedures, time, cost pain in minimum capital to start a business; and
- » Border compliance for exporting can take up to 4 hours, and document compliance for exporting taking 1 hour. To import goods, border compliance can take up to 5 hours, while document compliance can take up to 1 hour. This complex process has been simplified with the phased implementation of the Automated System for Customs Data (ASYCUDA) World, a customs data management system developed by UNCTAD, in 2017.





Eswatini

- » Operationalizing the Small Claims Courts by appointment of court Commissioners and court Clerks and commissioning the Small Claims courts. Already posts for have been allocated to begin recruitment of these professionals;
- » Appointment of Commercial Judges to serve in the newly to be established Commercial Bench to operate at the Royal Science and Technology Park;
- » Design and roll-out of the Electronic Case Management will improve the quality and efficiency of the judicial system and help bring the ranking of 172 out of 190 countries which is the worst for Eswatini. The Electronic Case Management project was presented to Cabinet and is currently awaiting the release of funds to continue with the tendering process to identify the consultant to lead implementation of the project;
- » Fast-tracking the establishment of the Electronic Business Registry to function as One-Stop -Shop funded by the New Zealand Government. A Partnership Arrangement (MOU) has been signed between the two countries to set in motion the roll-out of the project. A project commencement virtual meeting has been held to signify the commencement of the project which see drafting stakeholder consultation and passing of new legislation, designing, procurement and installation of the software, training of users and commissioning of the one stop shop;
- » By passing legislation geared towards improvements in the rankings including – the Trading Licenses Amendment Bill, the Environmental Audit and Assessment regulations, were tabled at Parliament. The Stock Exchange Listings and Stock Exchange Rule Book have been submitted to the regulator the FSRA while Construction Industry regulations and the Consumer Credit regulations, and the Deeds Registry Act together with the Land Speculation Control Act are still with their respective ministries;
- » The Investor Roadmap Unit will continue to conduct a Legislative Framework review by working with implementing agencies to identify pieces of legislation that need to be repealed, amendment or developed to align with international best practise and improve the doing business environment in Eswatini;
- » Eswatini aim to improve the Protecting Minority Investors indicator where there was a significant drop of 22 places from 140 to 162 out of 190 countries in the Do-ing Business 2020 report. In this regard, Government is inviting private sector companies to list in the stock market to ensure that Eswatini meets the threshold requirement by the World Bank of 10 listed companies in the national stock market; and
- » Drafting of various regulations to facilitate the implementation of the Special Economic Zones programme where the prevailing restrictions on movement of persons to the COVID-19 pandemic has suppressed applications for this special dispensation to just those that seven that were received earlier on in the year under review.







Namibia

Namibia Investment Promotion and Development Board (NIPDB), an autonomous entity in the Presidency, was established to serve as the Investment Promotion Agency of the country. The NIPDB commenced operations in 2021 and principally aims to improve the country's competitiveness and ease of doing business. The Board has embarked on various initiatives that have a bearing on the country's rankings including:

- » establishing and facilitating the work of Productivity Task Forces (PTFs), which are focused on priority sectors in which Namibia has high potential for growth. The PTFs will work to uncover and resolve some of the key constraints in those sectors. Such constraints include issues related to cross border trade; and
- » advancing the work of establishing a one-stop-shop aimed at among others: reducing the time it takes to register a business in Namibia as well as streamlining the process of applying for the required business permits and accessing relevant information.

The Namibia Revenue Authority was established with the objective of streamlining the administration of tax laws and customs and excise services. An Integrated Tax Administration System (ITAS) has been introduced to ease compliance and complement the Automated System of Customs Data which aims to facilitate trade efficiency and competitiveness.

The Business and Intellectual Property Authority has streamlined some of its processes involved in registering a business such as name reservation which can be done online.





South Africa

- » President Cyril Ramaphosa on the 7th of February 2019 in his State of the Nation Address articulated a commitment to move South Africa to 50th place on the World Bank's Annual Ease of Doing Business Survey;
- » Invest SA has been mandated by the Presidency to address and manage South Africa's Ease of Doing Business Programme with a view to creating an enabling business environment and augmenting the Presidential Investment Drive. The purpose of the reform initiative is to both improve South Africa's ranking on the World Bank's Ease of Doing Business survey, to substantively improve South Africa's business environment and to positively influence investor perception in view of President Cyril Ramaphosa's investment drive to bring in R1 trillion in investment into the South African economy;
- » The Department of Trade, Industry and Competition (DTIC) in collaboration with various government Department/agencies and the private sector have committed to improve South Africa's investment climate and create an enabling business environment conducive to attracting both foreign and domestic investment;
- » South Africa is currently ranked 84 (2020), and its national reform effort is carried out collaboratively with relevant national government departments, agencies and the private sector. To operationalise the national reform initiative, Invest SA with the technical support of the World Bank has prioritised five of the ten indicators based on the Doing Business report. The prioritised indicators are: (i) Starting a Business; (ii) Registering Property; (iii) Paying Taxes and (iv) Trading Across Borders (v) Dealing with construction permits. These indicators were selected based on their comparative poor ranking in the World Bank's Survey. Technical Working Groups (TWGs) are established on these indicators and comprise of members from both business and government. The remaining five indicators will be added to the reform programme as of 2021; and
- » The South African government's approach to implementing reforms is based on the improvement of time, cost, procedures and quality. Reforms are implemented based on the value it delivers to the public and in delivering robust customer service excellence. These reform efforts require ongoing analysis and mapping of processes with a view to reducing the cost/time of doing business, streamlining processes and removing lengthy bureaucratic red tape procedures. It is envisaged that this will ultimately improve South Africa's ranking in the World Bank Group's annual Ease of Doing Business Report and introduce efficiency in terms of public service delivery. Currently work is being done on only five indicators and work on other indicators will commence in 2021/2022.

Measures Taken

Starting a business:

- » A one-stop-shop approach to ensure potential investors are not shunted between various departments;
- » A company can be registered in a day using self-service terminals. A Business portal was developed and launched by the Companies and Intellectual Property Commission (CIPC). It is an online platform for company registration to reduce the number of procedures and days to register a business;
- » Entrepreneurs no longer have to visit multiple departments to register a company;
- » Online search portal for company names;
- » The Companies and Intellectual Property Commission (CIPC) has implemented mobile apps;
- » South Africa is introducing a single platform for businesses to register for the Unemployment Insurance Fund and the Workmen's Compensation Fund;
- » Business registration has become a seamless process taking less than a day to register provided all the correct documentation is submitted to the CIPC; and
- » The cost for registering a company is only R175.

**Registering a property:**

- » The Office of the Chief Registrar Deeds has improved on transparency through the publication of its service charter and service standards on its website; (<http://deeds.drdlr.gov.za/property-transfer-process.php>);
- » 98% of rates clearance certificates are issued in 24 hours;
- » Time to register a property has been reduced from 11 days to 7 days;
- » Transfer tax has been reduced slightly;
- » Move to online property registration, and electronic online checking for rates and clearance certificates; and
- » Work is under way to streamline processes, reducing information asymmetry and reducing costs for registering a property.

Trading across borders:

- » South Africa Revenue Services (SARS) has implemented a Preferred Trader Programme and has implemented a joint inspection platform comprising of different government agencies;
- » South Africa participates in the Global Coalition for Efficient Logistics as regional anchor that integrates domestic and other African small-, medium-, micro- and cooperative-enterprises into global markets through B2B digital trading tools; and
- » The amount of time for OEMs to bring vehicles to the Durban port has been reduced in which vehicles need only be at the port 24 hour prior to berthing and not 72 hours prior.

Paying taxes:

- » Online e-filing system; improve the transparency of information and documentation required;
- » SARS has improved the VAT and corporate income tax audit processes in 2019;
- » Work is also being undertaken to simplify procedures for SME's; and
- » SARS has established a dedicated unit to assist SME's and works to improve service to SME's.

Contract enforcement:

- » Enforcing contracts has been made easier through the amendment of the monetary jurisdiction of lower courts and the introduction of voluntary mediation.

Construction permits:

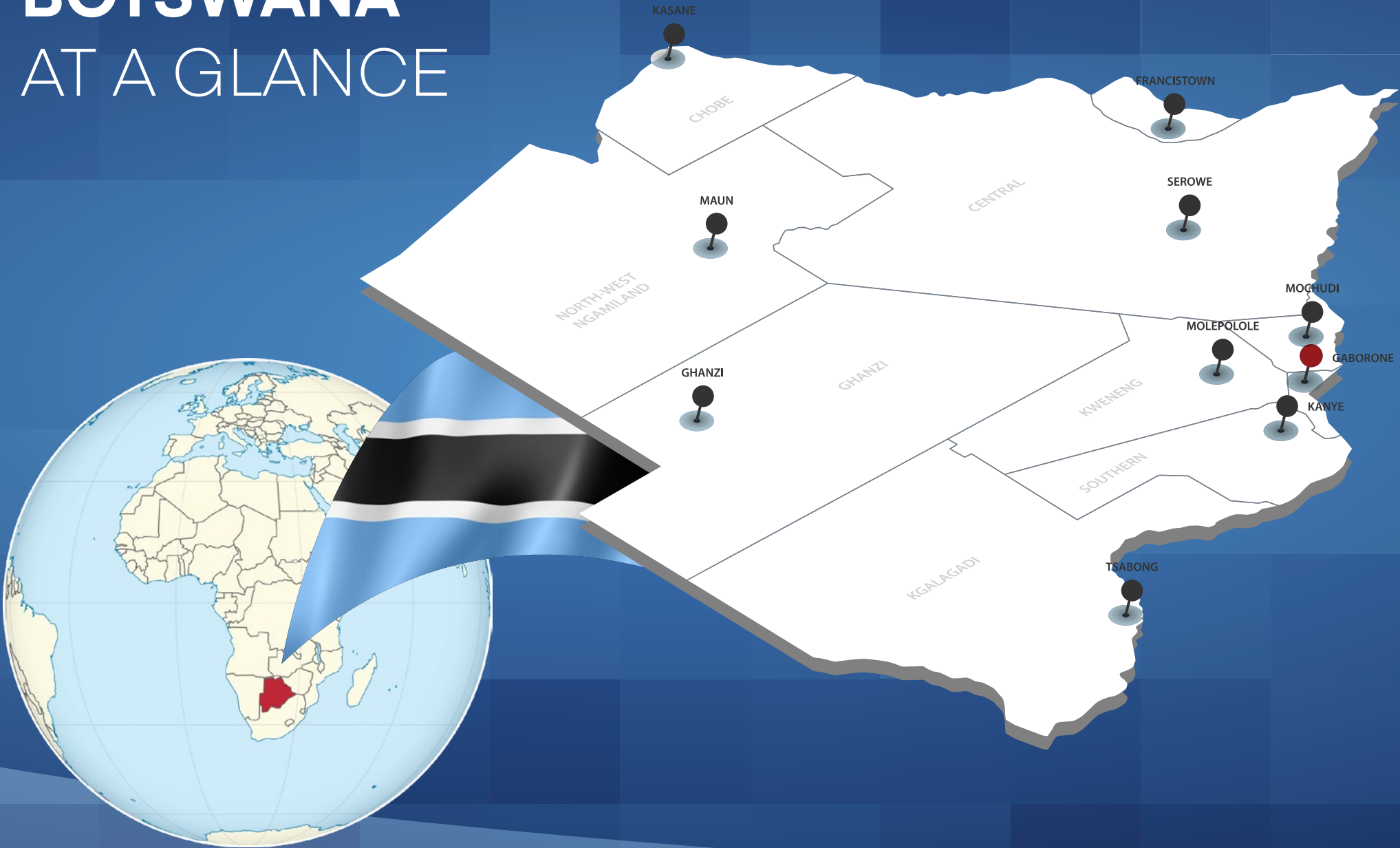
- » The City of Johannesburg created a Temporary one-stop-shop to process building plans and site development plans faster; and
- » Work was also undertaken with the South African Bureau of Standards to provide training to architects and building control officers on the SANS 10400.

