

# SACU INVESTMENT ROUNDTABLE: Synopsis of key Investment Projects in the SACU Region

**12 -13 APRIL 2022**

**GABORONE INTERNATIONAL CONVENTION CENTRE**

**GABORONE, BOTSWANA**

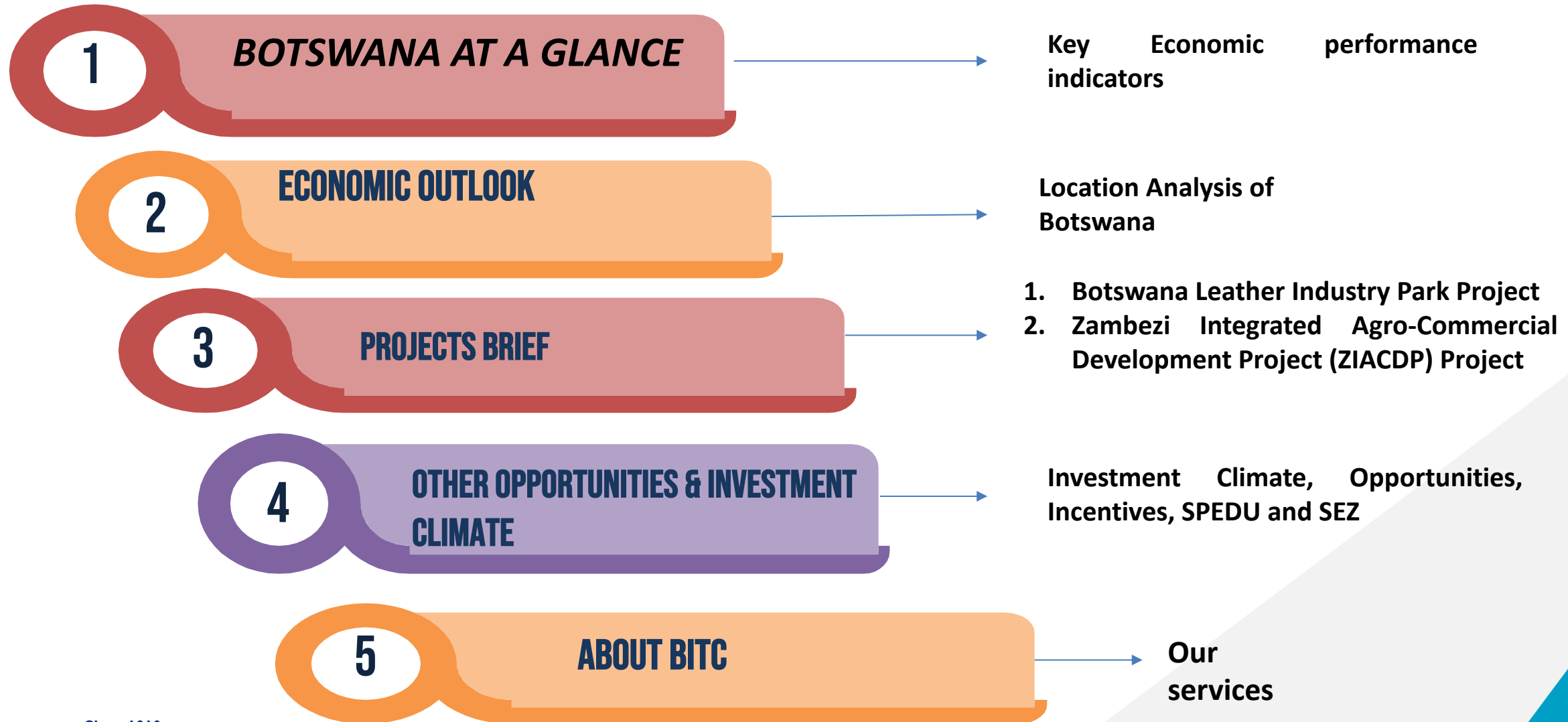
**BY**

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**EXECUTIVE DIRECTOR (A), INVESTMENT PROMOTION**



# INTRODUCTION



# BOTSWANA AT A GLANCE

## GDP Performance

GDP: US\$15.78 Billion (WB, 2020)  
Per capita GDP: USD\$6,319 (WB, 2020).



## Inflation

(10.6 % 'Feb 2022),  
BoB Target is 3% - 6%



## Interest Rates

Bank rate 3.75%:  
Prime Rate 5.75%



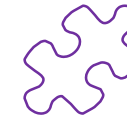
## Key Exports (2020)

(Total merchandize exports = US\$3.75 million) declines by 24.16 Diamonds, copper, nickel, Ignition wiring sets and other wiring sets for vehicles, boneless beef, soda ash, and copper ores and concentrates



## Land Mass

582,000 SQ .KM



## Borders

South Africa, Namibia,  
Zambia, Zimbabwe.



