

AUSTRALIA

Doing Business with Botswana Webinar

Wednesday, 23 February 2022



Australian Government

Australian Trade and Investment Commission

BITC-AUSTRALIA WEBINAR
23 February 2022

Mr. Keletsositse Olebile
Chief Executive Officer
23 February 2022



BOTSWANA AT A GLANCE

GDP Performance

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



Inflation

(8.7 % 'December 2021),
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

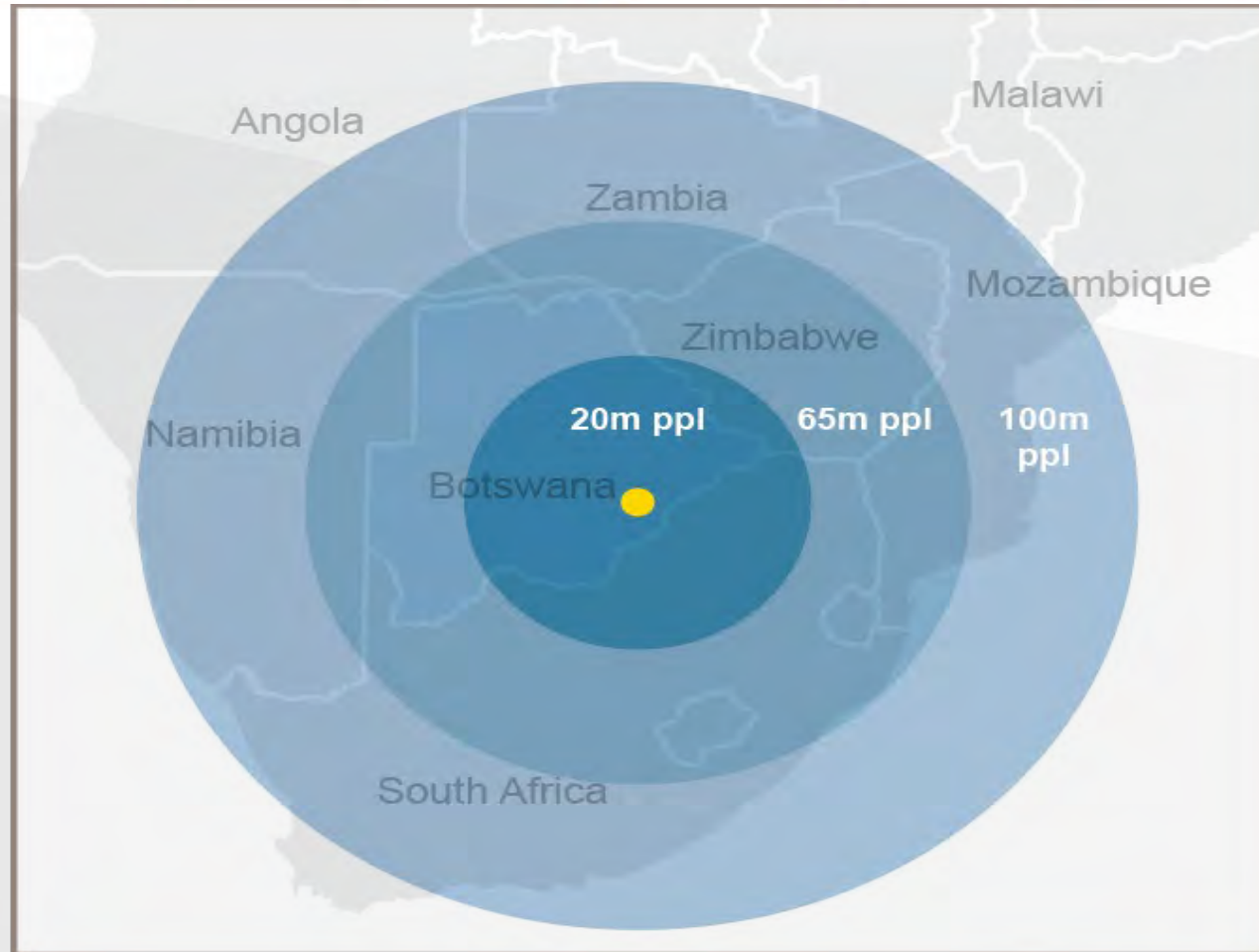
2.3 million

Key Imports (2020)

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



LOCATION ADVANTAGE



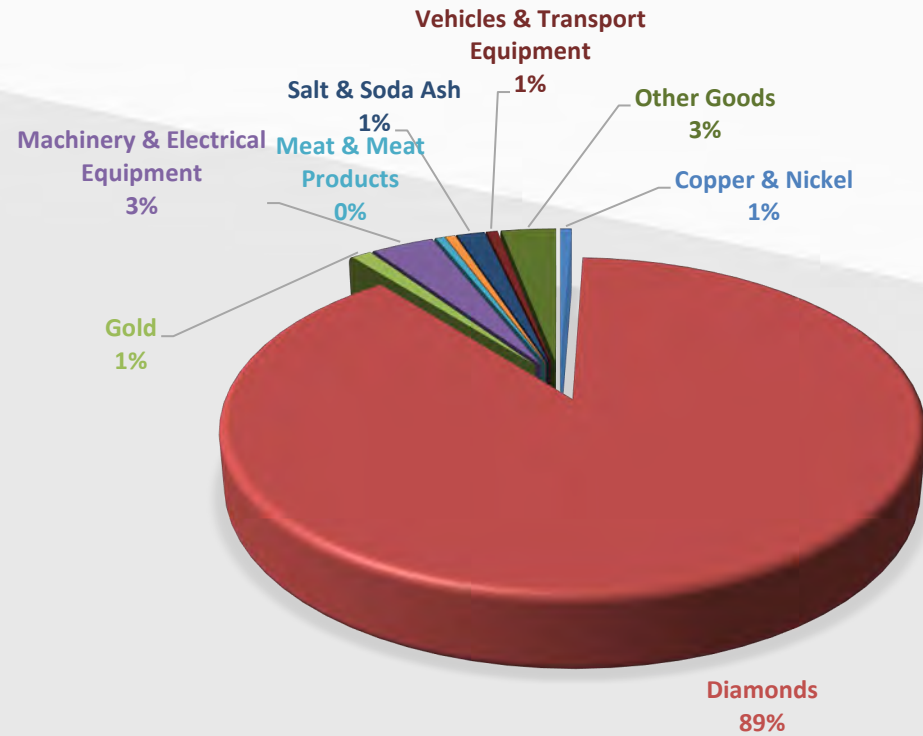
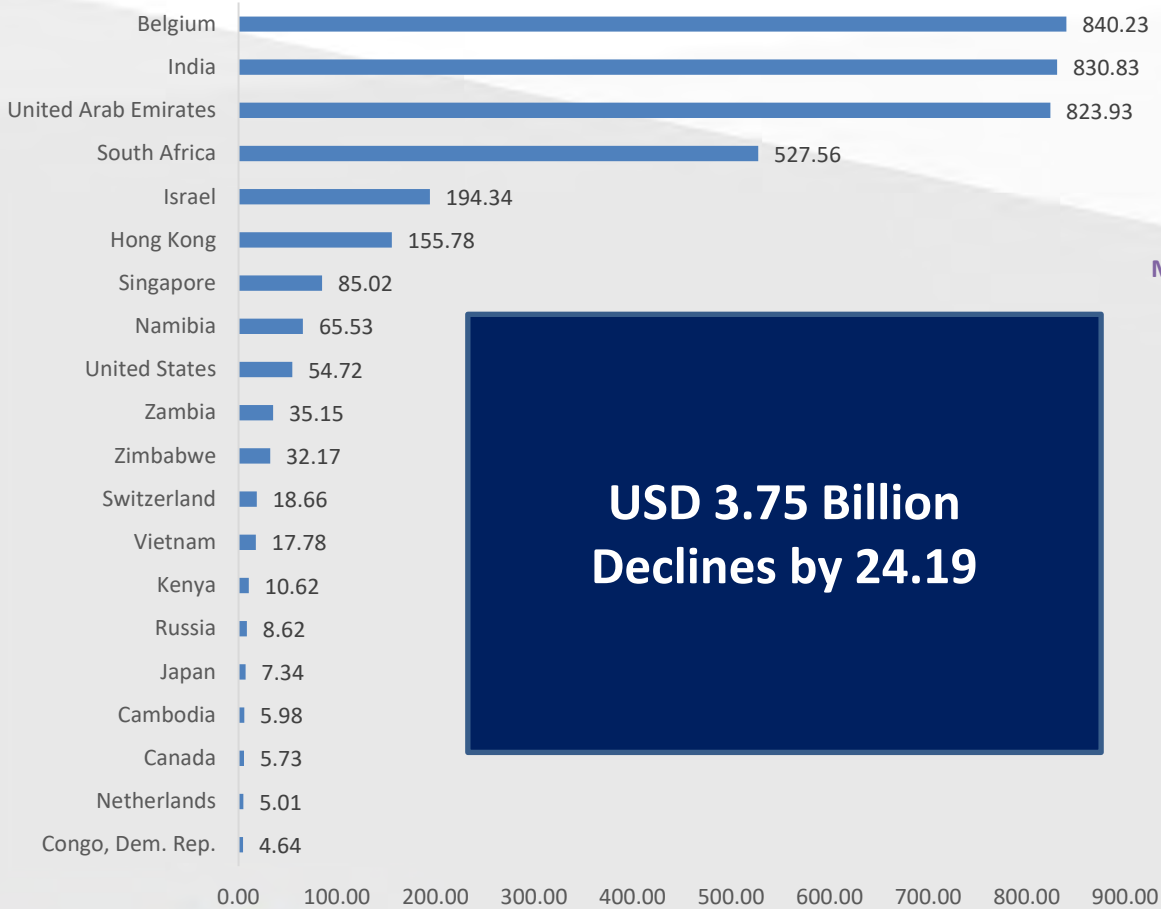
- Botswana has devised **national strategies** to effectively **link its priority sectors with regional value chains**.

