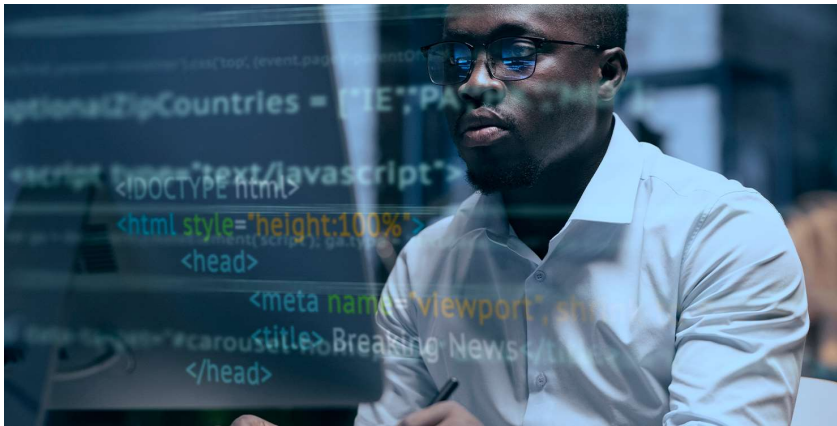




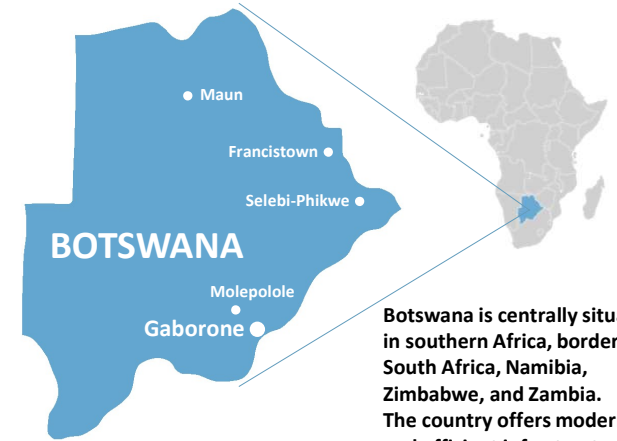
ICT & Innovation

Sector fact sheet on investment opportunities

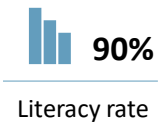
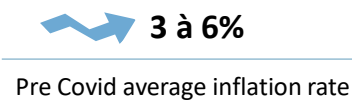
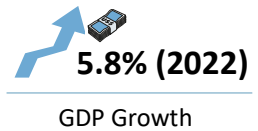
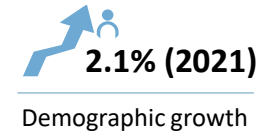
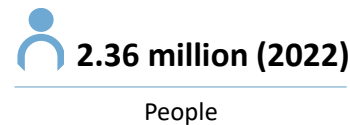


Botswana at a Glance

- 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



Botswana is centrally situated in southern Africa, bordering 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 ITC & Innovation sector?

- Good broadband Internet coverage in Botswana's main towns and urban centers and high mobile telecoms penetration rates, with a large proportion of the population having access to cell phone services.
- Growing global market for Business Process Outsourcing (BPO) and Data Centers, with strong demand for skilled workers
- Major under-use of digital technologies such as websites and fintech by SMEs in the country
- Need for additional internet coverage in rural areas
- Launch of the SmartBots initiative to establish cloud computing infrastructure and foster transformation of the economy, government and society
- A growing community of technology startups emerges in Botswana, mainly focused on agriculture, health, education and e-commerce. It is becoming a booming ecosystem for innovation and entrepreneurship.

Key figures

64% population access to internet

80% 4G coverage

38 Network Readiness Index, average in Africa 34,9 and in South Africa 48,9 (2021)

Business Process Outsourcing

5,3% annual growth
(estimate 2023-2028)

450 billion US\$ market size
(estimated 2028 vs 350 billion US\$ today)

Data Centers

12% average annual growth
(estimate 2020-2025)

3 billion US\$ data center market
in Africa (estimated 2025)

700 Data Centers (future needs in
Africa vs 80 today)

Local capacities

- New emerging platforms in the domestic sector (10 companies)
- Presence of domestic data centres
- Existence of large e-commerce platforms
- Availability of skilled professionals

Regulatory framework

- The government has developed favorable policies and regulatory frameworks to encourage investment in the ICT sector. This includes policies to stimulate technological innovation, protect intellectual property and facilitate access to licenses and authorizations for companies in the sector.

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

Business Process Outsourcing (BPO)

The BPO industry in Botswana has been growing in recent years and is considered a key sector for economic growth and job creation. The main BPO services provided in Botswana are:



Customer support

- Call centre operations
- Customer service
- Technical support



IT services

- Software development
- IT consulting
- IT support services



Back-office operations

- Data entry
- Data processing
- Data analysis services.

Investment opportunities

Data Centres

- A number of data centres with excellent links to telecommunications networks already exist in Botswana, providing services such as colocation, cloud computing, and disaster recovery.
- The data centre market in Botswana is still in its early stages of development, with room for growth and expansion.
- There is an opportunity for telecommunications operators to build data centres in Botswana to serve central Africa, offering a comprehensive portfolio of data centre services such as cloud services and software as a service for enterprise applications such as e-commerce.

Cloud Computing

- Overall, the cloud computing sector in Botswana is still in its early stages of development, but has the potential to play a significant role in the country's digital transformation and economic growth.
- Cloud computing services have been gradually gaining traction in Botswana, with both private and public sectors adopting the technology to improve their operations.
- There are a number of local and international cloud service providers that operate in Botswana, offering a range of services including IaaS, PaaS, and SaaS.