## Population

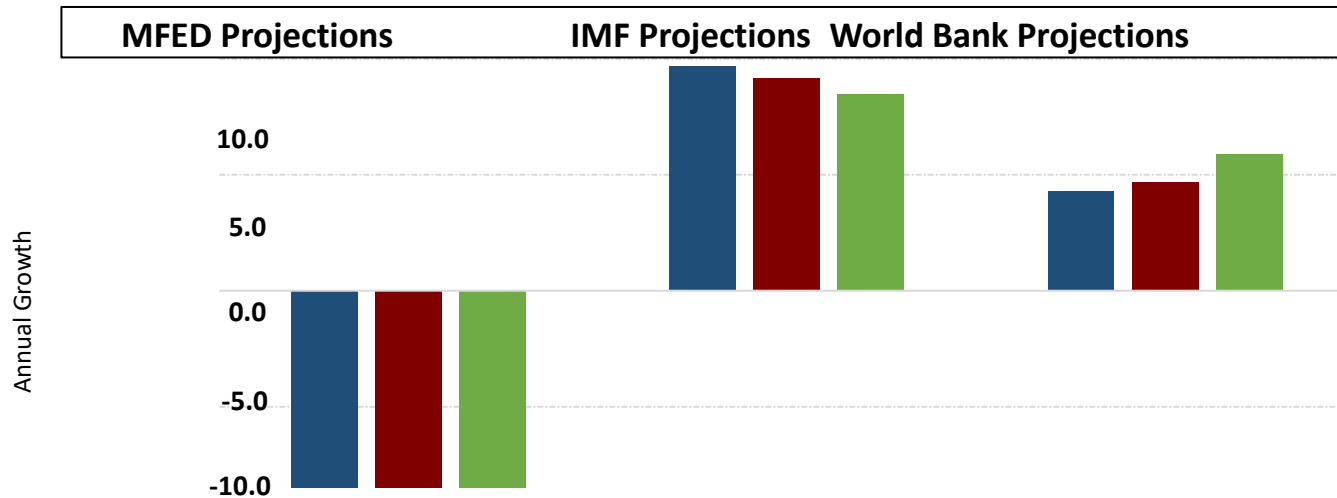
2.3 million

## Key Imports (2020)

(Total merchandize imports US\$6.29 million) Decline by -1.06% Non-industrial diamonds, petroleum products, Industrial diamonds