BILATERAL AND MULTILATERAL TRADE AGREEMENTS TO SUPPORT EXPORT OF VEHICLES

SADC	SACU	SACU - EFTA	SACU - MERCOSUR	AGOA	BOTSWANA - ZIMBABWE	EAC-SADC-COMESA	AfCFTA	EU-SADC EPA
GENERAL INFORMATION								
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

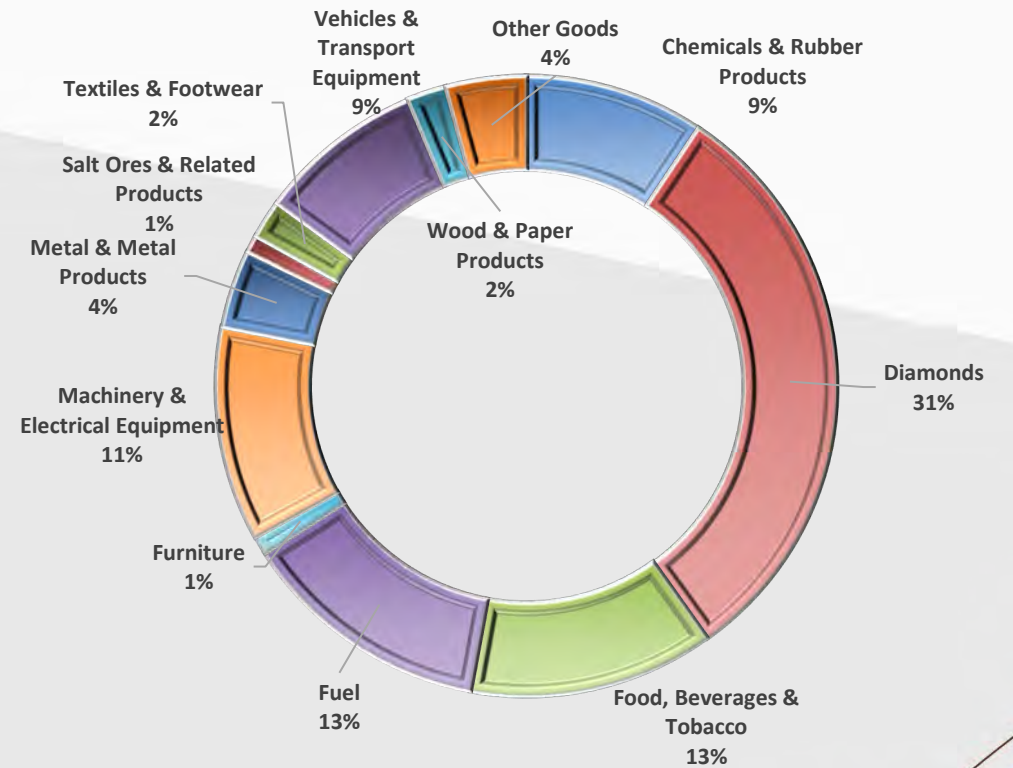
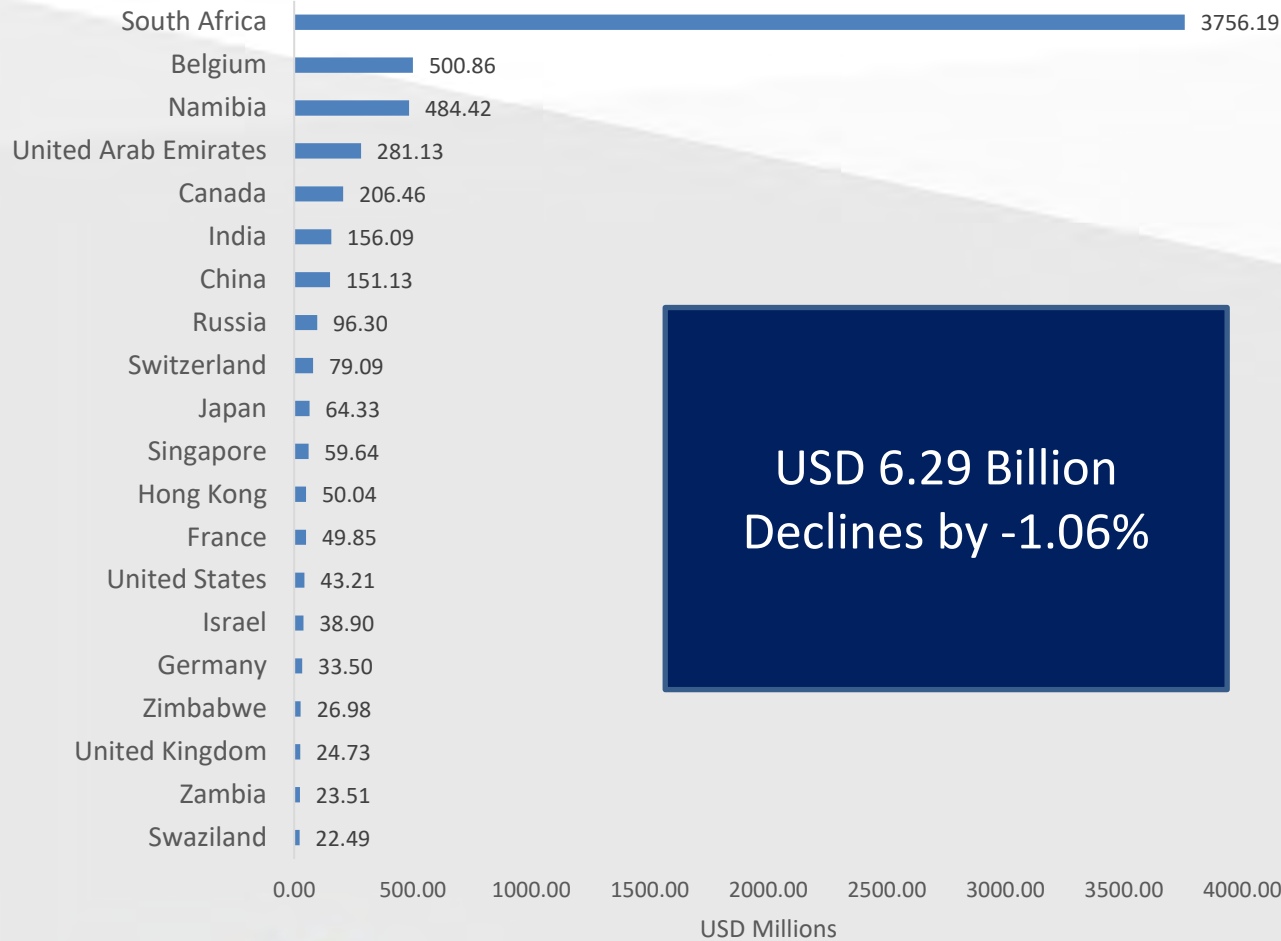
Source: www.botswanatradeportal.org.bw
www.agoa.info

BOTSWANA'S EXPORT STATISTICS IN 2020



Source: Statistics Botswana 2021

BOTSWANA'S IMPORT STATISTICS IN 2020



Botswana Exports to Australia

Description	USD Dollars		
	2018	2019	2020
Total	1,217,363	186,958	897,984
Natural Or Cultured Pearls, Precious Or Semiprecious Stones, Precious Metals; Precious Metal Clad Metals, Articles Thereof; Imitation Jewelry; Coin	400	30,769	534,112
Special Import Reporting Provisions, Nesoi	40,613	32,061	198,998
Vehicles, Other Than Railway Or Tramway Rolling Stock, And Parts And Accessories Thereof	197,516	36,627	96,951
Manufactures Of Straw, Esparto Or Other Plaiting Materials; Basketware And Wickerwork	16		23,649
Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof	976,674	19	20,140
Works Of Art, Collectors' Pieces And Antiques			10,459
Furniture; Bedding, Mattresses, Supports, Cushions Etc; Luminaires & Lighting Fittings Nesoi; Illuminated Signs, Nameplates Etc; Prefabricated Building		135	6,353
Articles Of Iron Or Steel			2,266
Electrical Machinery And Equipment And Parts Thereof; Sound Recorders And Reproducers, Television Recorders And Reproducers, Parts And Accessories	101	2,970	2,239
Printed Books, Newspapers, Pictures And Other Printed Products; Manuscripts, Typescripts And Plans	131	313	1,404