ANNEXURE 1:
MEMBER STATES
COUNTRY
PROFILES





BOTSWANA AT A GLANCE





Key highlights

- » Botswana is a middle-income country having been one of the fastest growing economies in Africa during the last decade
- » GDP projected to grow by 8.8% in 2021
- » BWP remains relatively stable against international currencies Highly skilled trainable workforce with literacy rate of 86.8%
- » Botswana's GDP per capita is equivalent to 64% of the world's average (World Bank)
- » Botswana is the largest producer of diamonds. The Diamond Trading Company relocated from London to Botswana to facilitate opportunities along the diamond value chain

Official name: The Republic of Botswana

Area: 582 000 km²

Capital: Gaborone

Official language(s): English

Currency: Pula (BWP)

Population: 2,410,338

GDP per capita-USD (PPP): 17 949 (2019)

GDP Growth: -9.6% (2020)

Gini coefficient: 53.3 (2015)

National Day: 30 September

Website: www.gov.bw

Gross Domestic Product (GDP)

2020: USD15.87 billion (P178.58 billion)

Consumer price inflation

1.9% (2020)

Exchange rate

30 November 2021: USD1.00= BWP 11.80 (Pula)

Interest rates (Policy rate)

28 February 2022: 5.25%

Foreign investment (Fixed investment inflows)

2019: USD261 million (1.4% of GDP)

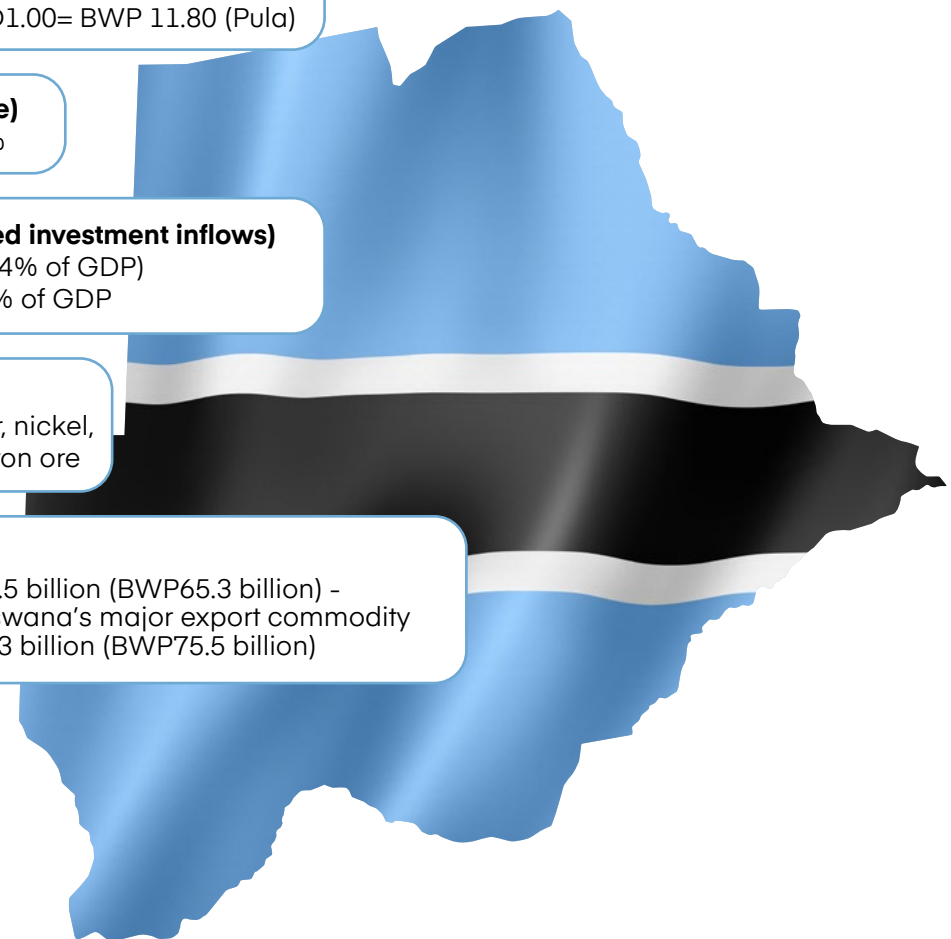
2010-2019 average: 1.6% of GDP

Resources

Diamonds, silver, copper, nickel, coal soda ash, potash, iron ore

Trade

- Exports in 2021: USD5.5 billion (BWP65.3 billion) - Diamonds remain Botswana's major export commodity
- Imports in 2021: USD6.3 billion (BWP75.5 billion)







INVESTMENT OPPORTUNITIES

Investment opportunities that are actively promoted by the apex investment promotion agency, the Botswana Investment and Trade Centre (BITC) and include the following:

Sector	Opportunities in Botswana
Financial Services Sector	<p>Botswana aims to establish itself as a regional hub for financial services and business process outsourcing.</p> <p>Botswana Investment and Trade Centre (BITC) facilitates investors to set up a variety of structures under the International Financial Services Centre (IFSC) to service the regional market. These include Investment Funds, International Insurance, Banks, and ICT enabled services such as Business Process Outsourcing/Call centres.</p>
Agriculture	<p>Botswana is a net food importing country with opportunities to boost production of basic commodities, particularly cereals (grain, sorghum, and maize) and pulses. For example, white maize demand exceeds 100,000 mt per year as compared to the local production which on average is lower than 10,000 mt per year. It can be grown successfully in the Barolong Farms, Ngwaketse South areas, Chobe Enclave and Pandamatenga.</p> <p>The Government of Botswana through the Ministry of Agricultural Development and Food Security carried out a feasibility study for the Zambezi Integrated Agro Commercial Project from 2014 to 2015, to determine the conceptual design, financial and economic analyses, and environmental and social impact assessment. The area is now earmarked for the Special Economic Zones (agropolis) to enhance production and develop agro-processing opportunities.</p> <p>Ostrich Farming – remains unexploited. Botswana has an ostrich population supported by existence of an European Union (EU) certified abattoir. Project opportunity could be undertaken in collaboration with the Ministry of Agricultural Development and Food Security, through its Dibete Ostrich Multiplication Unit (DOMU).</p> <p>Agro - Processing/Value Chain is currently limited (dairy, horticulture, sunflower oil production etc.), including in the Selebi Phikwe Economic Diversification Unit (SPEDU) region.</p> <p>Development of Leather Park (Lobatse) is done in collaboration with Local Enterprise Authority (LEA) and Special Economic Zones. Existence of the Botswana University of Agriculture and Natural Resources (BUAN) helps to produce market ready graduates for the agriculture and the natural resources sectors.</p>

Sector	Opportunities in Botswana
Manufacturing	<p>Automotive components and parts, textiles and clothing are increasingly targeted to drive Botswana's industrialization prospects. Botswana has identified automotive components and parts as a priority area for investment to supply both regional and international markets. Existing raw materials such as leather, allow for opportunities to design leather car seats amongst others.</p> <p>There is also scope for R&D around development of new products for manufacturing in Botswana where Finnish companies can play a role.</p> <p>The Automotive components sub-sector provides for new entrants to supply 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.</p>
Mining and Mineral Beneficiation	<p>Botswana has a developed a deliberate strategy to diversify product portfolio within the mining industry. This strategy provides opportunities in:</p> <ul style="list-style-type: none"> » mining and base metals, such as gold, uranium, copper, nickel, coal, manganese and mining services; and » prospecting, expansion of existing mining projects, new mining projects, beneficiation of minerals and business opportunities relating to links with other sectors. <p>The relocation of the Diamond Trading Company from London to Botswana has facilitated opportunities along the diamond value chain, which include the following: Diamond trading, cutting and polishing, jewellery manufacturing and diamond related services such as security, banking, insurance, and certification and brokerage services.</p>
ICT and Innovation	<p>Botswana seeks to position itself as a knowledge-based economy driven by research, innovation and technology. Some of the opportunities within ICT include: Innovative money operations, e-Waste, TV White Space, TV Broadcasting, e-Health, BPO and Call Centres; e-Commerce, software and app development and ICT in agriculture.</p> <p>To this end, several institutions were established, amongst them the Botswana International University of Science and Technology; Botswana Institute for Technology Research and Innovation (BITRI); and Botswana Innovation Hub. The purpose was to identify, develop and/or adapt appropriate technology solutions that provides sustainable innovative solutions through co-creation and collaboration in line with national priorities and needs of Botswana.</p> <p>The Botswana Innovation Hub is incorporated as a company to develop and operate Botswana's first Science and technology park. It is intended to create an environment that supports start-ups and existing local companies; as well as to attract international companies and institutions to develop and grow competitive technology driven and knowledge-based businesses.</p>



Sector	Opportunities in Botswana
Health	<p>With the advent of COVID-19, Government expenditure on the health care system will continue to grow, particularly around procurement of Personal Protective Equipment and related drugs.</p> <p>Government accounted for 54% of healthcare spending in Botswana, contributing BWP6.52bn (USD606mn), in 2019The drug manufacturing scene in Botswana is still very small, however, the country's central positioning makes a good location for the SADC market. The pharmaceutical market has been dominated by one local player – the Botswana Vaccine Institute, which manufactures and exports livestock vaccines.</p> <p>Some of the investment opportunities include: Diagnostic facilities (imaging and laboratory), pharmaceutical manufacturing, manufacturing of biomedical equipment, and medical tourism.</p>
Cargo, Freight and Logistics	<p>Botswana's geographical positioning makes it a perfect gateway to access the Southern African Development Community (SADC) region making the country ideal to establish logistics hubs for consolidation, deconsolidation, distribution, transport services, handling, warehouse management and integrated systems.</p>
Education	<p>Botswana offers 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.</p>



INVESTMENT INCENTIVES

Botswana offers a number of **incentives for investors**. These include:

Sector	Investment incentives in Botswana
General investment incentives	<ul style="list-style-type: none"> » no Foreign Exchange Control » remittance and full repatriation of profits and dividends » no restrictions on business ownership » 100% duty rebate on importation of machinery » 100% duty rebates on imported raw materials » a liberal tax regime: 22% Corporate Income Tax and 25% Personal Income Tax, with 15% Corporate Income Tax for Manufacturing, IFSC and Innovation Hub companies (Lowest Taxes in the SACU and SADC Region) » a deductible training rebate of 200 » possible tax holidays for 5 – 10 years under the Development Approval Order
Incentives for International Financial Service Centre (IFSC) Accredited Companies	<p>Incentives for IFSC companies are as follows:</p> <ul style="list-style-type: none"> » a competitive Corporate Income Tax Incentive Framework: 15% Corporate Income 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
SPEDU incentives	<p>The SPEDU Region (in the eastern part of Botswana) has the following incentives:</p> <ul style="list-style-type: none"> » 5% Corporate Income Tax for the first 5 Years and 10% thereafter » Customs Duty rebates on imported raw materials <p>Rebate of Customs Duties and Value Added Tax (VAT) under Schedule 4 of the CET – Rebate Item 470.03, and VAT Act Third Schedule – Item 470. 03 for manufacturing done exclusively for export outside SACU.</p> <p>Rebate of Customs Duties and Value Added Tax for importation of raw materials under Schedule 3 of the CET and VAT Act.</p>



INSTITUTIONS

Measure	Fast facts	Key highlights
Government	Parliamentary democracy	Free and fair democratic elections held regularly since 1965.
Fiscal policy	Botswana is committed to sound fiscal policy and economic freedom. Emphasis on maintaining fiscal buffers to protect against future economic shocks.	<ul style="list-style-type: none"> » Ranked 1st out of 66 selected emerging economies on 4 selected measures of financial strength (EIU, 2020) » Highest Sovereign Credit Rating in Africa by Standard & Poor's Global Rating agency for 2020
Monetary policy	Bank Rate was maintained at 3.75% in December 2020. This was to stimulate investment and consumption as a means to counteract negative effects of COVID-19 pandemic.	Bank of Botswana maintained an accommodative monetary policy stance during 2020 in view of the positive inflation outlook in the medium term.
Capital controls	<ul style="list-style-type: none"> » No foreign exchange controls » Botswana does not impose restrictions on the transfer of profits or proceeds of disinvestments 	Allows for remittance and full repatriation of profits and dividends.
Financial institutions	<ul style="list-style-type: none"> » Financial Institutions are regulated by Bank of Botswana (BoB) in accordance with terms of the Banking Act (Cap. 46:04) and associated Banking Regulations » Bank of Botswana Act (Cap. 55:01) Banking Act (Cap. 46:04), i.e. Banking Regulations 1995, Bureau de Change Regulations 2004 Financial Intelligence Act 	Bank of Botswana issues banking licences and undertakes prudential supervision.
Bilateral trade agreements	<ul style="list-style-type: none"> » Member of the World Trade Organization (WTO) » Preferential Trade Agreements » Free trade agreements with Malawi and Zimbabwe 	<p>Botswana became one of the founding Members of the WTO in 1995. Therefore, this means Botswana is bound by all the WTO Agreements, Ministerial Decisions and Undertakings, which were adopted as a Single Undertaking.</p> <p>Botswana, along with South Africa, Eswatini, Lesotho and Namibia are members of the Southern African Customs Union (SACU).</p> <p>SACU plays an incredibly significant role towards Botswana's revenue generation streams, in particular because of exports to South Africa as well as a significant increase in exports to Namibia totalling P6,216.3 billion (51.6% of total exports) and P5,822.7 billion (48.3%) respectively.</p>
Investment agreements	Investment Strategy for Botswana (2010).	Investment Strategy, developed in 2009 for the period 2009-2016, aimed at creating a conducive environment for both domestic and foreign firms to invest and flourish in Botswana.