# BOTSWANA ECONOMIC OUTLOOK

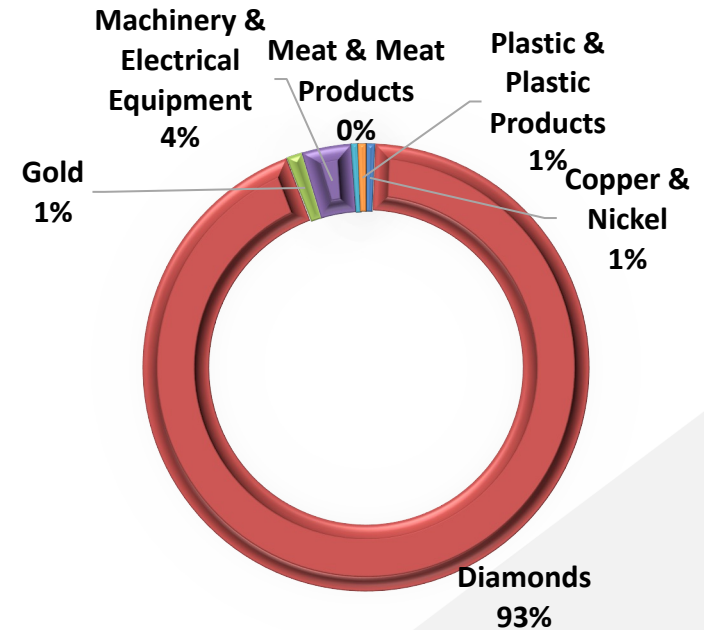
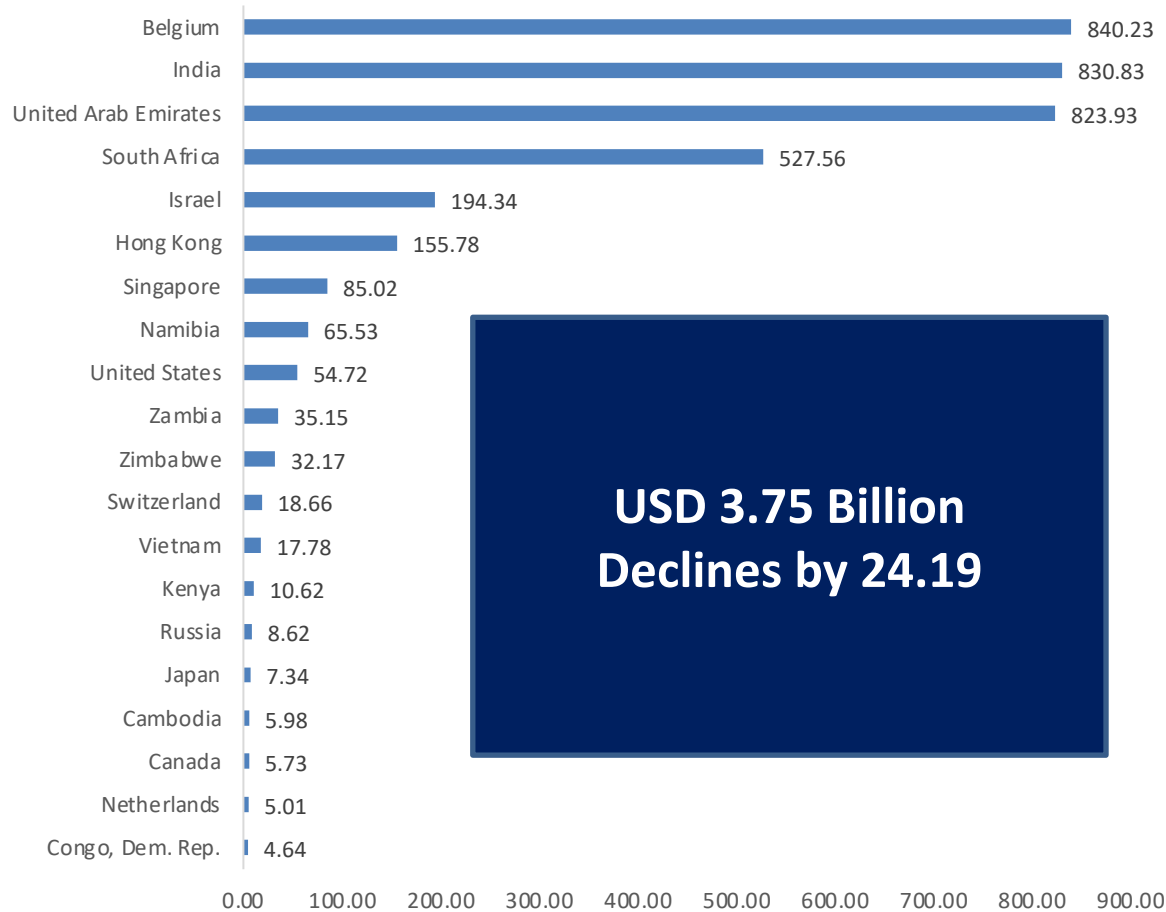


	2020	2021	2022
MFED Projections	-8.5	9.7	4.3
IMF Projections	-8.5	9.2	4.7
World Bank Projections	-8.5	8.5	5.9