BOTSWANA IMPORT FROM Australia

Description	USD Dollars		
	2018	2019	2020
Total	7,829,392	6,213,695	13,341,413
Electrical Machinery And Equipment And Parts Thereof; Sound Recorders And Reproducers, Television Recorders And Reproducers, Parts And Accessories	270,828	1,058,502	4,292,260
Nuclear Reactors, Boilers, Machinery And Mechanical Appliances; Parts Thereof	981,526	1,374,508	3,192,939
Articles Of Iron Or Steel	241,589	774,737	1,932,766
Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical Or Surgical Instruments And Apparatus; Parts And Accessories Thereof	524,450	832,052	771,342
Vehicles, Other Than Railway Or Tramway Rolling Stock, And Parts And Accessories Thereof	111,895	673,636	751,405
Tanning Or Dyeing Extracts; Tannins And Derivatives; Dyes, Pigments And Other Coloring Matter; Paints And Varnishes; Putty And Other Mastics; Inks	54,850	76,101	578,061
Plastics And Articles Thereof	40,704	128,165	540,362
Fertilizers		2	373,767
Articles Of Apparel And Clothing Accessories, Not Knitted Or Crocheted	14,738	32,100	128,768
Cereals			127,014
Rubber And Articles Thereof	1,236	35,551	116,800

WHY BOTSWANA ?

1st out of 66 selected Emerging Markets, based on 4 measures of financial strength [*Public debt-%of GDP; Foreign debt %of GDP; Cost of borrowing; Reserve Cover*] (Economist Intelligence Unit, 2020)

Least corrupt country on mainland Africa (Transparency International 2020)

Among the five best Governed countries in Africa (Mo Ibrahim 2020)

Good credit ratings – BBB+/A-2,
(S&P, September 2021): **A3** -
(Moody's 2021)
Outlook stable



01



Ranks 5th on top 10 Investment Attractive African Countries (Rand Merchant Bank, 2021)



02



Prudent fiscal and monetary policies that boost business confidence and guarantees high fiscal strength (Bank of Botswana 2021)



03



Labour Market Stability – educated and trainable workforce 87.7% literacy rate (WB, 2018)



04



Legal protections for property rights are sound and enforced in practice (Heritage Foundation 2021).

KEY SECTOR

OPPORTUNITIES



INVESTMENT OPPORTUNITIES



Commercialization of the Agriculture and Agribusiness sector

Leather
Beef
Primary Production
Agro Processing
Feeds
Pork Farming
Dairy Farming
Ostrich Farming



Mining and Resource Beneficiation

Soda Ash
Coal
Diamonds
Base Metals



Manufacturing

Automotive
Components
General Manufacturing



Services

ICT
Financial & Business
BPO

INVESTMENT OPPORTUNITIES



Energy

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



Transport & Logistics

Rail Projects:
Trans Kalahari Railway
Moseitse - Kazungula
Botswana -
Mozambique
Aviation

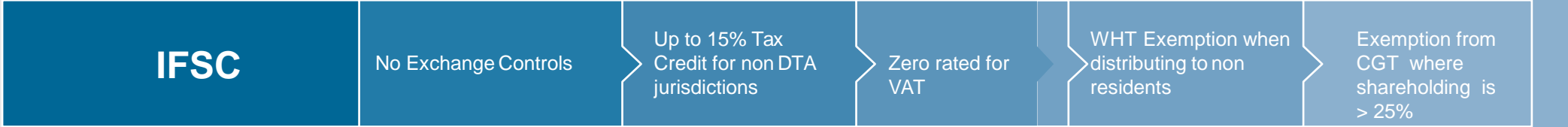
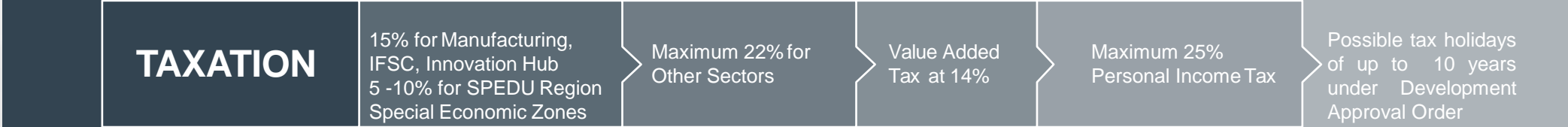


Tourism & Hospitality

Hotels & Lodges
Tented Camps
Air Charter Services
Medical Tourism

INVESTMENT INCENTIVES

Botswana's Corporate Tax Rate is Highly Competitive



TAXATION	
Botswana General:	22%
African Average:	27,5%
Global Average:	23,57%



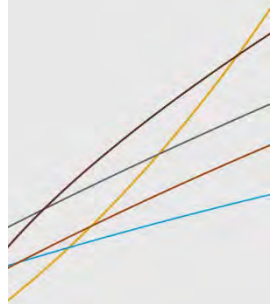
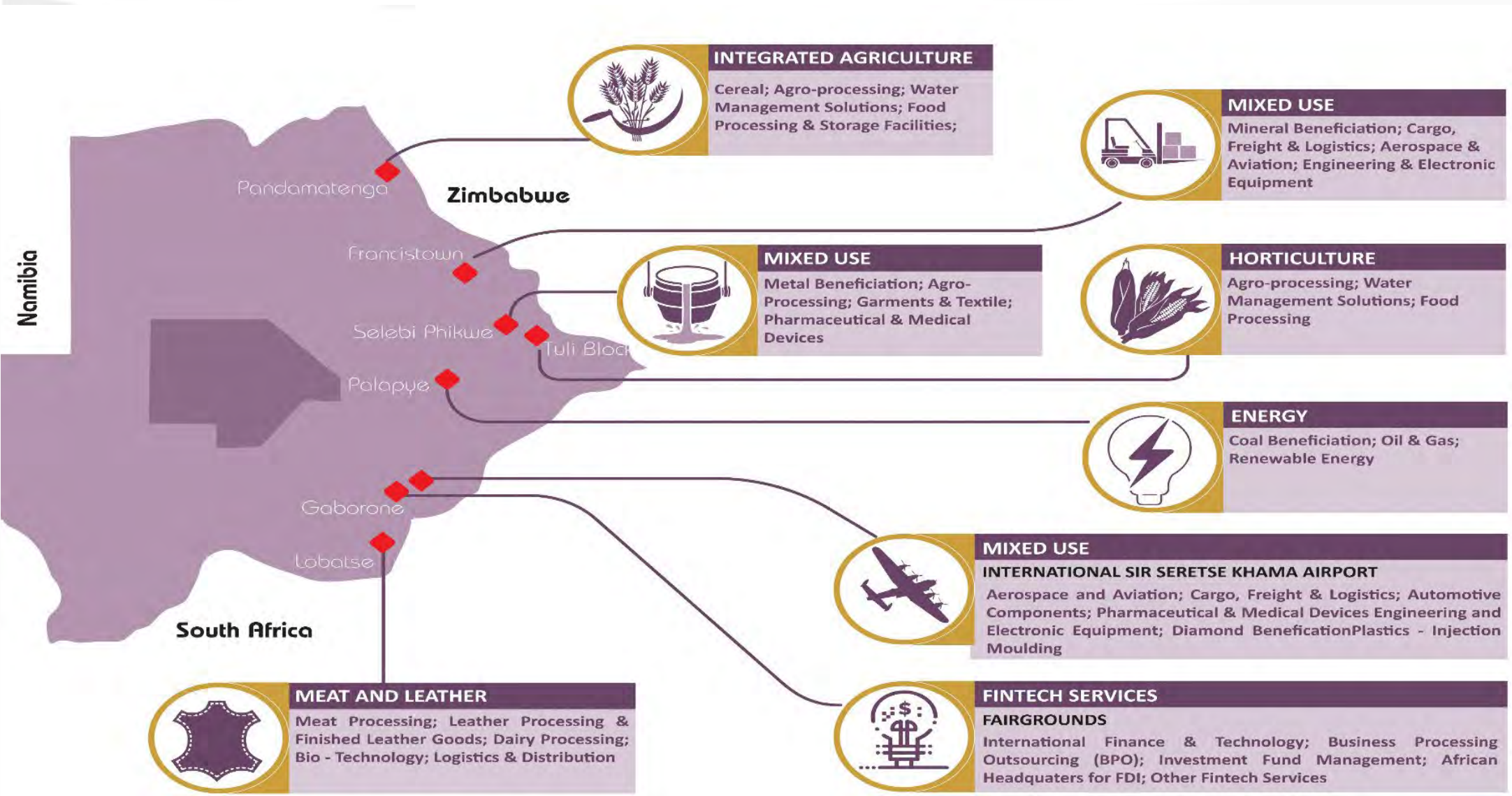
INCENTIVES – SPEDU REGION

- 5% corporate tax for first 5 years; 10% thereafter,
- Zero customs duty on imported raw material
- Provide rebate of Customs duties and Value Added Tax under Schedule 4 - Rebate Item 470.03, and VAT Act Third Schedule - Item 470.03 for manufacturing done exclusively for export outside Common Customs Area (CCA)
- Provide rebate of Customs duties and Value Added Tax for importation of raw materials under Schedule 3 of the customs tariff and VAT Act.