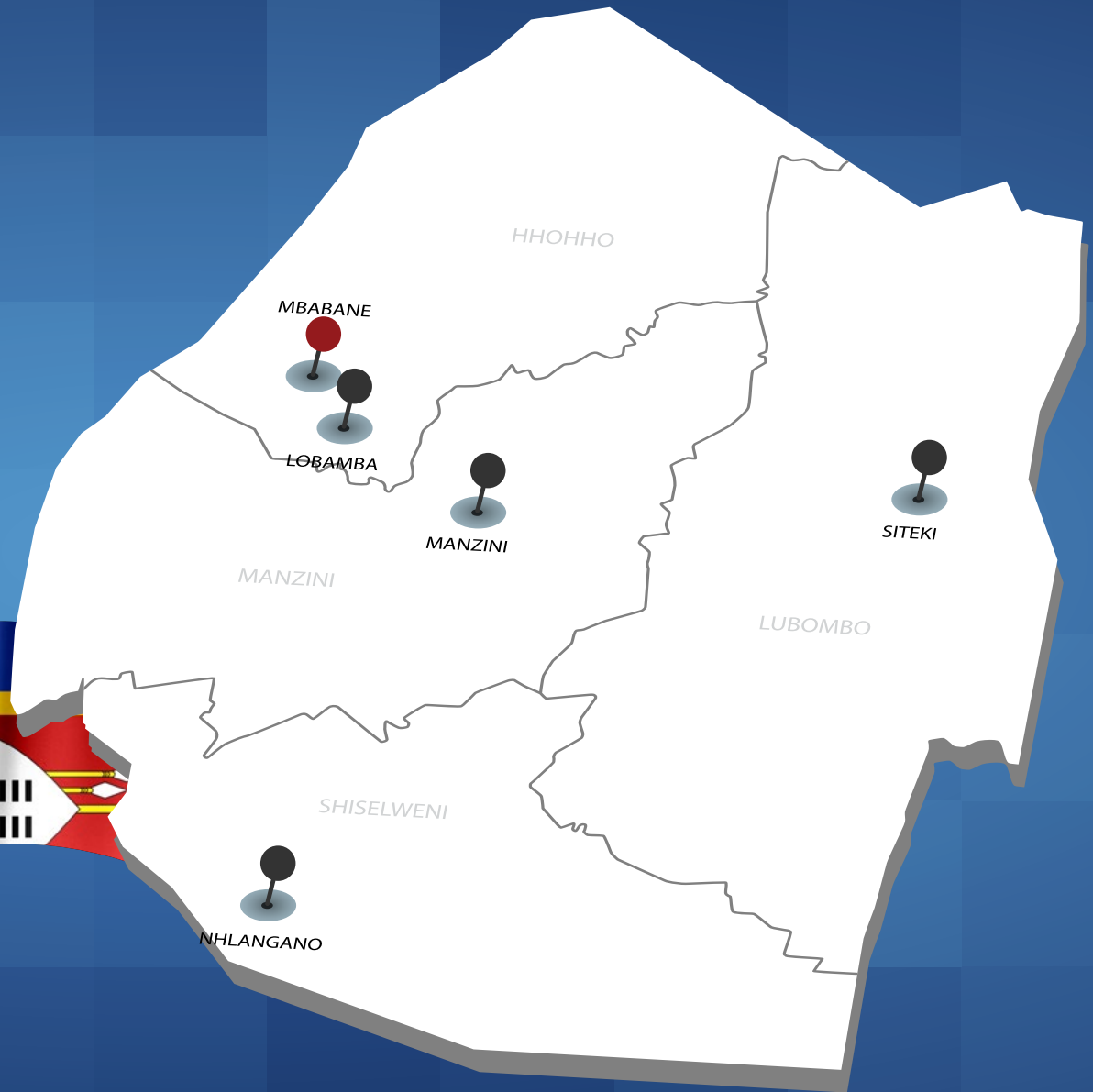
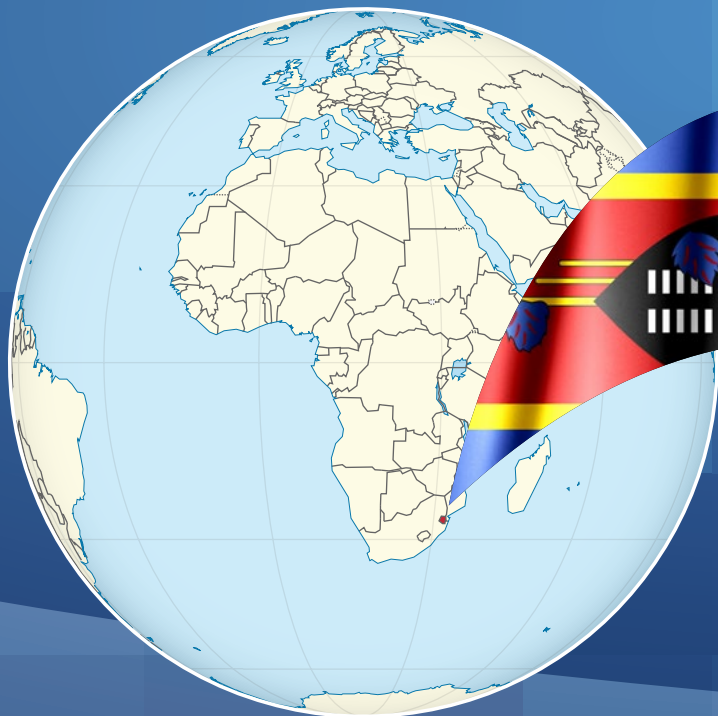
INFRASTRUCTURE

Measure	Fast facts	Key highlights
Infrastructure	Electricity generation <ul style="list-style-type: none"> » Total capacity of Morupule A Power Station (MAPS): 132 MW, and when fully operational expected to supply 1,020,349 MWh » Morupule B Power Plant (MBPS) has an installed capacity of 600 MW (4 X 150 MW) 	Electricity <ul style="list-style-type: none"> » Refurbishment of the Morupule A 132-Megawatt Power Station successfully completed in February 2020 » The Morupule B Power Station is undergoing comprehensive remedial works scheduled for completion by 2023 » Renewable energy projects based on solar PV currently being pursued
	Telecommunications <ul style="list-style-type: none"> » National Backbone Network Infrastructure Deployment: In excess of 10 000km of fibre deployed in cities, major town and villages around the country » This National backbone deployment should pave way for increased bandwidth, network reliability and efficiency within the network 	<ul style="list-style-type: none"> » 164 towns, villages and strategic repeater sites for mobile coverage have been connected to the National open-access backbone fibre network and broadband wireless infrastructure since 2014/15, paving way for the highly needed business and public connections » Fixed wireless broadband connectivity deployed in 11 localities connecting 3920 commercial & Government premises
International Airports	<ul style="list-style-type: none"> » Sir Seretse Khama International Airport » Kasane International Airport » Maun International Airport » Phillip Matanthe International Airport 	





ESWATINI AT A GLANCE



Key highlights

- Eswatini is classified as a lower middle-income country
- The economy is diversified, with agriculture and agroforestry accounting for about 8% of GDP, manufacturing (textiles and sugar-related processing) representing 45% of GDP, and 47% of GDP generated by public sector services
- Eswatini hosts several multinational corporations such as the Coca-Cola Concentrate factory, Air Liquide, YKK Africa and Mondelez International, to name just a few
- Eswatini is one of the world's 'Top 5' low-cost sugar producers

Official name: The Kingdom of Eswatini

Area: 17 364 km²

Capital: Mbabane

Official language(s): English

Currency: Emalangeni (SZL)

Population: 1,145,970

GDP per capita-USD (PPP): 9 245 (2019)

GDP Growth: -3.5% (2020)

Gini coefficient: 0.56 (2016)

National Day: 6 September

Website: www.gov.sz

Gross Domestic Product (GDP)

2020: USD3.85 billion (SZL67.34 billion)

Consumer price inflation

2020: 4.1%

Exchange rate

2020 average: USD1.00 = SZL16.46 (Lilangeni)

Interest rates (bank rate)

2020: 4.21% (average)

Foreign investment (Fixed investment inflows)

2019: USD130 million (2.9% of GDP)

2010-2019 average: 1.2% of GDP

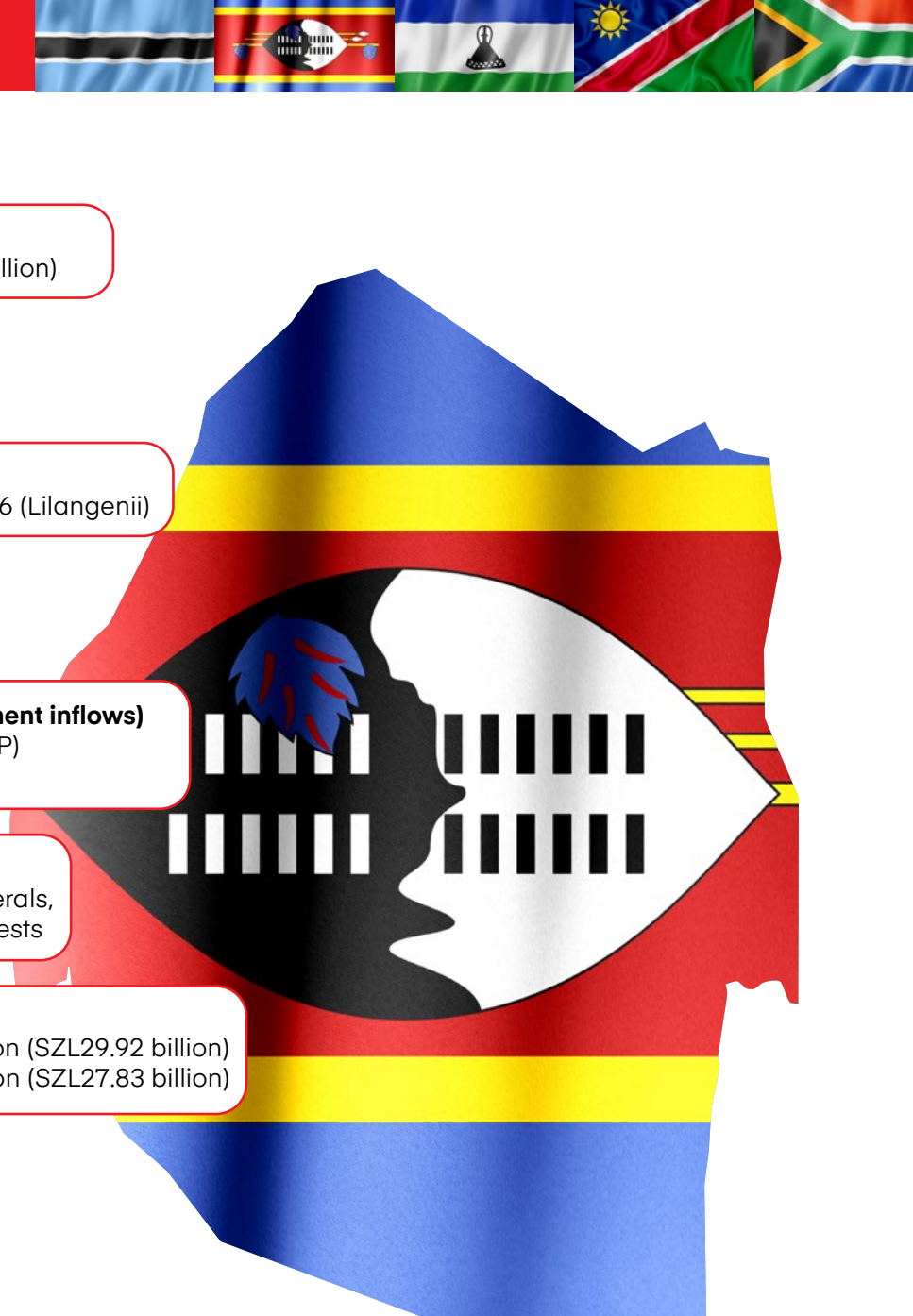
Resources

Gold, diamond, iron ore, coal minerals, quarry stone, talc, hydropower, forests

Trade

• Exports in 2019: USD2.071 billion (SZL29.92 billion)