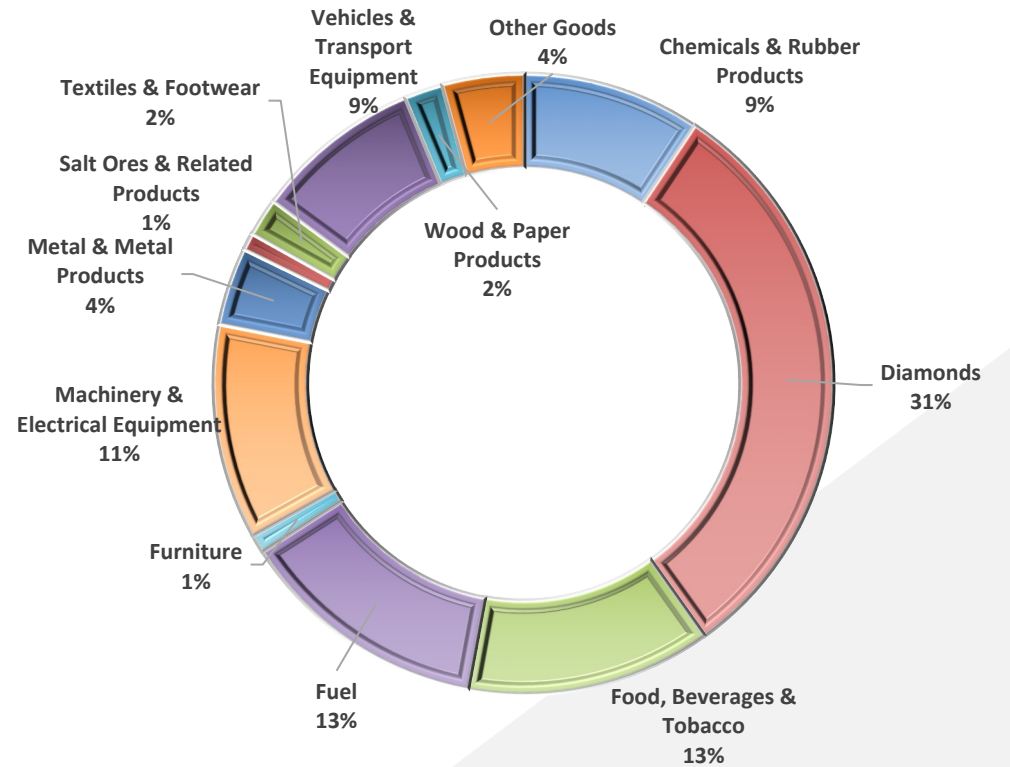
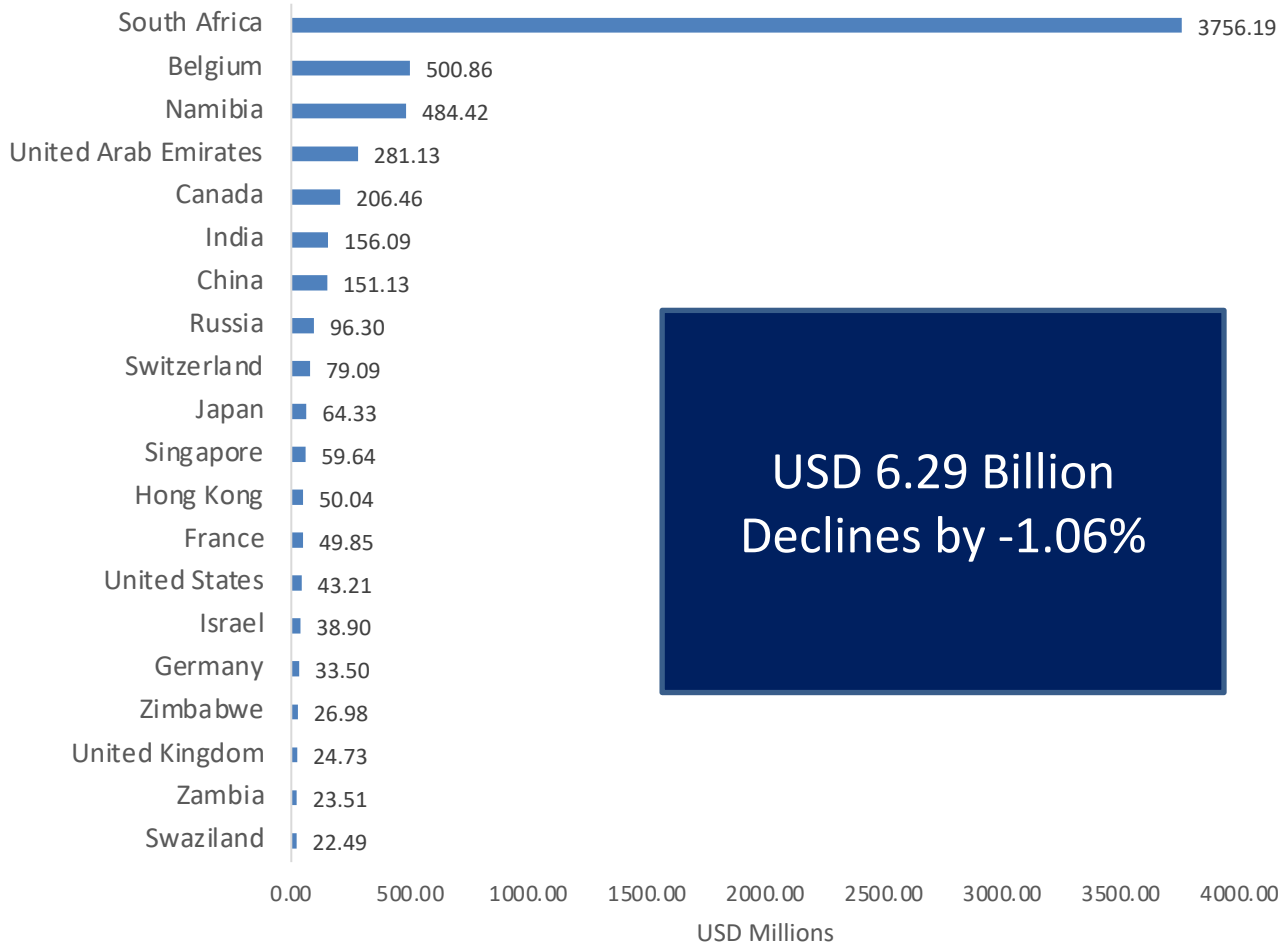
Positive outlook for the domestic economy, with a growth rate of **9.7 percent estimated for 2021** and **4.3 percent projected for 2022**.