- SPEDU Region has a population of 203 000
- SPEDU hub, Selebi Phikwe Town est. in the 70s following discovery and mining and smelting of copper
- Government adopted initiatives to stimulate economic activity in Agriculture, Tourism and Manufacturing

SEZA LOCATIONS



PROPOSED INCENTIVE PACKAGES FOR INVESTORS

5% Corporate Tax for the first 10 years and 10% after

- Fast tracked land allocation
- Long term renewable land leases of 99-years
- Reduction in cost of land leases for 10 years
- 25% Waiver on cost of State Land

Zero-rated VAT on Raw Materials for use in manufacturing

Duty-free Imports of Specialist Plant and Machinery

Favourable Transfer Duty on Land and Property

Full Repatriation of Profits and Capital

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

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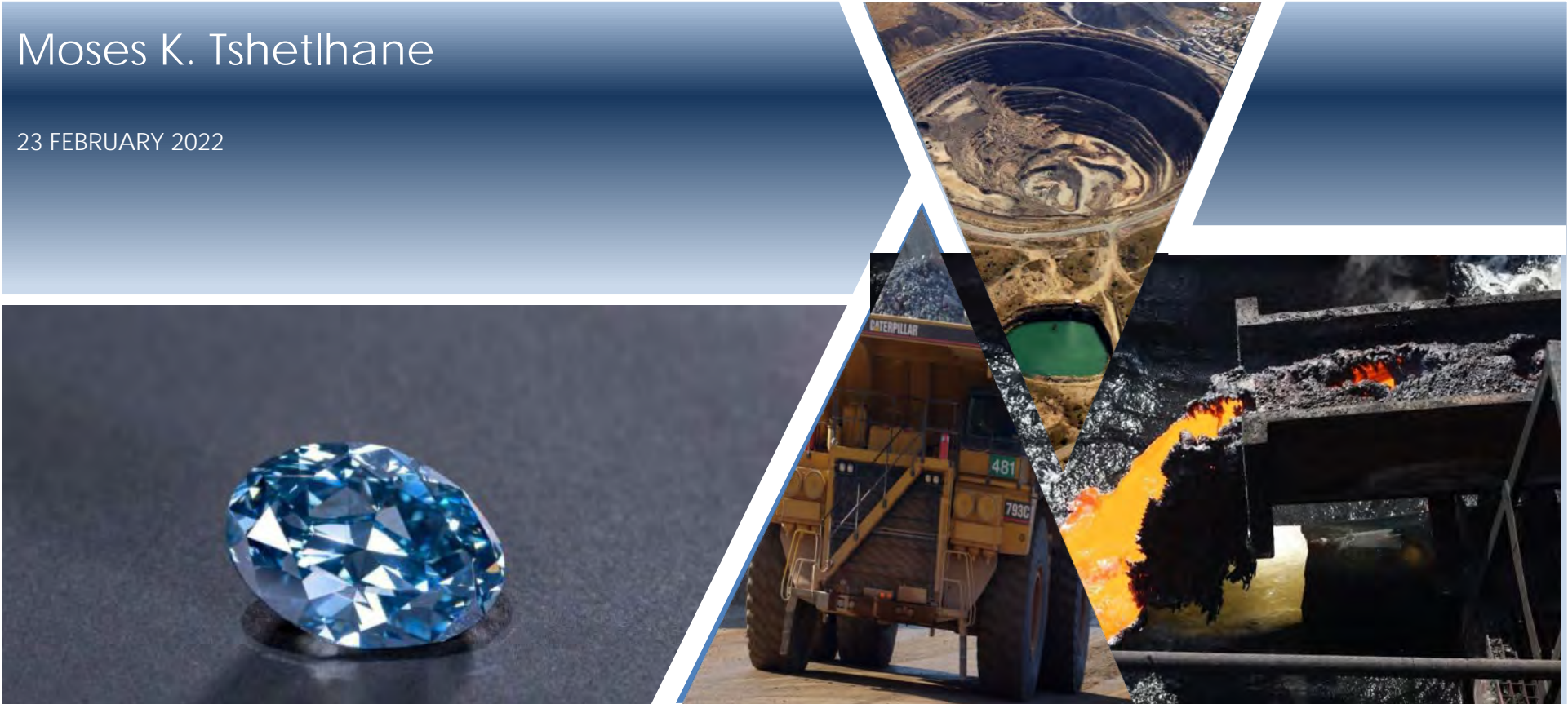


MINISTRY OF MINERAL RESOURCES, GREEN TECHNOLOGY AND ENERGY SECURITY

Investing in Botswana's Mining and Energy Sectors

Moses K. Tshetlhane

23 FEBRUARY 2022





Content

- Botswana's Mineral Policy
- Diamonds (The Industry)
 - Base metals
 - Coal and CBM
 - Energy Projects
- Infrastructure Projects



Botswana's Mining Sector

- The Botswana mining industry is one of the most lucrative in the world, especially the diamond mining sector. Botswana's modern day mining started in the early 1970's with diamonds and copper – nickel, and the industry graduated from a mining destination with 2 mines in the 1970's to a mining destination of choice with more than 10 large scale mines for diamonds, copper, nickel, silver, soda ash, salt, coal, and gold
- The development of world-class diamond deposits has paved the way for consistent economic growth which has resulted in considerable progress in the economic and social development of Botswana
- The Ministry seeks to encourage further investment in the exploration and exploitation of non-diamond minerals in order to broaden the country's investment base and to diversify the minerals sector from its present dependence on the exploitation of high quality diamond deposits. The Ministry has therefore set itself an objective to attract further investment from international mining companies



Botswana's Mineral Policy

-Key Objectives-

1. Maximization of economic benefits to the nation while enabling private investors to earn competitive returns;
2. Creation of a competitive environment to stimulate private sector investment in minerals development through an investor friendly Minerals Policy;
3. Improved linkages with the wider economy;
4. Generation of local employment opportunities;
5. Sustainable minerals development that support environmental conservation and protection



Mining Licences

18 Large Mines, 8 operational

42 Quarries licensed, 21 operational

4 Semi-Precious Stones Dealers

Prospecting Licences

716 licences held by 278 Companies, broken down as follows:

- Energy Minerals - 51
- Metals - 315
- Precious Stones (Diamonds) - 161
- Industrial Minerals - 186
- Petroleum - 3

Fiscal Regime (Taxation)

Mineral Royalty Rates	10% for precious stones; 5% for precious metals & 3% for other minerals, all calculated from the gross market value of mineral sales at the “Mine gate”
Variable Income Tax Rate (VITR)	The higher of the standard company rate (22%) or the tax rate derived from the formula $70-1500/x$, where x (%) = taxable income/gross income. (VITR is for non-diamonds minerals, diamond tax regime is negotiated and VITR can be applied if there is an agreement)
Capital allowances	100% depreciation of capital expenditures
Dividend Allowable losses	Unlimited carry forward of tax losses
Withholding Tax	7.5% on distribution to residents and non-resident shareholders
Import Duty	Mining equipment and spares are zero-rated, otherwise duties are payable
Value Added Tax	14% applies to all but zero-rated items, which includes exports of minerals. VAT refunds are available upon re-export of items within six months of being brought into the country
Taxation for Downstream procession (cutting, polishing and refining of minerals)	15% tax rate (basic rate of 5% and an additional company tax rate of 10%)
Development Order	0 – 15% for downstream activities, mineral beneficiation projects such as refineries



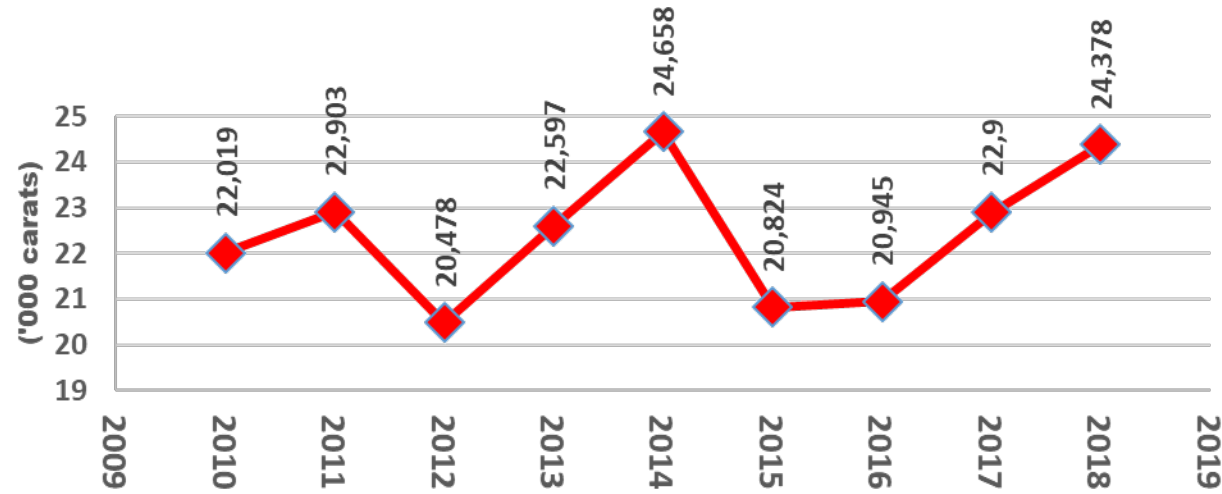
Diamond Industry in Botswana

1. Diamonds are historically the mainstay of the economy,
2. Botswana Founding Member and participant of Kimberley Process Certification Scheme (KPCS) – Prevents trading of Blood Diamonds.