• Imports in 2019: USD1.926 billion (SZL27.83 billion)







INVESTMENT OPPORTUNITIES

Eswatini offers investment opportunities across various sectors including:

Sector	Opportunities in Eswatini
Agriculture	<ul style="list-style-type: none"> » Traditionally the backbone of Eswatini's economy and a great contributor to the country's GDP with a 12.7% share after a 2% growth in 2007/8. » The sector is a major source of employment for over 70% of the rural population. » Agricultural activities that take place in the country include sugar cane production, citrus fruit, cotton, forestry, livestock, maize, and other cereal crops.
Processing of hides and skins (leather goods and footwear)	<ul style="list-style-type: none"> » The Eswatini livestock subsector accounts for about 14% of agricultural output and 1% of total GDP. Eswatini has a relatively high unexploited potential of improving livestock Production especially on Swazi Nation Land where 83% of the country's livestock is reared. » Livestock is a very important livelihood asset for the rural people in Eswatini. People derive their livelihood from livestock in the form of food, income, organic fertilizer, as a form of investment, power for ploughing their fields and for traditional ceremonies such as weddings. » The bovine herd is estimated at 0.6 million, with estimated hides and skins production capacity of 220,000, with annual average earnings of E5 million. » Hides and skins produced in Eswatini are exported to South Africa as wet salted. » Eswatini produces beef of high quality.
Pharmaceuticals	<ul style="list-style-type: none"> » Assembly and manufacturing of medical equipment. » Manufacturing of medicine and drugs. » A strong case is presented by the fact that there already exists a domestic market for goods as the country spent almost E2 billion in 2019. These products will further enjoy preferred and duty-free entry to a number of key markets.
Manufacturing	<ul style="list-style-type: none"> » Manufacturing operations range from small factories to large concerns employing thousands of people and utilizing the latest technology. » This sector accounts for around 65% of total FDI and as an employer is second only to agriculture, providing jobs for about 26% of the work force. » Engineering, Steel, Refrigeration and Assembly Eswatini is beginning to experience a rise in companies who are investing in this sector. » Manufacturing activities undertaken include mining drills for the European markets, refrigeration for domestic and commercial purposes. » Food, confectionary & beverage, this is a very vibrant and significant player in the manufacturing sector of Eswatini. » Food processing includes fruit and vegetable canning for export in the European, North America and Japan markets.

Sector	Opportunities in Eswatini
Energy	<ul style="list-style-type: none"> » Over 95% of the total power production in Eswatini is hydro-powered energy. » Two hydro stations supply the electricity needs of the country. These stations are owned and operated by the Eswatini Electricity Company. » SEC is able to adequately provide isolated transformers to individual large companies in some cases.
Mining	<ul style="list-style-type: none"> » The Kingdom of Eswatini has had rich deposits in a number of precious stones and gems in small volumes over the years, but these have not been exhaustively extracted from the ground. » Explorations have, however, resumed. The hosts of minerals in the country include: asbestos, coal, quarried stone, soapstone, kaolin, talc, silica, green chert and others.
Tourism	<ul style="list-style-type: none"> » Eswatini's tourism industry remains one of the fastest growing industries and a large generator of income. » The peace, stability and low crime rate compare well with the neighbouring countries South Africa and Mozambique. » Unique attractions and proximity to the world-famous Kruger National Park make Eswatini the right place to visit. Eswatini offers many diverse and unique attractions that appeal to a wide cross-section of tourists.
Textile	<ul style="list-style-type: none"> » Textile and garment production plays a significant role in Eswatini's manufacturing sector. In the last several years, the textile and garment industry has grown to offer a wide range of services, including spinning, weaving, knitting, dyeing, and finishing. » Introducing such labour-intensive processes locally has increased employment opportunities; currently, the industry provides jobs for over 15,000 Emaswati.
Electronic Components Manufacture & Assembly	<ul style="list-style-type: none"> » Electronic Components Manufacture & Assembly.
Value Chain development	<ul style="list-style-type: none"> » Though the textile and garment sector is export-oriented, the industry is vertically integrated and includes cotton farming and the production of cotton lint. » The Eswatini Cotton Board is mandated to promote the development of the cotton industry by, among other things, regulating the procurement of planting seed by farmers to ensure a marketable final product.



INVESTMENT INCENTIVES

Eswatini offers a number of **incentives for investors**. These include:

Investment incentives in Eswatini

General investment incentives

- » Minister of Finance has the discretion to apply a reduced tax rate of 10 percent for the first 10-year period of operation for businesses that qualify under the Development Approval Order.
- » Capital goods imported into the country for productive investments are exempt from import duties.
- » Raw materials imported into the country to manufacture products to be exported outside the SACU area are also exempt from import duties.
- » The law allows for repatriation of profits and dividends including salaries for expatriate staff and capital repayments.
- » The Central Bank of Eswatini guarantees loans raised by investors for export markets.
- » There is also provision of loss cover that a company can carry over in case it incurs a loss in the year of assessment.
- » Eswatini has a human resources training rebate that offers a tax credit for 150 percent of the cost of training.

Other incentives and SEZs incentives

- To attract foreign direct investment Eswatini enacted the Special Economic Zones (SEZ) Act, 2018. Benefits for an SEZ investor include:
- » 20-year exemption from all corporate taxation.
 - » Taxation at the rate of 5 percent.
 - » Full refunds of customs duties.
 - » Value-added tax, and all other taxes payable in respect of goods purchased for use as raw material, equipment, machinery.
 - » Manufacturing; unrestricted repatriation of profits.
 - » Full exemption from foreign exchange controls for all operations conducted within the SEZ.



INSTITUTIONS

Measure	Fast facts	Key highlights
Government	Monarchical democracy	Elections are held every 5 years under SADC and African Union observation.
Legal system	<ul style="list-style-type: none"> » The 2005 Constitution provides for the separation of powers between the executive, the legislature, and the judiciary » Eswatini's legal system is based on Roman-Dutch law » The country has a dual (i.e., modern and traditional) political and governance system 	The King remains at the top of both the constitutionally created state and the traditional system.
Fiscal policy	<ul style="list-style-type: none"> » Ensuring macroeconomic stability and sustainable revenue sources to finance government operations is central to sound fiscal policy » Maintaining fiscal discipline by providing Government with an effective fiscal framework and financial advice, ensuring that macroeconomic stability is sustained 	<ul style="list-style-type: none"> » The country formulates and implements fiscal and financial policies that optimize economic growth and improve the welfare of its citizens » This entails developing and reviewing tax policy, expanding the existing revenue base and improving efficiency in revenue collection
Monetary policy	<ul style="list-style-type: none"> » Member of the Common Monetary Area, a monetary arrangement with South Africa, which also includes Lesotho and Namibia » Lilangeni is pegged at par (1:1) with the South African Rand 	Monetary policy stance is appropriate with international, regional, and domestic economic conditions.
Capital controls	<ul style="list-style-type: none"> » Signatory to the Common Monetary Area (CMA) Agreement and there is an unfettered flow of funds between the 4 members (Eswatini, Lesotho, Namibia and the Republic of South Africa) » The four CMA members form a single exchange control territory » However, Eswatini administers exchange control within its borders for transfers with the rest of the world 	The Exchange Control Order administers the capital controls. Investors can fully repatriate their profits.



Measure	Fast facts	Key highlights
Financial institutions	<ul style="list-style-type: none"> » Well-developed banking system » Banks are regulated by the Central Bank » Funds can easily be transferred in Eswatini » Banks in Eswatini include First National Bank, Nedbank and Standard Bank » Eswatini Development and Savings Bank: government-owned » Building society that offers various categories of banking products, investments and savings with more orientation on property development 	<p>Eswatini is a member of the Eastern and Southern African Anti-Money-Laundering Group: as part of its commitment to the fight against money laundering.</p>
Bilateral trade agreements	<ul style="list-style-type: none"> » Member of the World Trade Organization (WTO) » Common Market for Eastern and Southern Africa (COMESA) » Taiwan Economic Cooperation Agreement (ECA) offering 153 product lines with 0% import tariff to be exported to Taiwan 	<p>Eswatini ranked 1st in Sub-Saharan Africa in Trading Across Borders in the Ease of Doing Business 2020.</p> <p>Eswatini is the only country in SACU with access to COMESA.</p>
Investment agreements	<ul style="list-style-type: none"> » Investors are protected under the Eswatini Courts » Member of ICSID which assist investors with arbitration » Member of Multilateral Investment Guarantee Agency (MIGA) which insures investors against political instability, natural disasters, wars, etc. 	

INFRASTRUCTURE

Measure	Fast facts	Key highlights
Infrastructure	Energy <ul style="list-style-type: none"> » Installed capacity for power generation is 69.6MW 	Electricity Domestic energy sources are hydro-power plants. Opportunities for base load generation of sustainable power- locally generated with potential for export to the Southern Africa power pool. The supply shortfall currently stands at 70-80% of the aggregate demand. The Eswatini Electricity Company (EEC) is the power utility.
	Transport and Logistics <ul style="list-style-type: none"> » Excellent quality roads » 72% of the roads are paved 	Roads and rail Large-scale investments are being made in rail infrastructure in conjunction with South Africa and Mozambique.
	Telecommunications <ul style="list-style-type: none"> » A fully digital communications network » Universal optic fibre systems » 3 companies providing telecommunication services 	A well developed and robust telecommunications system (including mobile cellular systems).
	Water <ul style="list-style-type: none"> » Abundant and consistent water supply 	Eswatini Water Services Corporation (EWSC) provides reliable water supply to businesses and households.
International Airports	<ul style="list-style-type: none"> » King Mswati III International Airport » Matsapha International Airport 	



LESOTHO AT A GLANCE





Key highlights

- The Government maintains a large presence in the economy and is the largest employer
- The major private employer is the textile and garment industry - approximately 36,000 Basotho, mainly women, work in factories producing garments for export to South Africa and the US
- Diamond mining in Lesotho has grown in recent years and accounted for nearly 35% of total exports in 2015
- As a Member of the Common Monetary Area (CMA), the currency (Loti/Maloti) is pegged to the South African Rand
- Lesotho is one of few African countries to see snow regularly

Official name: The Kingdom of Lesotho

Area: 30 355 km²

Capital: Maseru

Official language(s): Sesotho and English

Currency: Maloti (LSL)

Population: 1,941,941

GDP per capita-USD (PPP): 3 010 (2019)

GDP Growth: -4.8% (2020)

Gini coefficient: 0.493 (2018)

National Day: 4 October

Website: www.gov.ls

Gross Domestic Product (GDP)

2020: USD1.91 billion (M35.31 billion)

Consumer price inflation

2020: 4.3%

Exchange rate

2020 average: USD1.00 = M16.46 (Maloti)

Interest rates (policy rate)

2020: 4.21% (average)

28 February 2021: 3.5%

Foreign investment (Fixed investment inflows)

2019: USD118 million (4.6% of GDP)