- Growth supported by successful covid-19 vaccine roll-out.
- Evolving economic recovery still uncertain, given the emergence of new COVID-19 variants.
- Rising inflation, reaching 10.6 percent in February 2022.
- Inflation expected to normalise in 2022.
- **Bank rate maintained at 3.75 percent during 2021.**

# BOTSWANA'S EXPORT STATISTICS IN 2020

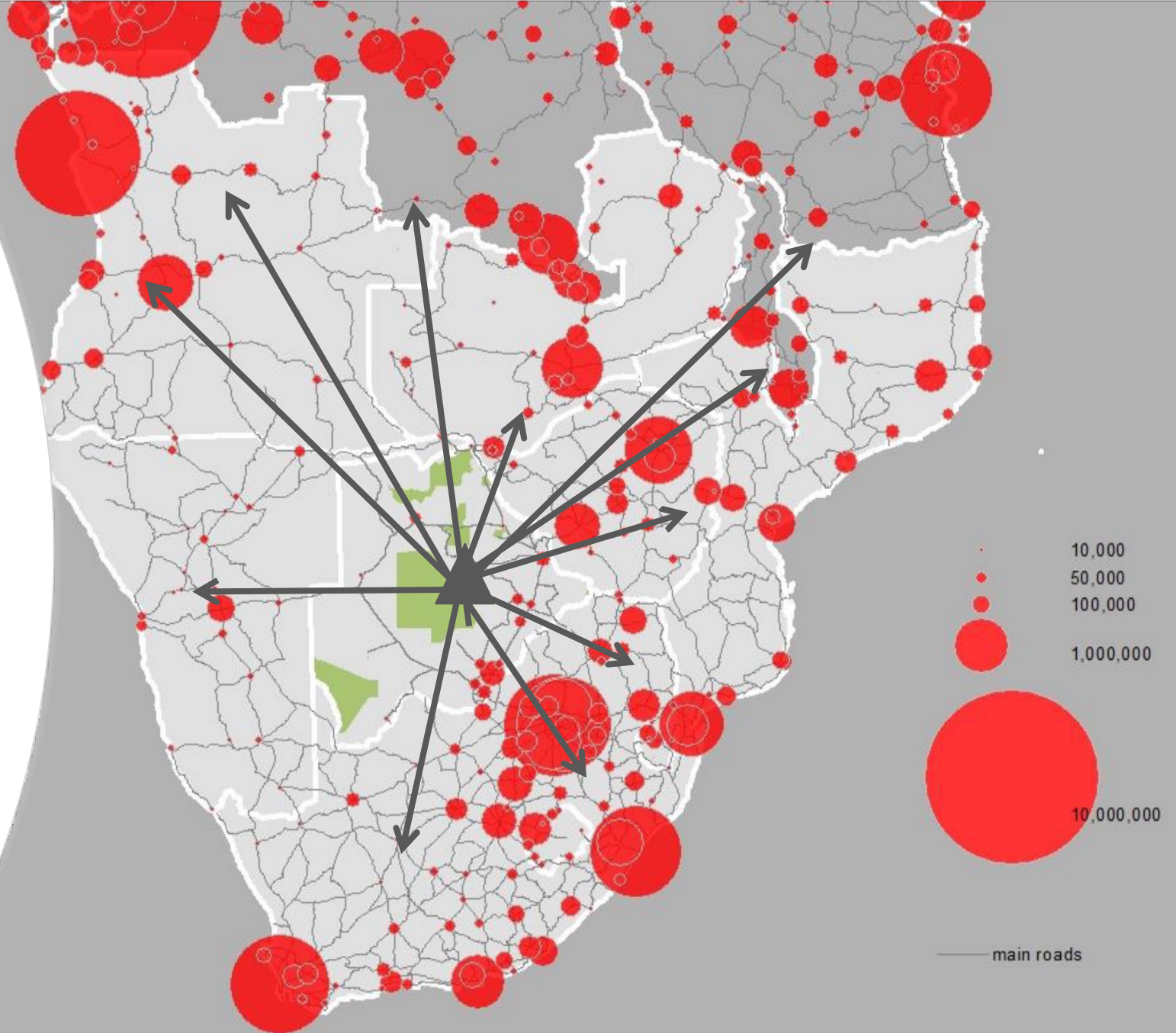


# BOTSWANA'S IMPORT STATISTICS IN 2020



# LOCATION ADVANTAGE

- **Gate way** to the rest of Africa
- Botswana has devised **national strategies** to effectively **link its priority sectors with regional value chains**.



# PROJECTS BRIEF



# 1. BOTSWANA LEATHER INDUSTRY PARK

## Project Brief

The purpose is to establish a thriving leather industry park without any hindrances in the value chain development and revive the industry in Botswana. The leather industry has relied on imported finished leather and hence making it difficult to quickly develop the SMMEs. The leather park will spur the manufacturing of all leather products in the country. This project is aimed at processing all the hides and skins generated locally into finished leather. It is envisaged that the project, once fully operational, will create more than 5 000 jobs.