Key State Entities to facilitate Industry Growth:-

- i. Diamond Hub: Established with a mission to transform Botswana into a Competitive Diamond Center emphasizing on rough and polished diamond trading; cutting and polishing; jewellery manufacturing; and secondary trading of rough and polished diamonds,
- ii. Diamond Trading Company Botswana (DTCB) : With Capacity to value 45 Million Carats per Year
- iii. Okavango Diamond Company (ODC) : Sells up to 25% of Debswana's diamond production to facilitate secondary rough trading
- iv. Minerals Development Company Botswana (MDCB): Established to manage the Government of Botswana's interests in mining companies and seek out new investment opportunities.

Diamond Production ('000 carats)



Exceptional Gem Quality Stones Discovered in the past:



2019
SEWELO
1,758 Carats



2015
Lesedi La Rona
1,109 Carats



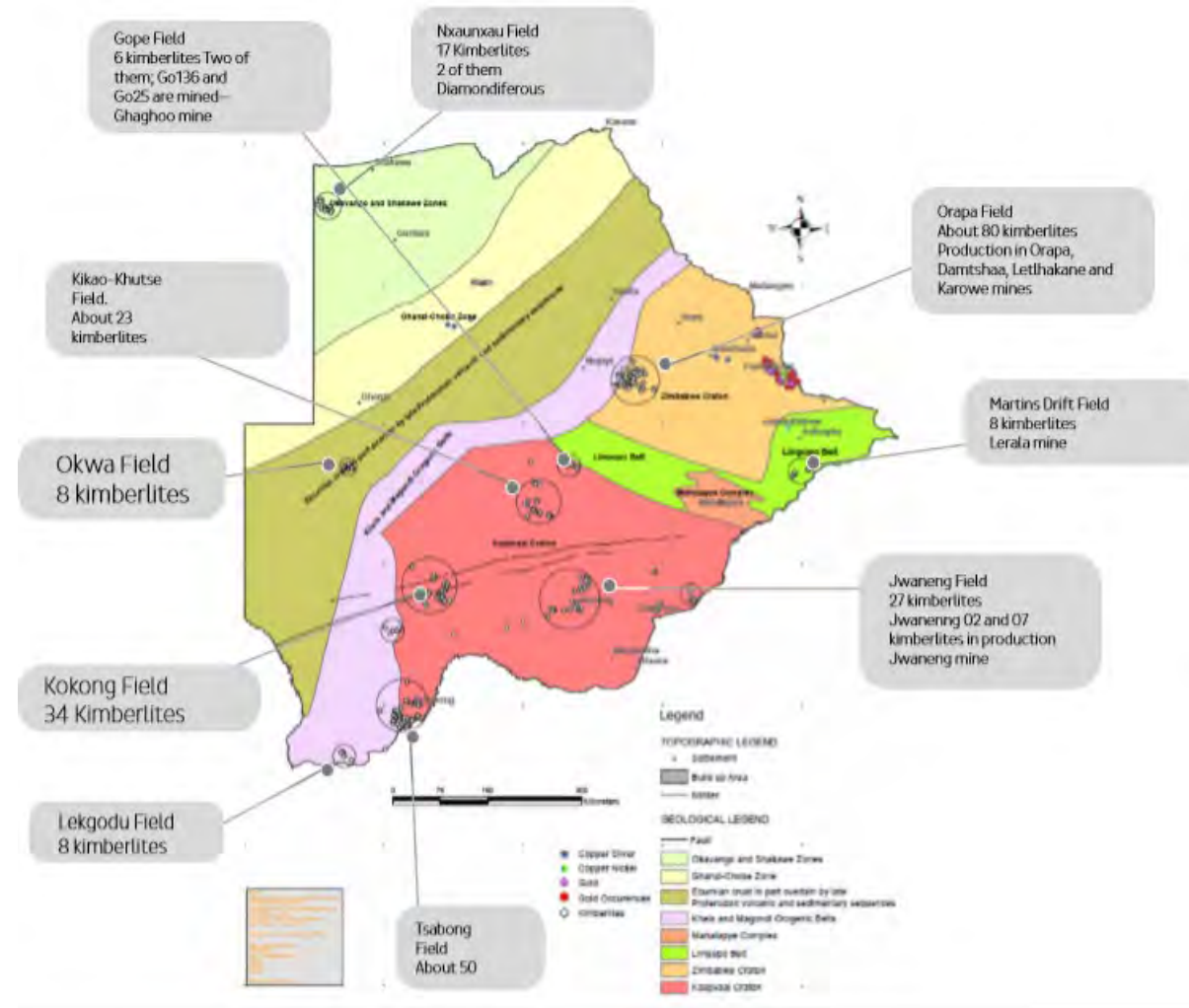
2015
Constellations
813 Carats



2019
Okavango Blue
41.11 Carats

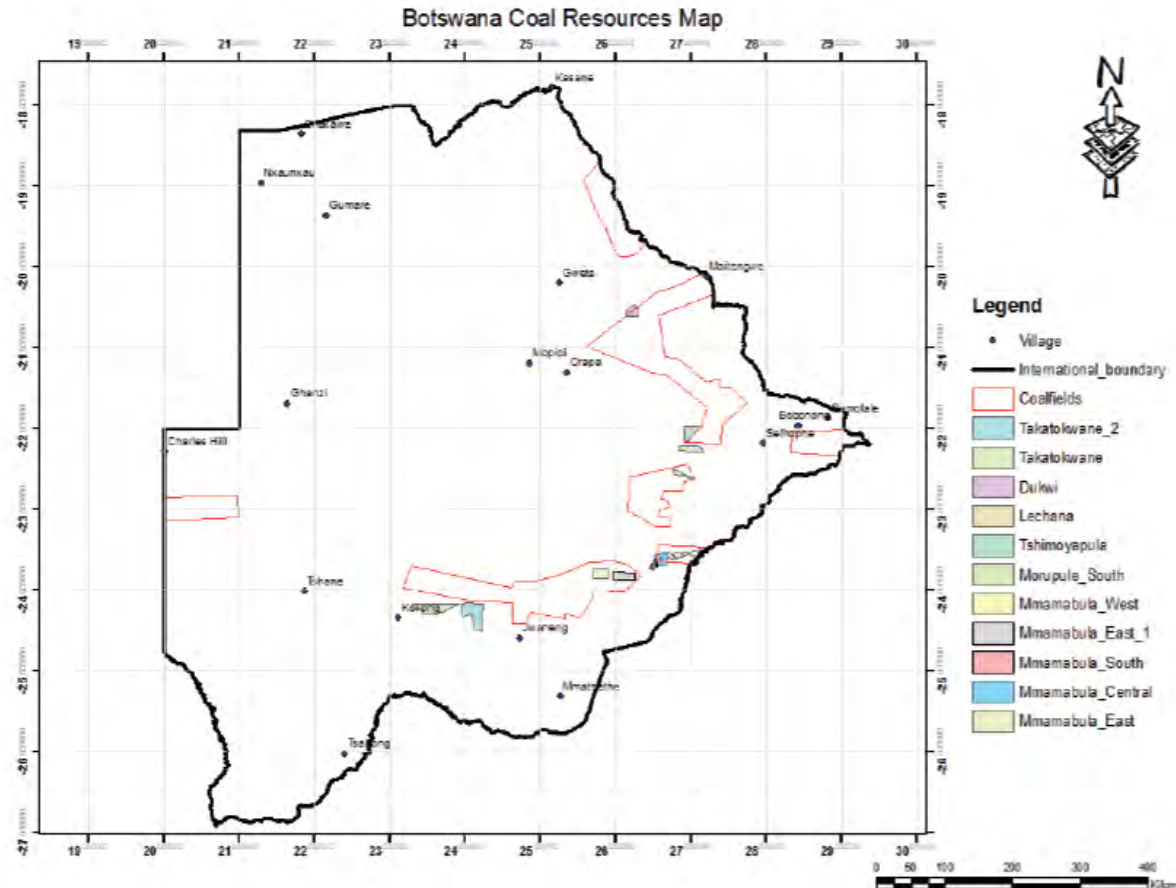
Kimberlite Fields of Botswana

- Large number of Kimberlite pipes are distributed on several fields across the Country.
- Some of these Kimberlites are of high economic importance to Botswana due to production of diamonds.
- Discovery of new Kimberlites continues to date, most notably at the Tsabong kimberlite fields.