2010-2019 average: 4.0% of GDP

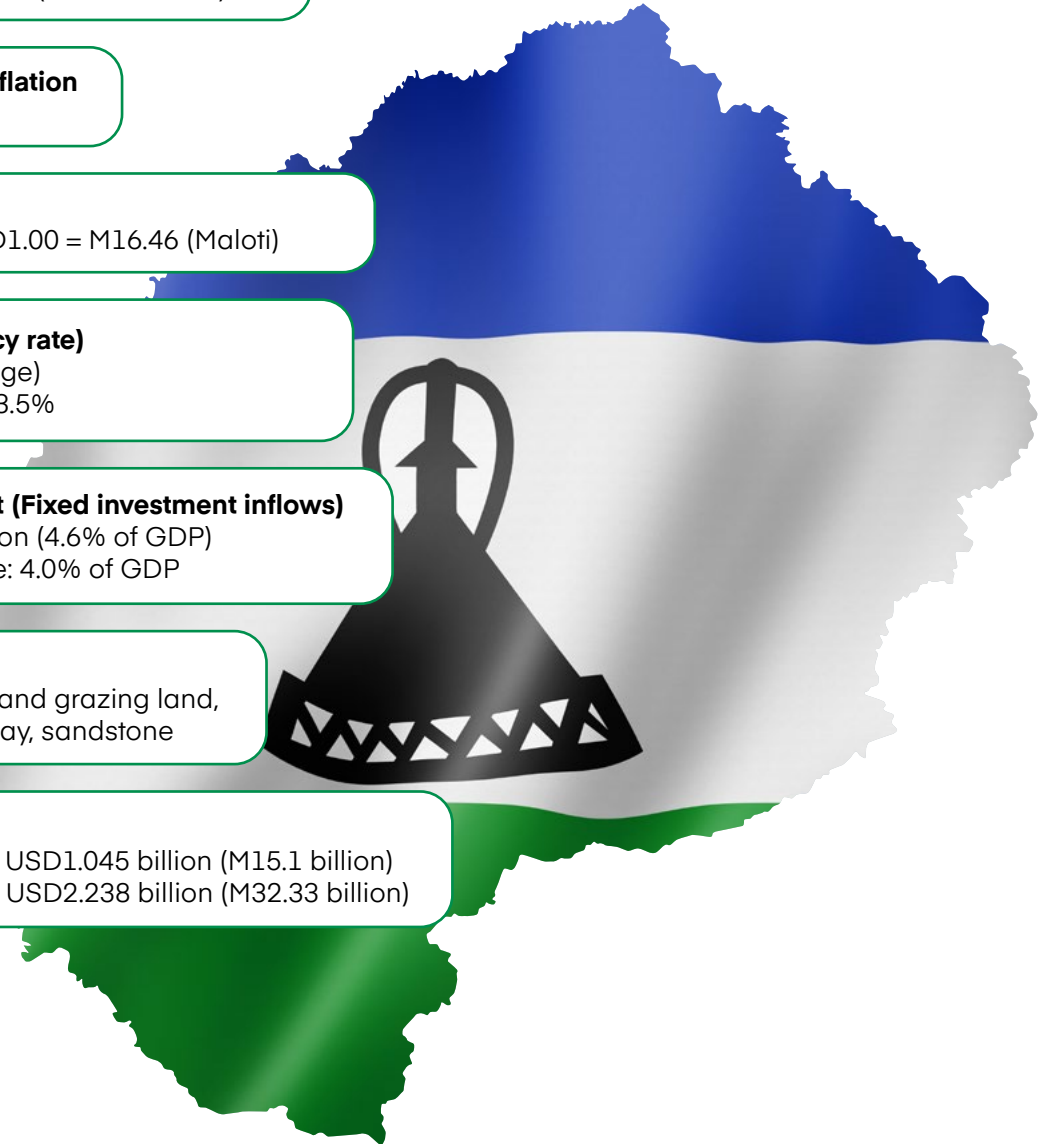
Resources

Water, agricultural and grazing land, diamonds, sand, clay, sandstone

Trade

• Exports in 2019: USD1.045 billion (M15.1 billion)

• Imports in 2019: USD2.238 billion (M32.33 billion)







INVESTMENT OPPORTUNITIES

The opportunity for investors in Lesotho manufacturing sector which include Textiles and Clothing as well as Leather and Leather products is to take advantage of its Least Developed Country status and preferential trade arrangements that it confers to manufacture goods for exports to almost the whole world under dispensations or Trade Agreements like AGOA, Generalised System of Preferences, Economic Partnership Agreement etc. The country is a major exporter of diamonds, producing premium quality diamonds and consistently achieving the highest price per carat of any kimberlite mine in the world.

Opportunity also exists in manufacturing of high-end products as Lesotho could move from production of basic garments, electronic and automotive components, tourism and high-value agriculture. Building on its global competency, low cost of doing business, Lesotho is positioning itself for automobile component production, electronic appliances and electric components. The country also has the potential to become a centre for IT outsourcing and innovation, given its high literacy rate of 86% and steady supply of graduates.

Lesotho benefits from a literate, English speaking force with experience of manufacturing and a reputation for harmonious industrial relations, and a supportive government. The Lesotho Highlands Water Project will increase the amount of electricity generated from renewable sources, providing an opportunity for investors to establish sustainable manufacturing in Lesotho and meet their environmental targets.

Sector	Opportunities in Lesotho
Textiles, Clothing & Leather and Leather products	<p>Lesotho represents an attractive hub for investors looking to invest in the production of denim garments and has a higher potential for export and trade:</p> <ul style="list-style-type: none"> » Extend the textiles and garments value chain with a view to boosting exports: Opportunities in export-oriented industries: garments printing/dyeing; workwear; accessories such as buttons and zips; blankets; and car seat covers; » Expand and diversify Footwear Sector: There is a potential market in the USA, South Africa, Canada and UK for high end leather footwear; and » Develop leather accessories industry: Diversification into producing high end leather accessories such as handbags and belts is a possibility. This could be achieved through partnership with foreign companies.
Agro-processing	<p>Lesotho is well endowed with a pristine agricultural climate and abundance of pure water to support the growth of crops and processing. The government provides strong support to commercialize the agricultural sector in the form of lower tax rates (10%) compared to normal tax rates of 25%.</p> <p>The favourable climate and highlands in Lesotho allow it to produce fruits such as peaches, apples, blue berries etc. that are off season in Southern Africa and other parts of the world, creating an opportunity for year-round production of fruits for exports.</p> <p>The Lesotho National Development Corporation is also providing support to investors in the agriculture sector by pooling land for investors and simplifying the process for setting up agro-processing businesses in the country.</p> <p>The government also has plans to invest in greenhouses, plants and farms that can be leased to investors, thereby reducing the cost of setting up businesses.</p>

Sector	Opportunities in Lesotho
Agro-processing	<p>Fruits and vegetables: Attract investment into commercialising the growth of organic vegetables for export markets. Lesotho grows apples, pears, apricots, plums, tomatoes, citrus. Potential for canning, drying, freezing and juicing organic produce. Production of a wide range of vegetables, including cabbage, spinach, carrots, butternuts, potatoes, green beans, peas, onions, bell peppers, etc. There is scope to commercialise production for export and to focus on organics in order to capitalise on high demand in South Africa, the EU, Japan and USA.</p> <p>Medicinal plants: Encourage investment into the commercial production of medicinal plants for export. Lesotho already produces a total of 80 plants used for treating 38 common ailments. There is an opportunity to attract investment in the commercial production of medicinal products for export to China, Japan, EU, USA and Africa. This includes the production of medicinal cannabis.</p>
Meat and meat products	<p>Enhanced meat production: Introduce new commercial beef breeds and dual purpose (wool and meat) sheep breeds to enhance local animal production.</p> <p>Production of Pastures and fodder: There is need to intensify the production of livestock, and fodder and pasture improvement will be needed to sustain commercial livestock.</p> <p>Organic farming: The country has less contaminated soil, therefore, the potential for intensive organic farming is very high.</p>
Tourism	<p>Tourism is a growing sector in Lesotho, with a focus on nature, mountains, highlands and adventure tourism. The country boasts of a wide range of outdoor adventures and extreme sports, including skiing at Afriski slopes.</p> <p>Investment opportunities exist in the development of the Mohale Resort, a 107 single and double storey resort located near the Mohale Dam in the Lesotho highlands, Mohale Water Park, a water leisure part comprised of a cruise boat, a fly-fishing lodge and community outdoor center. Other investment opportunities exist for the development of Semonkong Resort with pristine views of the Maletsunyane Waterfalls, the tallest single-drop waterfall and world's longest commercial abseil. Other amenities include the chalets, a zipline and suspension foot bridge.</p>
Technology and Innovation	<p>The high literacy level in Lesotho and pool of qualified graduates who are available for ICT projects of all types. The country has a partially open ICT sector with a good level of international connectivity.</p> <p>Call centres: Lesotho has a pool of English-speaking graduates and its proximity to South Africa simplifies setting up and managing business operations. The country also has a globally competitive cost per call centre seat per hour, making it a great destination for outsourcing call centre operations.</p> <p>Knowledge Process Outsourcing (KPO) & Business Process Outsourcing (BPO): Lesotho's steady supply of well-educated graduates, skilled and semi-skilled workers make it an attractive host for KPO and BPO. The government provides and incentives to assist the training and skills development of talent.</p>



Sector	Opportunities in Lesotho
Technology and Innovation	<p>Fashion (Textile & Garments) Design Hub: Knowledge and experience in the garment industry in Lesotho provides the country a unique opportunity to drive innovation and growth in the textile and garments sector.</p>
Water	<p>Lesotho has one of the purest water sources with very little microbiological and chemical contamination requiring little treatment. The country currently sell bulk water to South Africa, with its reservoirs pumping water directly to South Africa.</p> <p>Half of the power demand in Lesotho is supplied from its dam and the construction of a new dam could provide the country the opportunity be 100% energy efficient. The new dam also provides the opportunity for Lesotho to sell bulk water to Botswana.</p> <p>Investment opportunities in the water bottling industry, to export safe drinking water to South Africa and neighbouring countries.</p>
Mining	<p>Diamonds are the highest exported commodity in Lesotho. The premium quality of 100 plus carat diamonds make it popular around the globe. The Lesotho mines produce the highest proportion of large stones in the world, representing attractive opportunities for new market entrants.</p> <p>Lesotho also has mineral deposits in base metals, clay, dimension stone, sand, gravel, which support the mining sector.</p> <p>The country is exploring further investment opportunities in the mining sector value chain, including exploration and mining of diamonds, diamond polishing, sandstone and quarrying and harnessing water resources.</p>
Manufacturing: Automotive components	<p>Lesotho has a growing proposition in the automotive industry, strategically focusing supplying labour-intensive automotive components to South Africa’s strong automotive industry. The country’s competitive advantage in manufacturing, lower fuel costs, relatively competitive wages and overall lower production costs, allows it to produce automobile components for companies such as Volkswagen, BMW, Nissan, Toyota etc.</p> <p>Lesotho’s automotive industry also benefits from lessons from the textile industry and has the potential to develop capacity for service export markets such as the manufacture of leather car seat covers, plastic and leather interior accessories and electrical components.</p> <p>Since the implementation of South Africa’s Automotive Production and Development Programme (APDP), which aims to increase vehicle production to 1.2 million vehicles per annum and substantially diversify and deepen the component supply chain, demand for automotive productions has increased, creating greater opportunities for increased manufacturing in Lesotho, whose automotive products qualify for local content under APDP.</p>
Manufacturing: Electrical appliance and Electrical components	<p>Lesotho’s manufacturing sector also provides opportunities in the electronics component and appliances market. The sector currently produces switches, relays, fuses, surge suppressors, plugs, sockets, lamp holders etc. which it exports to China, EU and the UAE.</p> <p>For the electronic appliance sector, Lesotho produces TV sets, sound recorders and producers, and related accessories which it exports to Southern African countries. Investors could benefit from double digit returns in the electrical appliance and components sector.</p>

INVESTMENT INCENTIVES

Investment incentives in Lesotho

Tax incentives

- » A low corporate tax rate of 15 % on profits earned by manufacturing companies, with free repatriation of profits
- » No secondary or withholding tax on dividends distributed by manufacturing companies to local or foreign shareholders
- » General sales tax exemption on capital machinery and equipment for manufacturing industries
- » Full rebates on imported raw materials or components used solely in the processing or manufacturing of goods for the export market, thus enabling manufacturers to offer credit facilities to customers
- » Factory shells at discounted rates
- » A free enterprise and free market economic system, which forms the basis for sustained development and growth
- » A stable and investor friendly macro economy environment
- » Labour force that is 62.1% of the population which is highly literate
- » Competitive wage rates
- » Companies qualify for 125% Tax rebate on training and skills development
- » Research and development (RGD) expenses are deductible provided they are incurred on production income subject to tax
- » 15% withholding tax on payments made in respect of external management / technical fees, interest and royalties related to manufacturing income
- » 10% corporate tax on profits generated from the sale of goods produced from manufacturing and agricultural activities in Lesotho
- » No withholding tax on dividends distributed from manufacturing income by resident companies to non-residents shareholders
- » 10% withholding tax rate on service contracts with non-residents
- » 25% withholding tax in dividends distributed, from other incomes by resident companies to non-resident companies
- » 15% value added tax (VAT) rate (common with south Africa) on goods and services sold in Lesotho and 0% VAT on direct exports
- » 100% depreciation allowances on investments in mining equipment
- » 25% cooperative income tax on profits generated from the scale of goods and services in all other sectors

Infrastructure:

The LNDC provides serviced industrial land and industrial buildings for manufacturing and processing industries. The industrial parks are located in close proximity of labor pools, commercial borders and major transport and trade nodes in southern Africa.

