



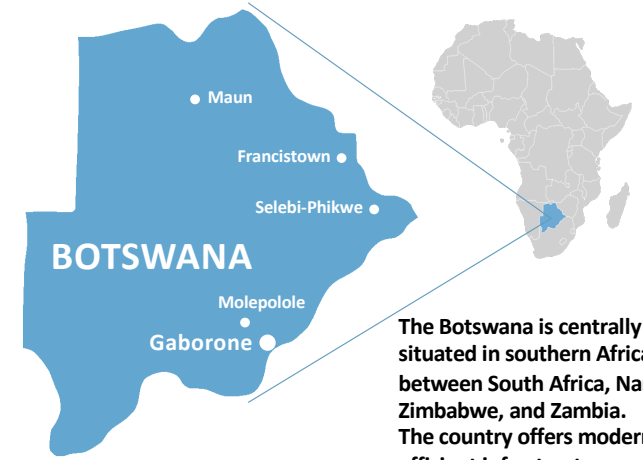
Green Financial & Business Services

Sector fact sheet on investment opportunities

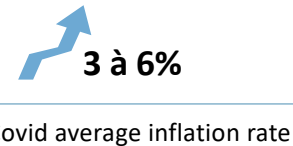
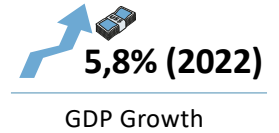
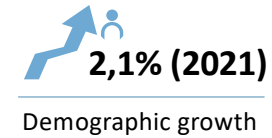
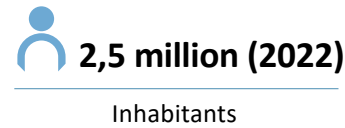


Botswana at a Glance

- Area: 600,370 km²
- Capital: Gaborone (227,333 inhabitants)
- Currency: Pula (BWP) - 14 BWP/US\$
- Languages: English (official language) and Tswana (national language)
- Time Zone: GMT+2
- Climate: Subtropical



The Botswana is centrally situated in southern Africa, between South Africa, Namibia, Zimbabwe, and Zambia. The country offers modern and efficient infrastructures.





Why invest in Botswana?

● Botswana opens the door to a massive market

- We provide investors with preferential access to the Southern African Development Community's (SADC) entire marketplace of around 380 million people;
- Botswana provides duty free access to South Africa, Namibia, Lesotho and Eswatini;
- Botswana provides duty-free and quota-free access to the European Union (EU) market; and
- Africa Continental Free Trade Agreement with over 1.3 billion people.

● Botswana has an established track record of prudent macro-economic management

- Ranked 1st globally In Macroeconomic Stability (Global Competitiveness Report WEF 2019); and
- Highest sovereign rating in Africa:

Standard & Poor's (S&P)

BBB+/A-2 for long-term and short-term obligations in foreign currency and national currency.

Moody's

A3 for credit rating of Botswana with a stable outlook.

● Conductive business environment

- 3rd freest economy in Sub Saharan Africa out of 47 countries, with regulatory environment encourages growth, and openness to foreign investment and trade promotes competitiveness and resilience (Heritage Foundation, 2023); and
- Prudent fiscal and monetary policies that boost business confidence and guarantee high fiscal strength (Bank of Botswana, 2023).

● Botswana offers attractive incentives for investors

- No restrictions on business ownership;
- Liberal tax regime: 22% corporate and 25% personal tax, with 15% corporate tax for manufacturing and IFSC-registered companies (lowest taxes in the SADC region);
- Negotiable tax holiday up to 10 years maximum;
- Deductible training rebate of 200%; and
- Provide up to 100% duty rebate for customs duties on imported raw materials for manufacturing under schedule 3 of the Customs Act

Why Doing Business in Botswana?

● Political and economic stability

- Botswana is one of the most stable, democratic, and transparent countries in Africa, with an independent judicial system and a low level of corruption compared to other regions in Africa. It is a country that demonstrates good financial capacity and has a low level of risk.
Corruption perceptions index **60/100**
(2nd ex aequo in the Sub-Saharan Africa, average regional score for sub-Saharan Africa 32/100)

● Sustainable, Inclusive High-Growth National Strategy

Botswana is committed to a strategy of transitioning towards a diversified, sustainable, and inclusive economy by:

- Promoting productive sectors and improving the business environment;
- Investing in education to enhance skill levels and bridge the gap between labor supply and private sector demand;
- Developing infrastructure (energy, transportation, telecommunications) and strengthening related services to enhance economic competitiveness.