## Project Investment Value

P300 million for the development phase

## Project Status

The project is currently in development phase.

## Existing partners and commitments

Government will construct the enabling infrastructure and the private sector leasing out tanneries, factories and warehouses

## 2. ZAMBEZI INTEGRATED AGRO-COMMERCIAL DEVELOPMENT PROJECT (ZIACDP)

The Project is a technical assistance project designed to support the Government of Botswana in its efforts to diversify the economy through expansion of activities in the agriculture and agro industrial sector. The project will help to improve food security, diversify agriculture and create jobs. It will also integrate rural producers and small businesses with commercial value chains and markets; encourage the inclusion of informal economic actors into the formal system; enhance the business climate to mobilize private capital; and integrate youth into agriculture as a business enterprise and source of employment. The project is expected to attract increased private sector investments into agribusiness enterprises following the completion of a bankable full Feasibility Report and the implementation of the project under a PPP model.

The purpose of the project is to provide the required infrastructure that will help increase agricultural production, establish an agro industrial base that will drive demand for farm produce and increase productivity for priority value chains like maize, oilseeds sorghum, millet, horticulture, fruits and livestock.

### **Project investment value**

P8.6 billion Project status

### **Project Status**

The project is currently in planning stage.

### **Existing partners and commitments**

The project target beneficiaries are farmers and farmer groups; micro, small, medium, and large-scale enterprises and private sector industrialists.

The General development of intergrated Agro-business is key to the enhancement of regional integration



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# OTHER OPPORTUNITIES & INVESTMENT CLIMATE

# INVESTMENT OPPORTUNITIES



## Agriculture & Agribusiness

- Dairy Production value chain opportunity
- Horticulture
- Beef
- Piggery
- Sheep & goat Production
- Honey
- Poultry
- Ostrich Farming



## Manufacturing

Automotive Components  
Pharmaceutical production



## Services

- Financial & Business (banking)
- ICT e.g Tv White Space
- BPO



## Mining/Resource Beneficiation

Soda Ash Coal  
Diamonds (jewellery, brokers, cutting & polishing etc)  
Base Metals



## Transport & Logistics

Rail Projects:  
Mamabula – Lephale (57km)  
Moseitse - Kazungula (356km)  
Botswana - Mozambique  
Aviation



## Energy

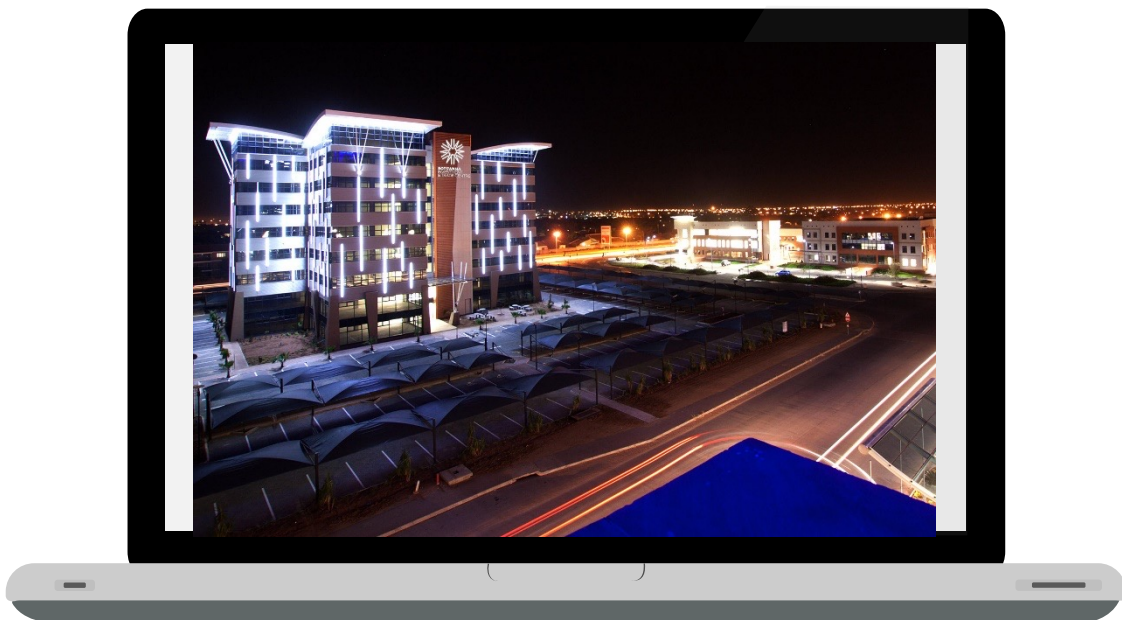
Solar  
Coal-bed methane (CBM)  
Biogas and Biodiesel  
Coal to Liquids