Government Support:

The Government of Lesotho provides support to industrial development and continually develops and implements programmes and reforms that ensure the ease of doing business.



INSTITUTIONS

Measure	Fast facts	Key highlights
Government	Democratic constitutional monarchy Parliamentary representative	Free and fair democratic elections have been held every 5 years since 1993.
Legal system	The Constitution is the supreme law in Lesotho, and it protects basic freedoms and rights (including property rights). Dual legal system consisting of customary and general laws operating side by side Customary law (customs of the Basotho, written and codified in the Laws of Lerotholi) General law consists of Roman Dutch Law imported from the Cape and the Lesotho statutes	Ranked 81st out of 141 countries covered in the WEF's Global Competitiveness Report 2019 in terms of Judicial Independence, 61 st in Efficiency of the Legal Framework in Challenging Regulations and 79th in Efficiency of Legal Framework in Settling Disputes.
Fiscal policy	Focused on maintaining budgetary expenditures at sustainable levels.	Ranked 97 th out of 141 countries in terms of Budget Transparency (WEF 2019).
Monetary policy	Monetary policy framework underpinned by the fixed currency peg (one-to-one parity) to the South African Rand.	The responsibility of Lesotho's monetary policy rests with the South African Reserve Bank.
Capital controls	Non-residents of the Common Monetary Area (CMA) zone are subject to exchange rate restrictions.	Profits and dividends from investments in Lesotho as well as inflows of capital should be registered with CBL. Local companies can invest outside the CMA, but foreign exchange earning must be repatriated.
Financial institutions	The Central Bank of Lesotho (CBL) is the sole regulator of all the financial institutions in the country.	Ranked 134 th out of 141 countries in terms of the overall Financial System Depth, 140 th for the Strength of Auditing and Reporting Standards (WEF 2019).
Trade agreements	<ul style="list-style-type: none"> » Member of the World Trade Organization (WTO) » Bilateral agreements with most major trading partners 	Lesotho along with Botswana, Eswatini, Namibia and South Africa are members of the Southern African Customs Union (SACU). SACU is a customs union with duty free intra-SACU trade and a common external tariff (CET) applicable to all goods entering from outside the Union.
Investment agreements	<ul style="list-style-type: none"> » Bilateral investment protection agreements: UK and Germany » In 2004, Lesotho signed a bilateral investment agreement, albeit not yet ratified 	Foreign investment is actively encouraged in all areas of the economy, apart from certain small-scale business which are reserved for Lesotho's citizens. It is government policy that, once established, foreign investors should enjoy the same rights and protection as national investors and should abide by the law.

INFRASTRUCTURE

Measure	Fast facts	Key highlights
Infrastructure	Electricity <ul style="list-style-type: none"> » Electricity - production: 600 million kWh (2015 est.) » Electricity - consumption: 763 million kWh (2015) » Electricity - imports: 205 million kWh (2015) » Electricity - installed generating capacity: 80,000 kW (2015) » Electricity - from hydroelectric plants: 100% of total installed capacity (2015) 	Electricity <p>Currently uses hydropower to generate electricity.</p> <p>Lesotho has identified hydropower, wind generation and solar power as potential renewable energy sources. These will help in plans to increase electrification.</p> <p>Ranked 158 by World Bank Doing Business Report of 2020.</p>
	Transport and Logistics <ul style="list-style-type: none"> » Nearly 6 000 kms of modern all-weather and unpaved roads » Short rail line (freight) linking Lesotho and South Africa 	
	Telecommunications <ul style="list-style-type: none"> » Telephones - fixed lines: Total subscriptions: 41,158 » Subscriptions per 100 inhabitants: 2 (July 2016 est.): Country comparison to the world: 161 » Telephones - mobile cellular: Total: 2,282,917 » Subscriptions per 100 inhabitants: 117 (July 2016 est.): Country comparison to the world: 149 	
International Airports	<ul style="list-style-type: none"> » Moshoeshoe International Airport 	



Key highlights

- Namibia is classified as an upper-middle income country and was ranked 11th in Africa in terms of GDP (PPP) per capita (2019)
- Namibia is ranked as the 4th largest Uranium producer in the world
- Namibia's relatively higher interest rates offer attractive returns for yield-seeking investors
- Although still relatively small, Namibia's economy offers great potential for growth particularly in sectors such as transport and logistics, manufacturing, and renewable energy

Official name: The Republic of Namibia

Area: 825 615 km²

Capital: Windhoek

Official language(s): English

Currency: Namibian Dollar (NAD)

Population: 2,45 million

GDP per capita-USD (PPP): 9 812 (2019)

GDP Growth: -8.5% (2020)

Gini coefficient: 0.59 (2015)

National Day: 21 March

Website: www.gov.na

Gross Domestic Product (GDP)

2020: USD10.76 billion (N\$174.83 billion)

Consumer price inflation

2021 (preliminary): 3.6%

Exchange rate

2020 average: USD1.00 = N\$16.25

1 March 2022: USD1.00 = N\$15.36

Interest rates (policy rate)

February 2022: 4.0%

2020: 4.21% (average)

Foreign investment (Fixed investment inflows)

2019: -USD17 million (-0.13% of GDP)

2010-2019 average: 4.1% of GDP

Resources

Gold, zinc, lead, copper, manganese, iron, tantalite, lithium, granite, marble, salt, dolomite, fluorspar, limestone, slate, phosphate, phonolite, graphite ore, uranium, diamonds

Trade

• Exports in 2020: USD3.6 billion (N\$58.3 billion)

• Imports in 2020: USD4.6 billion (N\$75.2 billion)





INVESTMENT OPPORTUNITIES

Namibia offers **investment opportunities** across various sectors including:

Sector	Opportunities in Namibia
Renewable Energy	Great potential for renewables (solar, wind, biomass and green hydrogen).
Agricultural and Agro-processing	Production and processing of food, especially high value fruits & vegetables, meat & dairy products and beverages. production of fertilisers, animal feed and feedlots.
Tourism	Promotion, expansion and operation of the tourism industry. The industry is well established and developed.
Transportation and logistics	Manufacturing, maintenance and operation of components, machinery, vehicles & infrastructure for transportation & logistics. Truck stops and logistics hubs.
Metals, Mining & Adjacent Industries	Activities in, and in support of, the mining sector, as well as the production and processing of various metals, sand, concrete & construction materials.
Chemicals & Basic Materials	Production & processing of various chemicals, plastics & rubbers.
Global Business Services	Provision of business services to international clients over digital channels using local Namibian labour.
Machinery & Electronics	Manufacturing of machinery & tools (especially in support of other target sectors), pumps, engines, appliances & electronics, as well as the parts thereof.



INVESTMENT INCENTIVES

Namibia also offers the following benefits as **incentives** for investors:

Sector	Incentives
General	<ul style="list-style-type: none"> » Unlimited rollover of tax losses: The losses can be carried forward indefinitely until such time that the taxable income of the enterprises exceeds the deductions that it is entitled to. » Accelerated depreciation: the enterprise is entitled to depreciate certain assets within a period of three years. This includes most machinery, vehicles, aircraft, and sea-going crafts as long as they are used in the trade of the enterprise. » Financing expenditure for the acquisition of the items mentioned above is also deductible over a period of three years. » Building allowance: If an enterprise elects to build a structure on which it will conduct its business, such an enterprise may claim 20% of the cost of erection in the first year in which it was brought into use and 4% for each of the 20 years thereafter. » Remittance and Full Repatriation of Profits and Dividends. » No Restrictions on Business Ownership. » No capital gains tax. » No donation taxes. » No inheritance taxes. » 11 Double Taxation Avoidance (DTA) Treaties in place. » Duty Remission Incentive Scheme (DRI) is provided under Schedule 3 and 4 of Customs and Excise Act. DRI is a relaxation of import duties and import taxes provided to encourage the creation of an industry. Investors should register with Namibia Revenue Authority (NamRA) in terms of Schedule 8 to benefit from the DRI Scheme.
Petroleum	<p>The industry enjoys certain tax benefits that are only peculiar to this industry, such as:</p> <ul style="list-style-type: none"> » all exploration expenditures incurred in or before the year of production are deductible. » one-third of all development expenditure incurred in or before the year of production is deductible. » an exemption on goods imported for use in operations in connection with the prospecting for, or the mining of, natural oil or natural gas.



INSTITUTIONS

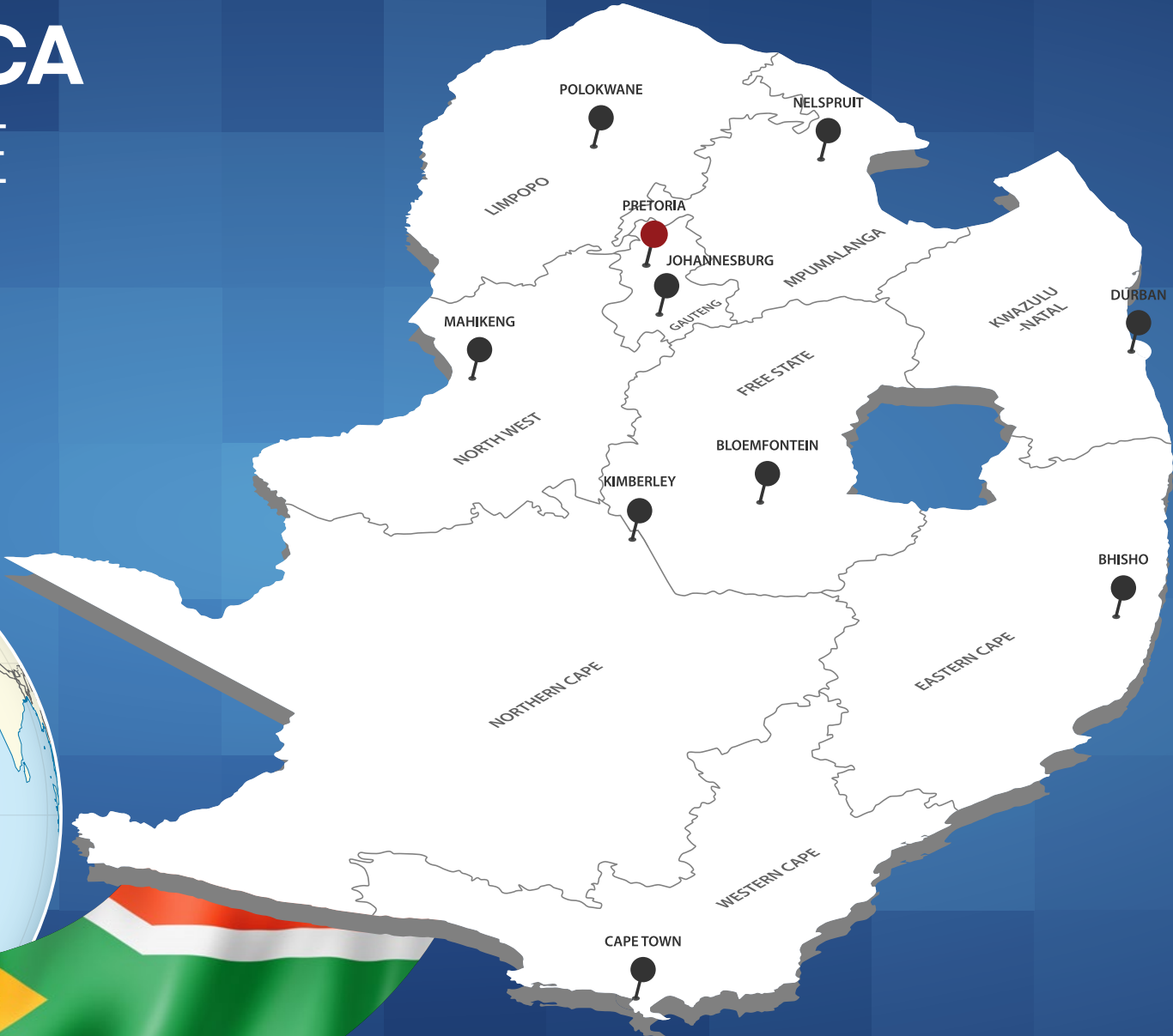
Measure	Fast facts	Key highlights
Government	Multiparty democracy	Free and fair democratic elections have been held every 5 years since 1989.
Legal system	The Constitution is the supreme law in Namibia. The Constitution protects basic freedoms and rights (including property rights). The Namibian legal system is an amalgamation of Westminster-style Constitutional law, Roman-Dutch common law, customary law and international law.	Ranked 35 th out of 141 countries covered in the WEF's Global Competitiveness Report 2019 in terms of Judicial Independence. 28 th in Efficiency of the Legal Framework in Challenging Regulations. 38 th in Efficiency of Legal Framework in Settling Disputes.
Fiscal policy	Namibia's fiscal policy is broadly focused on macroeconomic stabilization, social spending, infrastructure spending and human resources/skills development. By far it has proven to be the most effective policy instrument for balancing the economy and lifting thousands of Namibians out of extreme poverty.	Ranked 45 th out of 141 countries in terms of Budget Transparency (WEF 2019).
Monetary policy	The Namibian Dollar is pegged one-to-one with the South African Rand.	Namibia's Monetary policy largely follows the Common Monetary Area rules.
Capital controls	Namibia maintains a string of exchange and capital controls within the framework of the Common Monetary Area.	There are no controls or limits on the repatriation of returns or capital for investors who are not citizens or permanent residents.
Financial institutions	Well-developed financial system. Bank of Namibia regulates all banks in the country to ensure prudence and soundness of the financial system. Non-banking financial services are regulated by NAMFISA. International links to facilitate international banking.	Ranked 41 st out of 141 countries in terms of the overall Financial System Depth, 58 th in the Strength of Auditing and Reporting Standards and 61 st for Soundness of Banks (WEF 2019).
Bilateral Trade agreements	Member of the World Trade Organization (WTO). Namibia-Zimbabwe FTA.	Namibia, along with Botswana, Eswatini, Lesotho and South Africa are members of the Southern African Customs Union (SACU). SACU is a customs union with duty free intra-SACU trade and a common external tariff (CET) applicable to all goods entering from outside the Union.
Investment agreements	Investors are protected under the Namibian Constitution. Investors also have recourse to international arbitration of disputes with the government. Namibia has eleven (11) BIT's in force.	5 th most preferred investment destination in Southern Africa, in the EY Attractiveness Program Report 2019.

