

Botswana is full of investment opportunities

Botswana, located in the heart of southern Africa, has traditionally been known for the extractive industry. However, the country has much more to offer. In this article, you'll find an overview of investment opportunities, as provided by the **Botswana Investment and Trade Centre (BITC)** and the **Special Economic Zone Authority (SEZA)**.

NABC sat down with Ms. Malebogo Morakaladi, Acting Chief Executive Officer of the Botswana Investment and Trade Centre (BITC) and Mr. Joel Ramaphoi, Executive Director for Investor Attraction of the Special Economic Zone Authority (SEZA), to take a deeper dive into Botswana's investment opportunities.

Benefits of Botswana

With bilateral and regional trade agreements with Zimbabwe, Malawi, Zambia, Namibia, South Africa and other nearby countries in the SADC region, Botswana is a strategic destination to converge and gain broad access to several markets in Africa. Botswana is an open economy with one of the highest sovereign credit ratings, according to institutions like S&P Global Ratings and Moody's. As a mature and peaceful democracy with a strong track record of good governance, the country has an attractive macroeconomic environment with

strong regulatory frameworks and stable and transparent political institutions.

Botswana has established facilitation institutions like the Botswana Investment and Trade Centre (BITC), and the Special Economic Zone Authority (SEZA) to support investors by sharing investment opportunities, helping with attaining the right licences, finding valuable contacts, identifying risks and mitigating the costs of doing business. While SEZA focuses on providing services and privileges to investors in eight special economic zones, BITC supports investors interested in doing business in the country. Together they coordinate and collaborate to ensure that investors are accorded the best support to set up and conduct profitable business ventures in the country.

Agribusiness and Agri- processing

With 500,000 square kilometres of land, there are opportunities to increase the existing agricultural production. Agribusiness is thus one key investment area with opportunities across several value chains and subsectors. For businesses operating in the special economic zones, the processing of agricultural produce comes with an even higher incentive. Companies operating in agri processing can enjoy long term renewable land leases of up to 99 years in which land plots have access to utilities, new systems, and primary infrastructure.

Manufacturing

Botswana is a net food importing country with opportunities to boost the production of basic commodities, particularly cereals (grain, sorghum and maize) and pulses. For example, White maize demand exceeds 100,000 metric ton per year as compared to the local production which on average is lower than 10,000 metric ton per year. Some of the identified value chain opportunities lie within dairy production, horticulture, leather and animal feed amongst others. Support to the agriculture sector is rendered through the Ministry of Agricultural Development and Food Security and its network of institutions that include the Botswana University of Agriculture and Natural Resources (BUAN), that educates market-ready graduates every year. Botswana's manufacturing sector also includes opportunities in food and beverage processing, textile and garment manufacturing, jewellery making, metal production and construction materials.

Logistics, warehousing and distribution

Botswana's geographical position makes it a perfect choice to establish cargo and logistics facilities such as distribution and warehousing, bulk-breaking of commodities, tracking and management, and mining supplies logistics amongst others. Companies investing in special economic zones obtain special privileges

Entrepreneur: Botswana is the place to be

Founded in 1992, Agate Botswana supplies clients and retailers with semi-precious stones used for jewellery, health products and esoteric goods in South African and European markets. In addition to acknowledging Botswana's ideal geographical position and open economy as positive aspects of doing business, CEO and Finance Manager Herbert Knuettel gives credit to the support provided by the government and investment agencies. "I am very positive about Botswana," Mr. Knuettel, an economist-turned-businessman who has been active in Botswana for over 30 years, said. "Otherwise, I would not be here. I think Botswana is one of the best places for investment."

when working in these areas, as they get efficient free customs facilitation, including bonded warehouses in which custom activities can be done on sight, as opposed to on the border.

Services

Financial services and tourism are also fruitful areas for investments and help Botswana with the diversification of revenue streams. Through the International Financial Services Centre (IFSC) framework, BITC facilitates investors to set up a variety of structures. This includes Investment Funds, companies active in insurance, banking and ICT enabled services such as Business Process Outsourcing and call centres.

Incentives for Investments

Next to attractive business industries and special privileges in certain economic zones, the Botswana business environment is characterised by a liberal and competitive fiscal framework. While the general corporate tax in Botswana is about 22%, compared to the average of 27% in most other countries in Africa, in these sectors mentioned above, the tax percentages are further reduced to 15%, the lowest in Africa.

The incentives and special privileges are even more pronounced in special economic zones. Special economic zone licensed investors benefit from corporate taxes at 5% for the first ten years, and 10% thereafter. Licensed investors are also offered 99-year renewable leases. In addition, the SEZA regulatory framework intends to give investors regulatory advantages.

Focus on value chain development

In response to the Covid-19 pandemic, the Botswana government has come up with a reset agenda and economic recovery plan, which seeks to make value chain development within these different industries a top priority. Furthermore, BITC and SEZA will continue to ensure that the business climate remains favourable for foreign investment. 🔄

Learn more about investing in Botswana via:
www.gobotswana.com/
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