## Tourism & Hospitality

[Hotels & Lodges](#)  
Medical Tourism

# INCENTIVES PACKAGE FOR INVESTORS: GENERAL



- 15 % Corporate tax rate for manufacturing, financial services companies & companies registered in the Innovation Hub
- 22% corporate tax for other sectors



- Possible tax holidays for 5 – 10 years under the Development Approval Order (DAO) by Minister of Finance and Economic Development upon assessment
- Duty-free importation of machinery and equipment for manufacturing purposes;

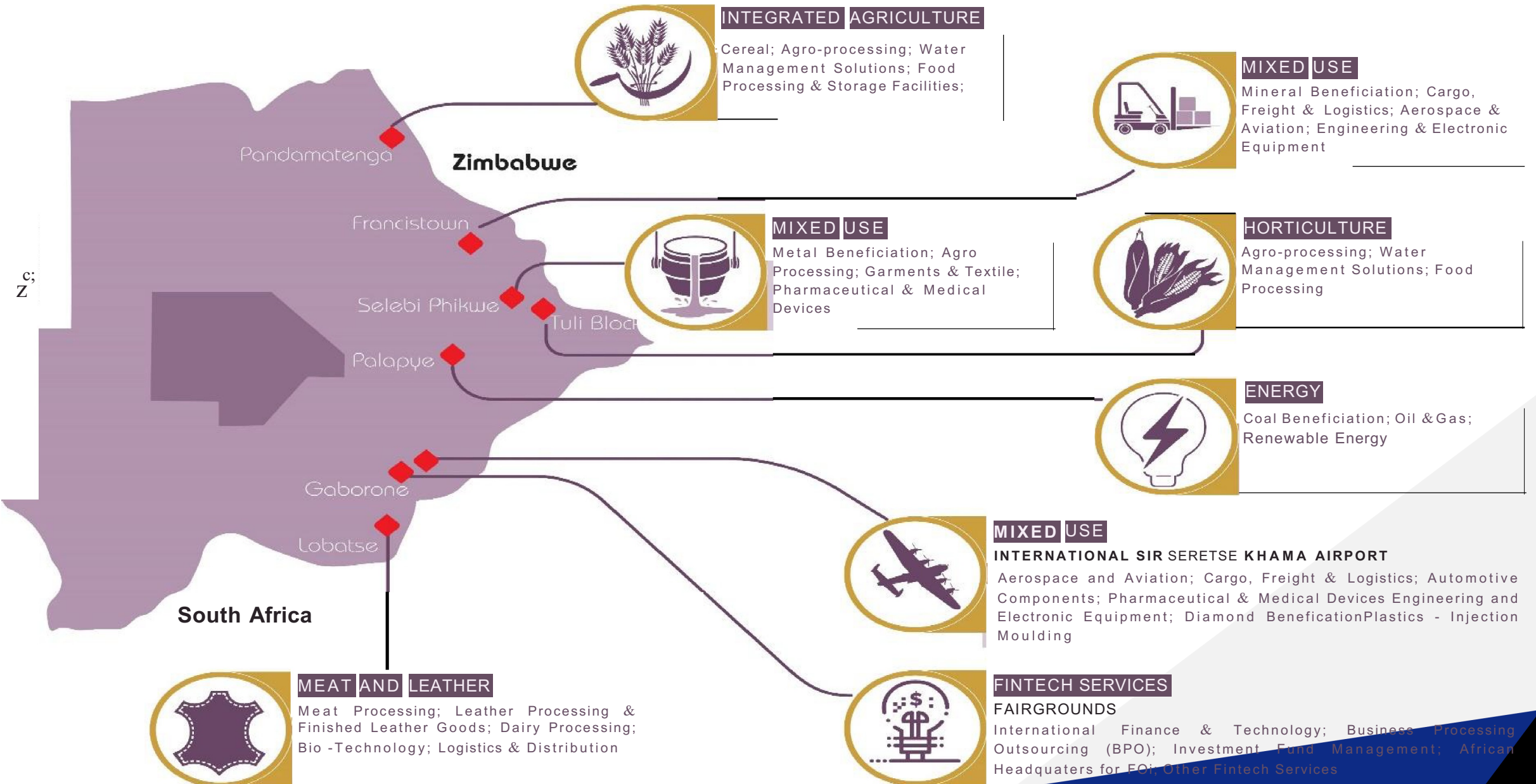


- Low personal income tax, maximum 25%
- 12% Value Added Tax (VAT)
- No Exchange Controls



- Full Repatriation of Profits and Capital

# SEZ'S LOCATION AND FUNCTIONS



# INCENTIVES PACKAGE FOR INVESTORS: FISCAL INCENTIVES (SEZA)



5% Corporate Tax for the first 10 years  
10% Corporate Tax thereafter



- Fast tracked land allocation
- Long term renewable land leases



Zero-rated VAT on Raw Materials for Manufacturing for Export



Duty-free Imports of Specialist Plant and Machinery for Manufacturing Purposes



Waiver on Transfer Duty on Land and Property  
Property Tax Exemption for 5 years



- Support in fast tracking the issuance of visas, work and residence permits;
- Support in fast tracking business or sector based licences, permits



- Develop cluster networks aimed at improving productivity and competitiveness;
- Link Investors to national policy and influencing networks.