INFRASTRUCTURE

Measure	Fast facts	Key highlights
Infrastructure	Electricity <ul style="list-style-type: none"> » Installed energy-generating capacity of 594 MW (2019) » Deficit in domestic supply is estimated to be around 200MW 	Electricity About 60% (347 MW) of the country's total production of electricity is generated from hydropower. Deliberate move by government to utilise renewable energy sources (e.g., solar, wind). The policy on Independent Power Producers focuses on increasing private power investments in energy. Namibia has the highest average practical Photovoltaic power potential of all countries (World Bank, 2020).
	Transport and logistics <ul style="list-style-type: none"> » Eight (8) airports with paved runways » Two (2) seaports » Railways: 2 687km » Roads: 44 428km (paved: 6 199km) 	Airports Ranked 60 th out of 141 countries for Efficiency of Air Transport Services (WEF 2019). Rail Ranked 57 th globally for Efficiency of Train Services (WEF 2019). Roads Ranked 5 th for Road Connectivity (WEF 2019). Ranked 21 st for Quality of Roads Infrastructure (WEF 2019). Ranked best in Africa on road infrastructure for four consecutive years. Ports Ranked 35 th for Efficiency of Seaport Services (WEF 2019).
	Telecommunications	Ranked 8 th in Africa on the Information and Communications Technology Development Index (2017). Percentage of individuals using the internet: 31% Fixed broadband subscriptions per 100 inhabitants: 2 Mobile broadband subscriptions per 100 inhabitants: 66
International Airports	<ul style="list-style-type: none"> » Hosea Kutako International Airport » Walvis Bay International Airport 	



SOUTH AFRICA AT A GLANCE



Key highlights

- South Africa is classified as a middle-income country and is ranked 6th highest in Africa in terms of GDP (PPP) per capita (2020)
- The economy was the 32nd largest in the world (GDP size on a PPP USD basis in 2021) and one of Africa's largest, accounting for approximately 12% of the continent's GDP
- The rand is the 18th most-traded currency globally, with over USD16 billion traded daily
- It is envisaged that the effective implementation of the country's Economic Reconstruction and Recovery Plan (ERRP) will propel the South African economy to higher and sustained rates of growth

Official name: The Republic of South Africa

Area: 1 219 090 km²

Capital: Tshwane

Official language(s): English

Currency: South African Rand (ZAR)

Population: 56,521,948

GDP per capita-USD (PPP): 13 289 (2020)

GDP Growth: 4.9% (2021)

Gini coefficient: 0.68 (2015)

National Day: 27 April

Website: www.gov.za

Gross Domestic Product (GDP)

2021: USD417.9 billion (ZAR6.2 trillion) at current prices

Consumer price inflation

2021: 4.5% (average)
2010 to 2020 average: 5.0%

Exchange rate

2021 average: USD1.00 = ZAR14.79
8 March 2022: USD1.00=ZAR15.28

Interest rates (policy rate)

2021: 3.75% (end of period)
8 March 2022: 4%

Foreign investment (Fixed investment inflows)

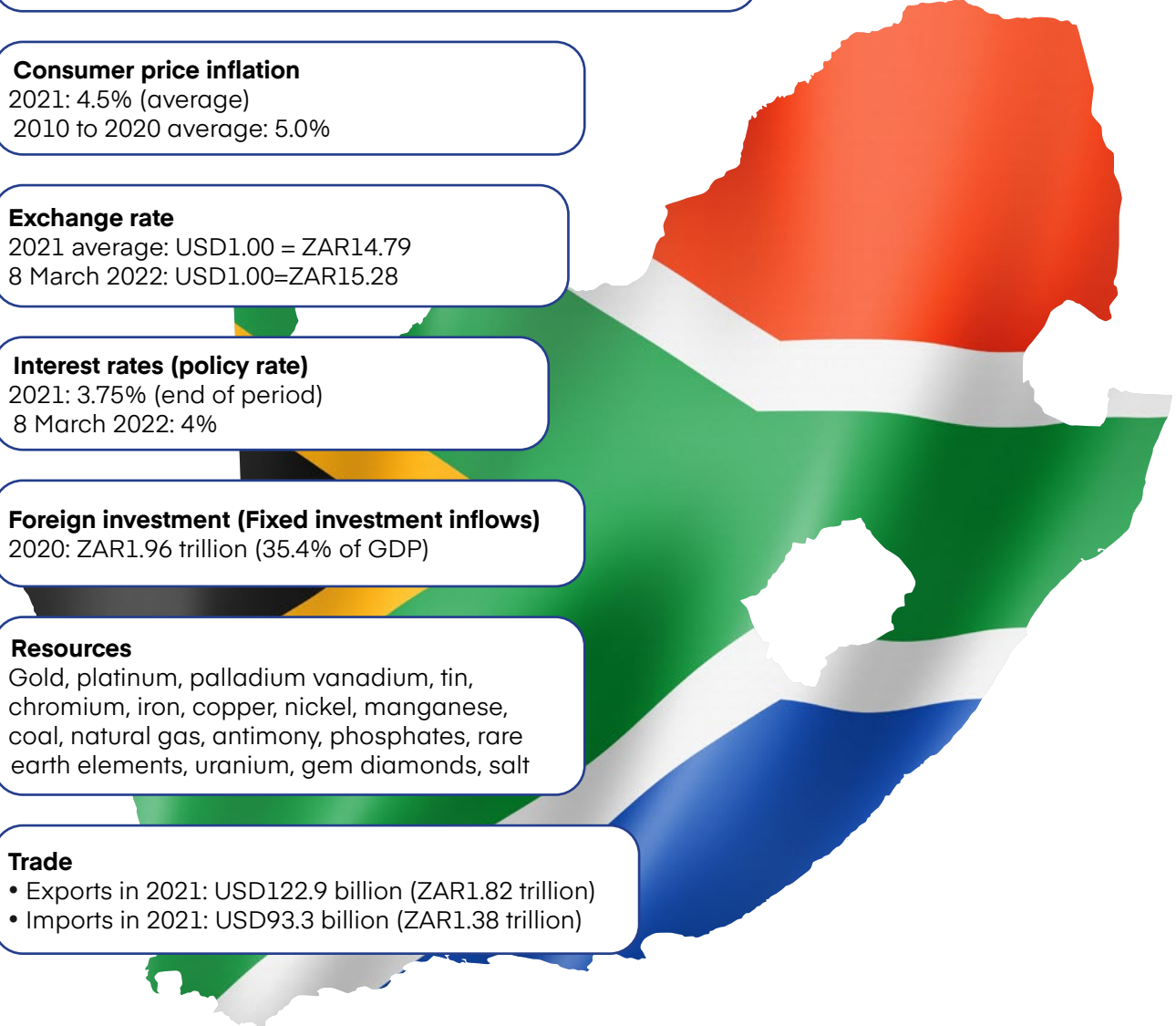
2020: ZAR1.96 trillion (35.4% of GDP)

Resources

Gold, platinum, palladium vanadium, tin, chromium, iron, copper, nickel, manganese, coal, natural gas, antimony, phosphates, rare earth elements, uranium, gem diamonds, salt

Trade

- Exports in 2021: USD122.9 billion (ZAR1.82 trillion)
- Imports in 2021: USD93.3 billion (ZAR1.38 trillion)







South Africa's diverse economy offers an array of opportunities for investment. While mining and mineral beneficiation remains an important sector for export earnings and growth, business is increasingly geared towards services and manufacturing industries.

Five sector clusters have been identified for investment, in order to increase the country's industrial base in critical sectors of production and value-added manufacturing, to diversify South Africa's exports, and to contribute to job creation in the economy.



Source: Investor Roadmap 2020

South Africa offers **investment opportunities** across various sectors including:

Sector	Opportunity
<p>Fruits and vegetables and Meat and meat products</p> <p>South Africa’s commercial agricultural sector is well developed and globally competitive. Thanks to diverse climatic and geological conditions, South Africa is well suited for the cultivation of a wide range of crops and products including grains, sugarcane, fruits, vegetables, nuts, beef, poultry, mutton, wool, fish and seafood.</p> <p>Located in the Southern Hemisphere, South Africa enjoys counter-seasonality to the Northern Hemisphere, positioning it well to supply lucrative consumer markets in Europe and North America with its agricultural products. A sophisticated and competitive agro-processing industry, with a fully integrated value chain, has been built on South Africa’s diverse agricultural sector, accounting for 23% of the country’s manufacturing sector and making it the largest sub-sector of manufacturing.</p>	<ul style="list-style-type: none"> Fruit and vegetable canning. Sub-tropical and tropical fruit juice processing. Oil seed production, edible oil processing, oilcake. Processing of soya-based products. Grain sorghum production, malt industry development. Processing of organic, vegan/vegetarian products, dehydrated foods. Walnut farming and processing. Expansion of dairy, bakery, confectionery production. Meat processing, including ostrich meat. Indigenous plant growing on a commercial scale. Extracting high-value additives, nutraceuticals. Non-edible oil processing. Commercial planting of indigenous flowers. Production of crops for feedstock into biofuels production. Wool production, and processing and manufacturing of wool-based textiles. Artemisinin and respective ingredients for anti-malaria medicaments. Flax production.
<p>Leather and leather products and Clothing and textile</p> <p>The South African Clothing, Textile, Footwear and Leather (CTFL) manufacturing industry is well developed and ranges from the production of synthetic and natural inputs to final clothing and shoes.</p> <p>Approximately 4500 formal companies of various sizes are involved in the CTFL manufacturing sector. The local manufacturing industry is mainly concentrated within two coastal regions, KwaZulu-Natal and Western Cape, as well as in Gauteng. The Eastern Cape is an emerging hub in the sector, thanks to its world leading mohair production.</p> <p>Household spending on clothing and footwear is expected to increase by approximately 25% to R125bn in the next three years.</p>	<ul style="list-style-type: none"> Spinning, weaving and finishing of textiles. Knitted and crocheted fabrics and articles. Manufacturing of wearing apparel. Dressing and dyeing of fur. Leather skins and hides beneficiation. Leather seat cover manufacturing for the automotive industry. Manufacturing of protective clothing for hazardous industrial environments (e.g., mining and chemicals industry). Manufacturing of school uniforms. Manufacturing of uniforms for military and law enforcement. Manufacturing of workwear.



Sector	Opportunity
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Pharmaceutical and Chemicals
Pharmaceuticals and Medical devices.

South Africa's pharmaceutical and medical device sectors are the largest and most advanced in sub-Saharan Africa.

Pharmaceutical and medical device sales both have more than doubled in the last 10 years and are expected to reach R48bn and R19bn, respectively in 2019.