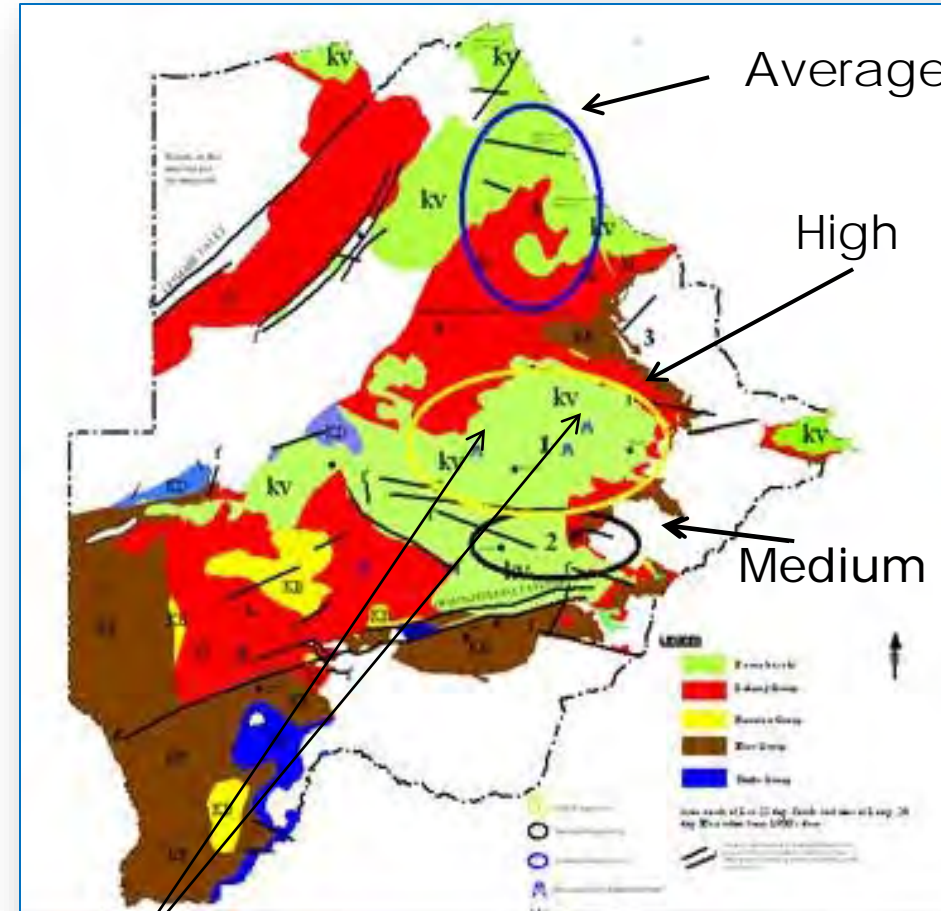
Coal Resources

- Botswana is endowed with an excess of 200 billion tonnes of coal resource.
- Most of the coal prospecting operations have long been undertaken and the only barrier is limited infrastructure for export.
- Two mines are in operation.
- Some companies are still operational and carrying minimum works with the hope for the provision of new shorter rail lines (M-L rail link).



Coal Bed Methane Gas

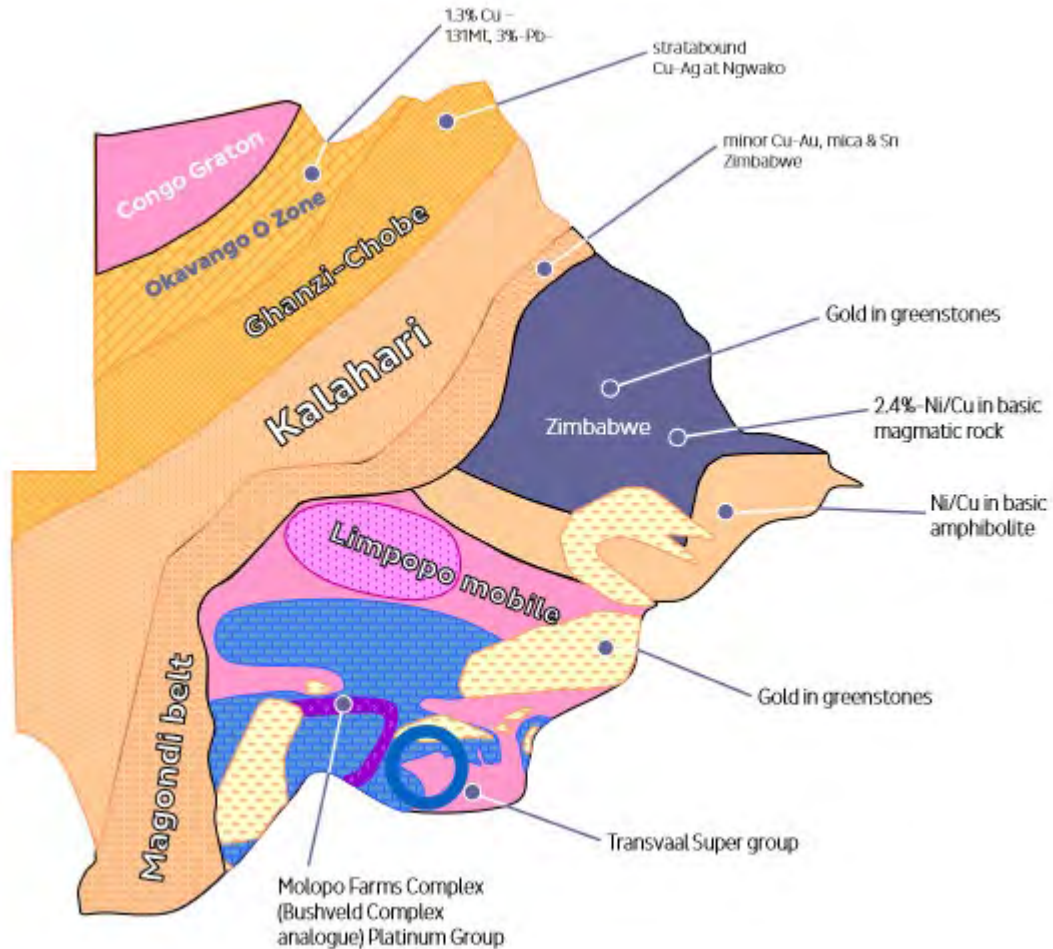
- Discovery of this gas holds hope for local production of gas for industrial and commercial uses.
- The search for Coal Bed Methane is still at an early stage but indications are that resources could be as high as 60 trillion cubic feet with recoverable gas at about 12 trillion cubic feet. The country has very good prospectivity for coal bed methane as depicted in the figure.
- Botswana Government funded early investigations whose results helped in enticing the private sector to explore for the gas.



Botswana
Government wells

Metals

- Khoemacau Copper Mine is currently developing box cuts with the intention to start production of copper & silver in Ngamiland District
- MOD Resources is advanced in exploration and may apply for a copper mining licence in 2021 in Ghanzi District





Other Minerals

Soda Ash & Salt

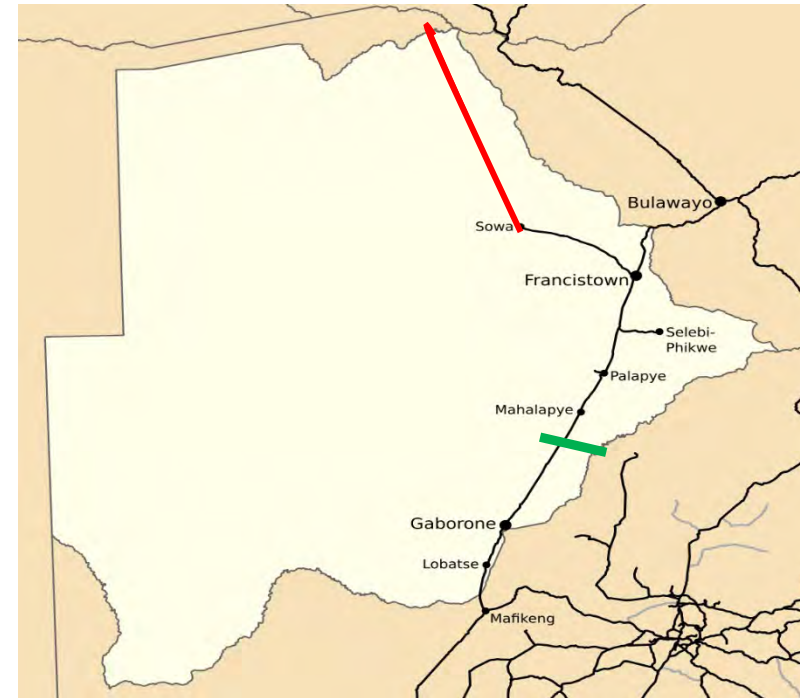
- The brine reserves (estimated at 16Mm³) are found in the Sua Pan, which covers an area of 3500km² in the northeast of the country. The BOTASH operations bring about good investment opportunities for offtake and diversification in the chemicals industry because the plant is capable of producing 650, 000 tonnes/year of Soda Ash and salt, while it is producing about 400,000tonnes/year. Production is limited by demand.