- Efficient Customs Facilitation
- Registration of Bonded warehouse status
- Registration for preferred trader status



- Environmental application facilitation;
- Online business registration;
  - 24-hour business support services.



- Facilitation of building permits.
- Identify and introduce investors to local suppliers of goods and services.



- No Exchange Controls
- Full Repatriation of Profits and Capital



# BILATERAL AND MULTILATERAL TRADE AGREEMENTS TO SUPPORT EXPORT

SADC	SACU	SACU - EFTA	SACU - MERCOSUR	AGOA	BOTSWANA - ZIMBABWE	EAC-SADC-COMESA	AfCFTA	EU-SADC EPA
<b>GENERAL INFORMATION</b>								
Preferential market access to more than 293 million consumers in the SADC region	Duty free and quota free market access - 61 million consumers (Botswana, South Africa, Namibia, Lesotho and Swaziland)	The Free Trade Agreement between the Member States of the European Free Trade Association (EFTA) - Iceland, Liechtenstein, Norway and Switzerland – and SACU	SACU signed a Preferential Trade Agreement (PTA) with South American customs union known as Mercosur, comprised of: Argentina, Brazil, Paraguay, and Uruguay.	Duty free and quota free market access to the USA	Goods originating from either of the trading partners are exempted from payment of customs duties on condition that the goods meet a minimum 25% local content	Create a single market comprising of Eastern and Southern African countries with ultimate aim of moving towards a continental African free trade area	Expand intra African trade through better harmonization and coordination of trade liberalization and facilitation regimes and instruments across RECs and across Africa in general	Duty free and quota free market access to the European Union
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# Critical Success Factors

Key Factors	Business Benefits
<b>Botswana Exporter Development Programme (BEDP)</b>	<ul style="list-style-type: none"> <li>• Exporter Training - Building the awareness and capacity of existing and potential exporters, in priority sectors, through exporter education.</li> <li>• Exporter Diversification - To diversify export markets by linking products and markets</li> <li>• Problem Solving - To promote a favourable business environment for Exporters e.g. Tracking of Non tariff Barriers</li> </ul>
<b>Development of Purpose Built Special Economic Zones</b>	<ul style="list-style-type: none"> <li>• Enable more investment attraction in incentivised SEZ locations</li> </ul>
<b>Expanding of the infrastructural development i.e. Electrification grid</b>	<ul style="list-style-type: none"> <li>• Construction of phase 2 of North West Transmission Grid commence this financial year, further advance the development of the Agricultural SEZ in the Pandamantenga area</li> <li>• Lobatse – Leather Industry Park .</li> </ul>
<b>National Export Strategy (NES)</b>	<ul style="list-style-type: none"> <li>• To expansion of current levels of exports and new ones in the international markets as well as diversifying the country's export base</li> </ul>
<b>Sector specific incentives</b>	<ul style="list-style-type: none"> <li>• Provided through SEZA</li> </ul>
<b>Fast track reforms of IFSC framework</b>	<ul style="list-style-type: none"> <li>• Enhance compliance with OECD standards</li> <li>• Attract more investment in the financial services sector</li> </ul>
<b>Public Private Partnership (PPP)</b>	<ul style="list-style-type: none"> <li>• Office fully operational and aim to boost attraction of PPP related investment into Botswana</li> </ul>
<b>Implementation of Economic Diversification Drive (EDD) Strategy</b>	<ul style="list-style-type: none"> <li>• Assist substitute imports</li> <li>• Increase in domestic investment</li> </ul>

# ABOUT BITC

# INVESTOR VALUE ADDED SERVICES

Investment facilitation services through Botswana One Stop Service Centre offering:



Company & Business  
Registration



Opening of Bank  
Accounts



Entry Visas, Work &  
Residence Permits &  
Exemptions



Trade & Business  
License Applications



Utility  
Connections



Income Tax &  
VAT Registration



Industrial & Commercial  
Land / Factory Shells



Incentives; IFSC,  
Manufacturing, Tax  
Holidays (DAO)



Aftercare Services –  
renewals, expansions etc.



Environmental Impact  
Assessment Compliance

# THANK YOU

## CONTACT DETAILS

- **Facebook:** Botswana Investment and Trade Centre or Brand Botswana
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