● Sound institutional and regulatory reforms

Botswana has committed to a program aimed at improving its business climate by:

- Implementation of the Economic and Recovery Transformation Plan (ERTP);
- Establishment of the Investment and Trade Centre (BITC) to assist foreign investors and the Special Economic Zones Authority (SEZA);
- Membership in the International Centre for Settlement of Investment Disputes (ICSID) and the 1958 New York Convention;
- Botswana's commitment to reducing greenhouse gas emissions by 15% by 2030 through ongoing renewable energy projects outlined in the Integrated Resource Plan (IRP);
- Adoption of a climate change policy in 2021, which aims to promote access to carbon markets, climate financing, and clean technologies.



Why the Financial & Business Services sector?

- Botswana's banking system is renowned for its strength and resilience. The country's banks have been relatively unscathed by the global financial crises and have continued to operate in a stable manner.
- Botswana's banking sector is well developed, with a range of domestic and international banks operating in the country, and the insurance sector is growing rapidly.
- The Botswana Stock Exchange (BSE), where listed companies can issue shares and bonds, plays an important role in corporate financing and investment.
- Botswana aims to position itself as a leading international financial center throughout Southern Africa, with the creation of the Botswana International Financial Services Centre (IFSC) facilitating the attraction of foreign investment, encouraging cross-border transactions and strengthening the country's competitiveness in the global financial services landscape.
- Leading financial institutions and the Botswana Stock Exchange (BSE) can play a central role in transforming Botswana into a regional financial hub promoting traditional and green finance by providing a platform for sustainable investments and enabling companies to raise funds for sustainable and environmentally-friendly green investment projects in the SADC region.
- Botswana's capital market is evolving, driven by the growth of the Botswana Stock Exchange (BSE), which serves as a platform for companies to list and trade their securities, promoting capital formation and investment opportunities for retail and institutional investors.
- The banking sector is undergoing a digital revolution, with the emergence of fintechs offering innovative solutions such as mobile banking, digital wallets and online payment platforms.

Demand

- Strong demand from rural areas for access to financial products and services.
- Increased demand from individuals and businesses for non-banking financial services, including life and non-life insurance products, pension funds, brokerage and management companies.

Key figures

3.15 billion US\$

Botswana's market capitalization

270 billion US\$

Climate finance needs in Africa

Local capacities

- Botswana has several commercial banks, both local and international, offering a range of banking services to individuals, businesses and investors.
- Botswana has also developed a microfinance sector to support entrepreneurs and small businesses, particularly in rural areas.
- Botswana has a strong pension fund industry, which plays a crucial role in providing retirement benefits and contributing to long-term savings and investment with a key role in financing the economy and managing risk.

Regulatory framework

- Botswana's financial services sector is characterized by stability and effective regulation.
- The Bank of Botswana and the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) offer professional services and advice.

Tailor made incentives for investors

Botswana has committed to a program aimed at improving its business climate:

- Construction of a Special Economic Zone that aims to provide a range of infrastructure and services to businesses.
- Foreign companies can benefit from tax exemptions for a period of 5 to 10 years.
- Opportunities to enjoy a reduced tax rate of 15%, exemptions from withholding tax, and capital gains tax.
- Foreign companies are exempt from tax on dividends received from foreign sources when they hold 25% or more of the capital.



Investment opportunities

Botswana bank shares

With the growth of Botswana's financial sector in recent years, the country's leading banks, such as Barclays Bank of Botswana (now called Absa Bank Botswana), Stanbic Bank Botswana, and First National Bank Botswana, may be investment options.

Insurance companies and pension funds

Investing in Botswana insurance companies and pension funds can be an opportunity, given the growing demand for insurance products, particularly in the fields of life insurance, motor insurance, health insurance, pension funds and brokerage and management companies.

Botswana Stock Exchange

The Botswana Stock Exchange (BSE) offers shares and bonds issued by local companies. Investing on the BSE, including securities trading, brokerage and investment advisory services, and participation in public offerings (IPOs), can provide exposure to Botswana's financial sector as well as other sectors of the economy.

Asset management

Opportunities exist in investment management, portfolio advisory services and collective investment schemes.



Fintech and digital payments

With the increase in digital connectivity in Botswana, the country is experiencing growing development in the field of financial technology (fintech). Investing in local fintech startups that offer innovative digital solutions (mobile banking, digital wallets, payment gateways, and other innovative financial technology solutions) could be an opportunity for those seeking long-term returns.

Microfinance

Botswana's microfinance sector also presents investment opportunities to support small businesses and entrepreneurs in rural areas and disadvantaged communities.

Real estate

Although not directly related to the financial sector, investment in commercial or residential real estate in Botswana can be attractive, as the country is experiencing urban and economic growth, creating increased demand for real estate.