Radioactive Minerals (Uranium)

- Government of Botswana seeks to encourage further investment in the exploration for and exploitation of non-diamond minerals in order to broaden the country's investment base and to diversify the minerals sector from its present dependence on the exploitation of high quality diamond deposits. The Government has therefore set itself an objective to attract further investment from international mining companies

Proposed New Rail Links

- The Mmamabula - Lephthalale route is to begin in Mmamabula(coal field) and enter into South Africa by going across the Limpopo River. To build using a PPP model.
- Route is approximately 120km in length with about 56km on the Botswana side. The line is to be designed as cape gauge (1067 mm) and at 26 tonnes/axle.
- Mmamabula coal fieldshas known reserves of approximately 2.3 billion tonnes.
- Kazungula rail line will pass through the bridge which was commissioned in 2021



Legend

Mosetse – Kazungula rail line

Mmamabula – Lephthalale rail line



Approved Integrated Energy Resource Plan Projects

Generation Capacity	Technology	Commercial Operation Date	Status
100MW	Solar PV	2022	Under Procurement
35MW	Solar 1 PV	2022	Under Procurement
10 to 100MW	CBM	2025	Under Procurement
200MW	CSP	2026	Procurement to start in 2021 (EOI floated starting 9th February 2022)
300MW	Coal	2026	Procurement to start in 2021
50MW	Wind	2027	Procurement to start in 2024 after wind resource mapping is complete
100MW	Solar 2 PV	2027	Procurement to start in 2025
18MW	Battery Storage	2032	Procurement to start in 2029



Fuel Storage Projects

Tshele Hills Depot

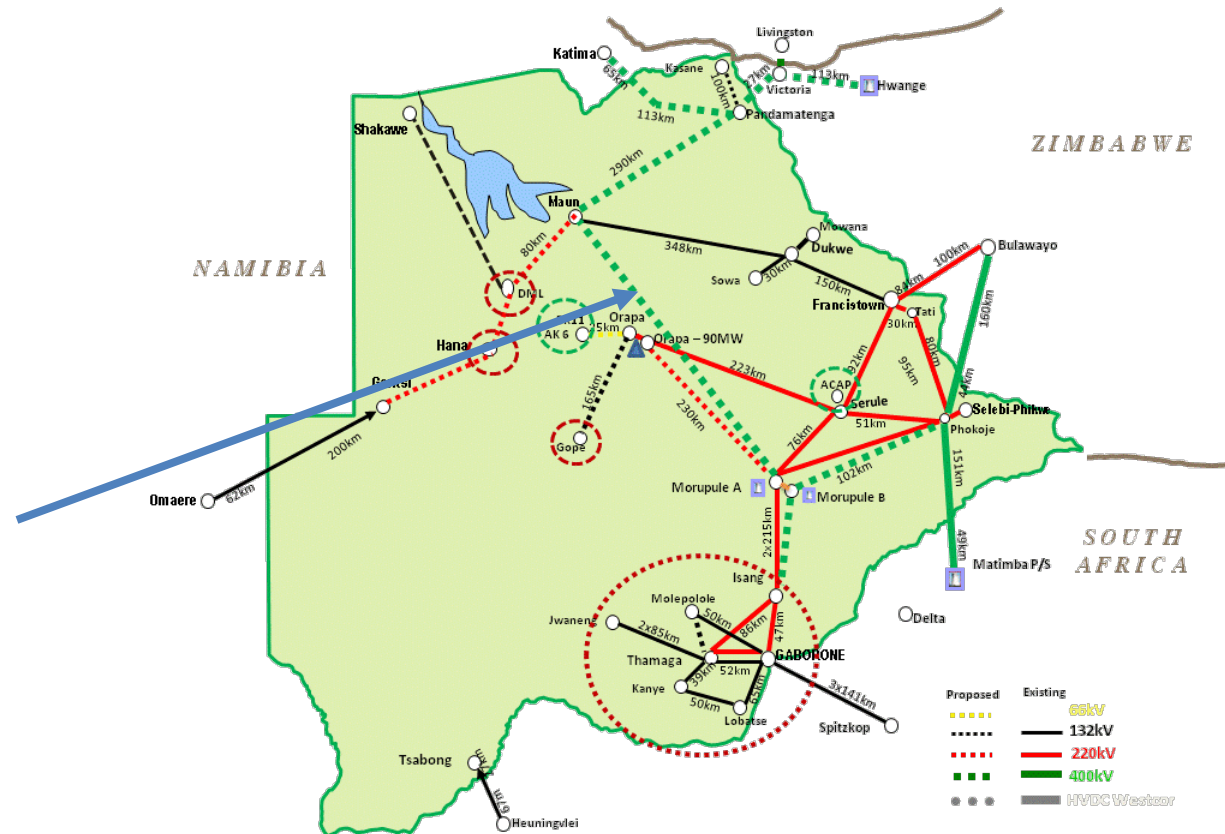
Construction of a 186 Million litres of Strategic Fuel Reserve Depot – PPP project:

- Government has completed the access road, earth works, civils and rail link.
- Currently developing market readiness study.
- Construction earmarked for last quarter of 2022 and should be completed by end of December

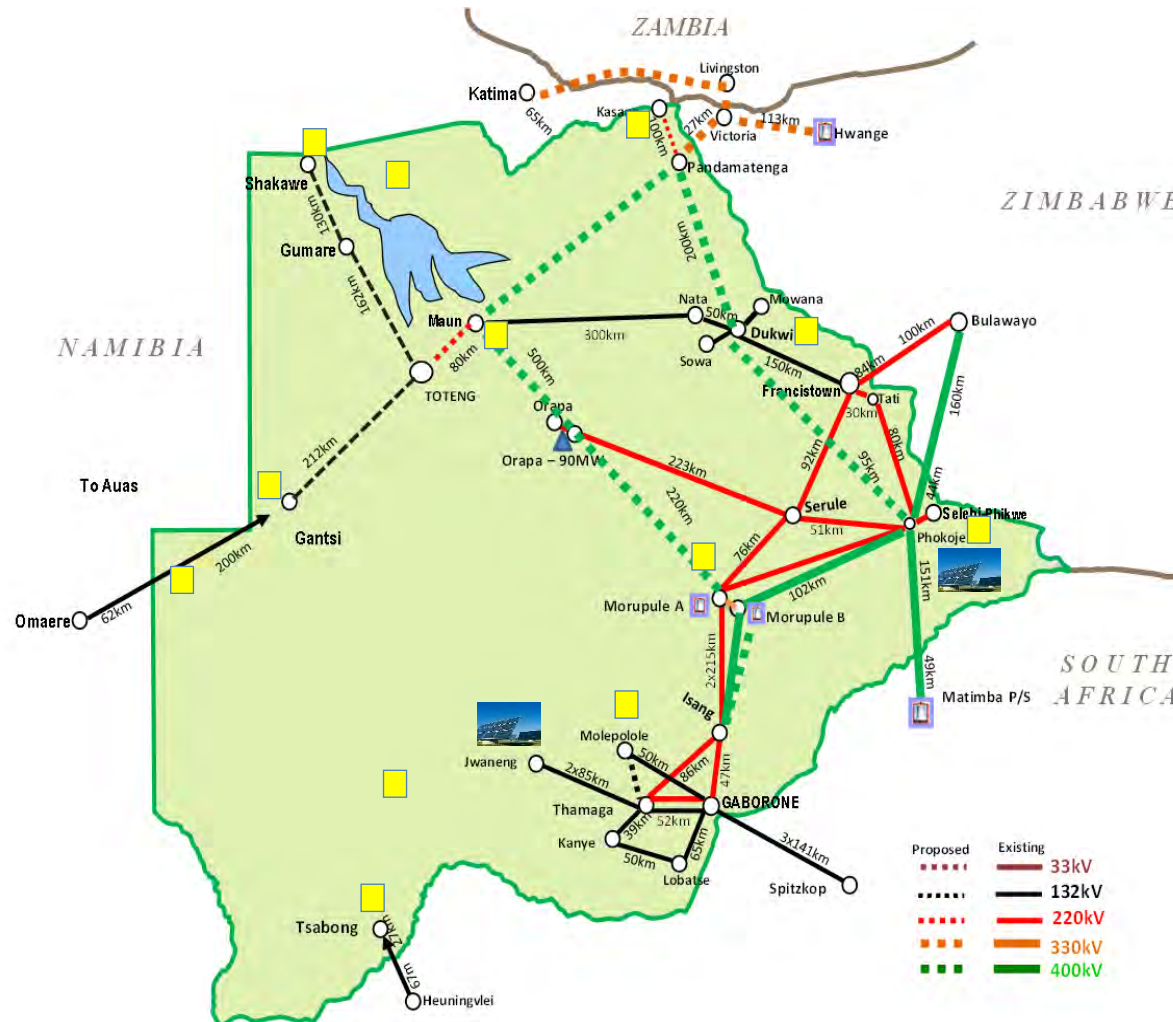


Power Transmission Grid




The new 400KV line to supply power to the north west was commissioned last year and it is meant to meet the demands of the new copper mines.