The country has advanced manufacturing capabilities, including biotechnology manufacturing facilities. In addition, South Africa has strong R&D capabilities in the medical industry.

South Africa is the only Southern African Development Community (SADC) member country that meets the World Health Organization's Good Manufacturing Practice standards.

This positions South Africa as a gateway to the Southern African market for manufacturers of pharmaceutical products.

It is forecasted that pharmaceutical sales will increase by about 40% in the next five years. This is partly driven by the increase in lifestyle-related diseases including hypertension, obesity and diabetes. The demand for generic drugs has risen rapidly in recent years, due to policy-led preferences and the domestic antiretroviral (ARV) treatment programme.

- Manufacturing and supply of medicinal drugs for diseases such as HIV/AIDS, malaria, tuberculosis, diabetes and other lifestyle diseases.
- Development and manufacturing of active pharmaceutical ingredients.
- Development and manufacturing of generics.
- Supply of tele-medical applications.
- Supply of niche pharmaceuticals such as alternative healing methods.
- Manufacturing of biological-based drugs and bio therapeutics.
- Manufacturing of medical consumables.
- Development and supply of innovative medical technology.
- Servicing and maintenance of medical devices.
- Biotechnology and nanotechnology.
- Manufacturing and processing of cannabis oil.



Sector

Chemicals and Advanced materials

South Africa is home to Africa's most advanced and largest chemicals sector, valued at about US\$25bn. It is estimated to be four times and thirteen times larger than the chemicals markets of Nigeria and Egypt, respectively. The country's chemicals industry is highly mature and diverse, spanning fuel and plastics fabrication to pharmaceuticals, and supplies a wide range of industries. The sector has a fully integrated value chain that includes the production of raw materials, intermediate products and final chemical products.

Given South Africa's leading expertise in coal-to-liquid technology, its coal deposits present key inputs for the chemicals industry. South Africa has developed advanced capabilities to produce emerging materials including advanced carbon materials and biodegradable materials.

Opportunity

Manufacturing of:

- » organic, mineral or chemical fertilisers and nitrogen compounds
- » polymers including polyethylene used in packaging, bags and injection moulding applications
- » painting and coating (including for automotive industry)
- » organic surface-active agents
- » biodegradable materials
- » bio-composites
- » prepared binders for foundry moulds or cores
- » proteins and peptones
- » polypropylene and polyvinyl chloride beneficiation
- » composite materials, including bio-composites
- » titanium oxide pigments
- » speciality and fine chemicals
- » primary polyacetals/polyethers
- » nitrites and nitrates
- » carbon fibres
- » engineering plastics - polyamides
- » Fluorspar beneficiation for production of Fluoro-chemicals
- » Silica sand beneficiation for production of fibre glass





INVESTMENT INCENTIVES

CLUSTER OF INCENTIVE/SUPPORT SCHEMES

South Africa’s Industrial Policy Framework aims to galvanise industrial development and economic growth in the country through various strategic incentive schemes targeted at the manufacturing and services sections of the economy.

A comprehensive public sector support programme including financial and other forms of business support, is in place to assist the development of small-, medium- and micro-enterprises (SMMEs) in various economic sectors.

Cluster	Incentive/support scheme
Manufacturing investment	<ul style="list-style-type: none"> » 12i Tax Incentive » Automotive Incentive Scheme (AIS) » People-carrier Automotive Investment Scheme(P-AIS) » Aquaculture Development and Enhancement Programme (ADEP)
Competitiveness investment	<ul style="list-style-type: none"> » Manufacturing Competitiveness Enhancement Programme (MCEP) » Export Marketing and Investment Assistance (EMIA) » Capital Projects Feasibility Programme (CPFP)
Services investment	<ul style="list-style-type: none"> » Film and Television Production » Business Process Services (BPS)
Broadening participation	<ul style="list-style-type: none"> » Black Business Supplier Development Programme (BBDSP) » Black Industrialist Programme » Cooperative Incentive Scheme (CIS) » Incubator Support Programme (ISP) » National Gazelles Programme » Enterprise Incubation Programme (EIP) » Amavulandlela Funding Scheme
Infrastructure investment	<ul style="list-style-type: none"> » Critical Infrastructure Programme (CIP) » Shared Economic Infrastructure Fund (SEIF)

ATTRACTIVE INCENTIVES TO SUPPORT INVESTMENT

The South African government offers a comprehensive suite of financial grants, tax incentives and other forms of business support to investors.

Incentive programme	Description
Research and Development (R&D)	<p>A 150% deduction of R&D expenditure when determining taxable income.</p> <p>Qualifying R&D activities include:</p> <ul style="list-style-type: none"> » Discovery of novel, practical and non-obvious information; » Development and/or creation of new inventions; and » Developing or improving knowledge seen as essential for use in new inventions. <p>Approvals for claiming R&D tax incentives should be obtained from the Department of Science and Innovation.</p>
Critical Infrastructure Programme (CIP)	<p>A cost-sharing grant that lowers the cost of doing business by targeting industrial investment projects incurring costs in the development of bulk infrastructure. Grant covers 10% to 30% of total qualifying development costs.</p>
Energy savings tax deduction	<p>Tax deduction for energy savings, dependent on energy savings certificate issued by the South African National Energy Development Institute, priced at ZAR0.95/kWh.</p>
Incentive for industrial policy projects	<p>Income tax allowance for industrial projects - greenfield or brownfield.</p> <p>Allowance dependent on project classification as normal or preferred status. For normal status, tax allowance amounts to 35% of the cost of new and unused manufacturing assets, which can increase to 55% to 100% for preferred status projects.</p> <ul style="list-style-type: none"> » Companies may make deductions for training costs to a maximum of ZAR36 000 per employee.
Agro-Processing Support Scheme (APSS)	<p>APSS aims to stimulate investment in the agro-processing sub-sector, offering a grant of 20% to 30% of qualifying costs incurred for investments that increase capacity, generate employment, improve competitiveness and productivity, and support broad-based black economic empowerment.</p> <p>Costs include those incurred for machinery, equipment, commercial vehicles, buildings, systems automation and accreditation.</p>
Automotive Investment Scheme (AIS)	<p>Supports light, medium and heavy vehicles and components and tooling manufacturers in the automotive value chain. Covers 20% to 30% of qualifying investment costs.</p>
National Gazelles programme	<p>A publicly-funded high-growth accelerator for SMEs in each of the 10 priority industry sectors identified in the NOP. It facilitates access to finance, skills development and training, and access to business advisory services.</p>



Black Industrialists Scheme (BIS)	Aims to accelerate economic participation of black industrialists in South Africa. A cash grant, amounting to 20% to 30% of qualifying costs but limited to ZAR50-million, is offered to 51% black-owned, -managed and -controlled businesses to invest in greenfield and brownfield manufacturing projects.
Business Process Services (BPS)	The BPS incentive aims to attract investment and generate employment in South Africa by offshoring business services, targeting business processing and outsourcing BPO projects that create at least 50 new jobs in South Africa. The incentive is granted per offshore job created and is granted over a period of five years.
Film and television production	<ul style="list-style-type: none"> » A package of incentives is available to promote film production and post-production activities in South Africa: » Foreign Film and Television Production Incentive: 20% of qualifying South African production expenditure (QSAPE); » South African Film and Television Production and Co-Production Incentive: 35% of the first ZAR6-million of QSAPE and 25% of the excess; and » South African Emerging Black Filmmakers Incentive: 50% of the first ZAR6-million of QSAPE and 25% of the excess.

Source: Deloitte South African Taxation and Investment 2017

INSTITUTIONS

Measure	Fast facts	Key highlights
Government	Parliamentary democracy.	Free and fair democratic elections held regularly since 1994.
Legal system	<ul style="list-style-type: none"> » Constitution protects basic freedoms and secures rights and dignities (including property rights and protection of minorities based on ethnicity, gender, sexual orientation, etc.) » Mix of Roman-Dutch law (primarily civil), common law and statute (primarily economic affairs) 	Ranked 33 rd out of 141 countries covered in the WEF's Global Competitiveness Report 2019 in terms of Judicial Independence, 40 th in Efficiency of the Legal Framework in Challenging Regulations and 31 st in Efficiency of Legal Framework in Settling Disputes.
Fiscal policy	Balances development needs with fiscal sustainability and intergenerational equity.	Ranked 1 st (best in the world) out of 141 countries in terms of Budget Transparency (WEF 2019).
Monetary policy	<ul style="list-style-type: none"> » Inflation targeting regime » Target band between 3% and 6% 	Independent central bank.
Capital controls	<ul style="list-style-type: none"> » Regulation of foreign inflows is limited » Foreign outflows are permitted » Some limits on permanent residents and citizens 	<p>Since 1994, South Africa has taken a gradual approach to the phasing out and liberalisation of exchange controls.</p> <p>There are no controls or limits on the repatriation of returns or capital for investors who are not citizens or permanent residents.</p>



Measure	Fast facts	Key highlights
Financial institutions	<ul style="list-style-type: none"> » Advanced bond and equity markets » Banks regulated under “twin peaks” model, with central bank overseeing both macro- and micro prudential policy » Signatory to the Basel III accords 	<p>Ranked 18th out of 141 countries in terms of the overall Financial System, 49th for the Strength of Auditing and Reporting Standards and 29th for Soundness of Banks.</p> <p>The Johannesburg Stock Exchange’s market capitalisation is the 19th largest in the world.</p>
Bilateral trade agreements	<ul style="list-style-type: none"> » Member of the World Trade Organization (WTO) » Bilateral agreements with most major trading partners 	<ul style="list-style-type: none"> » In 2021, USD2.1 billion worth of US imports from South Africa entered the country under AGOA, with more than 1 800 African products able to enter duty-free under the GSP » Duty-free access to the EU market (€2.1 trillion imported from the world at large in 2021) as part of the SADC-EPA economic partnership agreement » South Africa, along with Botswana, Eswatini, Lesotho and Namibia are members of the Southern African Customs Union (SACU) » SACU is a customs union with duty-free intra-SACU trade and a common external tariff (CET) applicable to all goods entering from outside the Union
Investment agreements	International investors protected under the South African court system.	South Africa took the lead in Africa in terms of the FDI Score in the EY Attractiveness Report 2021.

INFRASTRUCTURE

Measure	Fast facts	Key highlights
Infrastructure	<p>Electricity</p> <ul style="list-style-type: none"> » Total energy generation capacity of 51.6 million kW (2020 estimate) 	<p>Electricity</p> <ul style="list-style-type: none"> » Coal-fired power stations (circa 70% of generation capacity) » Deliberate move by government to use renewable energy sources (e.g., solar, wind) » Ranked 10th among G20 countries for renewable energy investment conditions (2017)

Infrastructure	Transport and logistics <ul style="list-style-type: none"> » 144 airports with paved runways » Railways: 20 986km » Roads: 747 014km (paved: 158 952km) » Eight ocean-economy seaports: <ul style="list-style-type: none"> Durban Richards Bay East London Ngqura Port Elizabeth Mossel Bay Cape Town Saldanha Bay 	Airports Ranked 27 th out of 141 countries for Efficiency of Air Transport Services and 39 th for Airport Connectivity (WEF 2019) Rail Ranked 47 th globally for Railroad Density (WEF 2019) Roads <ul style="list-style-type: none"> » Ranked 47th for Quality of Roads Infrastructure (WEF 2019) » Ranked 7th for Road Connectivity (WEF 2019) Ports <ul style="list-style-type: none"> » Home to two of the world's top container ports and two of the world's biggest dry bulk ports » Mossel Bay allows imports of LNG » Ranked 44th for Liner Shipping Connectivity (WEF 2019) » Overall, South Africa is ranked 1st in Africa on the World Bank's Logistics Performance Index
	Telecommunications	<ul style="list-style-type: none"> » South Africa has the highest number of secure internet servers (per 1 million people) in the region » Ranked 3rd in Africa on the Information and Communications Technology Development Index. There is immense potential in this sphere » Percentage of individuals using the internet: 56% » Fixed broadband subscriptions per 100 inhabitants: 2.4 » Mobile broadband subscriptions per 100 inhabitants: 76
International Airports	<ul style="list-style-type: none"> » O.R. Tambo International Airport » Cape Town International Airport » King Shaka International Airport » Kruger Mpumalanga International Airport » Pilanesberg International Airport » Polokwane International Airport » Lanseria International Airport 	

Sources: Statistics South Africa, South African Reserve Bank (SARB), World Bank, IMF, World Economic Forum, Bank for International Settlements, National Treasury, Industrial Development Corporation (IDC) calculations





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