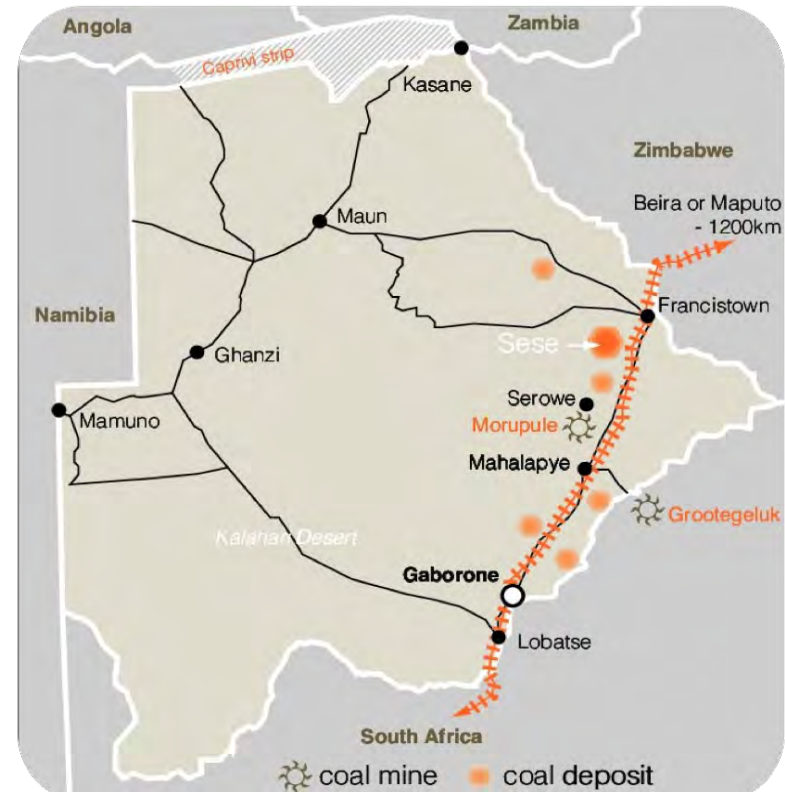
Botswana Renewable Energy Road Map



1. **100MW (2X50) SOLAR PV PLANTS**
 - a. One awarded(Phikwe)
 - b. One at qualification stage(Jwaneng)
2. **12 GRID TIED (1-5MW) SOLAR PV**
 - a. 2 at construction stage
 - b. 4 at negotiation stage
 - c. 6 at tender stage
3. **20 SOLAR PV HYBRID – OFF GRID**
 - a. At Procurement Stage but not much movement

-  50 MW PV Solar Plant
-  Grid Connected (1- 5MW) Solar PV Plants
-  Solar PV Hybrid Off Grid (Remote Villages)

- Good Road Network, major roads tarred and providing access to most deposits
- Rail from North to South, readily accessible for exportation of bulk minerals such as coal and Soda Ash





Conclusion

Botswana is the investment destination of choice because of:

- Good governance
- Investor friendly legislation
- Stable economy
- Favourable fiscal regime
- Favourable geological environment
- Protection of private sector investments



Thank You



Ministry of Minerals Resources, Green Technology & Energy Security

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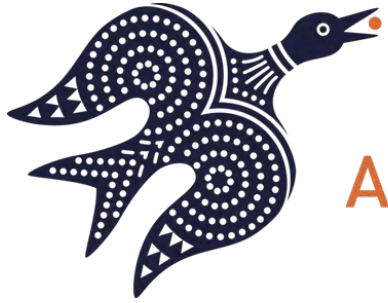
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Deputy Permanent Secretary (Energy): Mr Nchena Mothebe



AUSTRALIA AFRICA

CHAMBER OF COMMERCE

THE AUSTRALIA AFRICA CHAMBER OF COMMERCE

IDENTIFYING OPPORTUNITY

between Australia and Botswana



COVID Pandemic

Regional
Security threats

Supply chain
fragmentation



Strengthening bilateral trade

Civil engineering equipment,
vehicles and electrical equipment



Diamonds, rubber, artwork



Top 5 in the Ease of Doing
Business index for Africa

Understanding Mineral Wealth



Africa's largest producer of diamonds



The Kalahari Copper Belt: the world's most under-explored mining regions

With substantial reserves of



Gold



Nickel



Coal



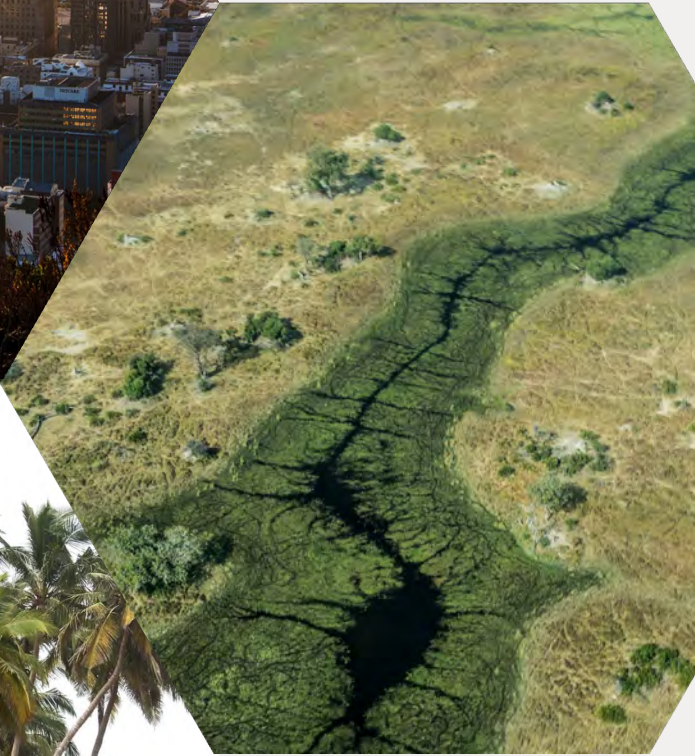
Value-added processing



AUSTRALIA AFRICA
CHAMBER OF COMMERCE

AFRICA METS ACCELERATOR PROGRAM

To help Australian
METS build business
ties with mining
companies in Ghana,
Botswana and South
Africa



1. Know your market

Through **targeted webinars**, get the info from experts and learn whether these markets are right for you.

**Context
Analysis**



**Assess the
risk**

**Determine Export-
Readiness**



Outcome: You understand the risk & regulatory environment.
You can discern which country market is more appropriate
for your product.

2. Know the client

Through **business roundtables** hear from the industry itself about the demands and trends.



**Learn industry
demands**

**Identify
Opportunity**



Outcome: You can match your products & services to the appropriate demands to target customers in-country.

3. Make the connection

Get strategising support and business mentoring, and meet with prospective clients in **B2B meetings**.

Mentoring from experts



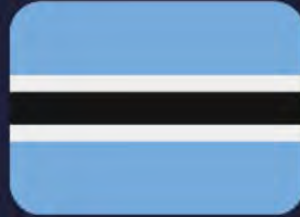
Supply chain support

Meet the right people



Outcome: You have identified your target customer and are engaging in business-to-business meetings.

Botswana METS



A estimated USD 803.31 million dollars market

BOTSWANA

Capital: Gaborone

Currency: Botswana Pula

Population: 2.3 million (July 2020 est.)

Langage: English / Setswana

GDP per capita: US \$6,711.0 (2020)

MINING ACTIVITIES

- Diamonds/Gems
- Copper
- Nickel
- Salt
- Gold
- Manganese
- Scilica
- Coal
- Uranium
- Cobalt



EXPLORATION

CONSTRUCTION

OPERATION

MARKET FOR METS SUPPLIERS



New expansions in
Kalahari copper belt

90% of total exports
comes from the
extraction industry



Strong institutions and
support for mining

OPPORTUNITIES

Australian METS companies have ample opportunity to operate in Botswana, with the country's shift away from diamond mining and ease of access through South Africa.



Parallel Markets/
Mining Infrastructure



Heavy Machinery



Value Add
Processing

LOCAL PARTICIPATION

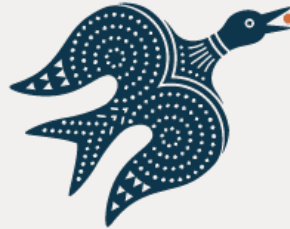
Many large mining companies that offer tenders must prioritise local suppliers. When a local supplier cannot provide what is needed there may be regulations surrounding the inclusion of local workers in your business. Some companies even look for suppliers that demonstrate a percentage of citizen ownership. Government backed procurement processes are highly competitive and subject to tight participation rules.

Building Strong Relationships



Australian Government

Austrade



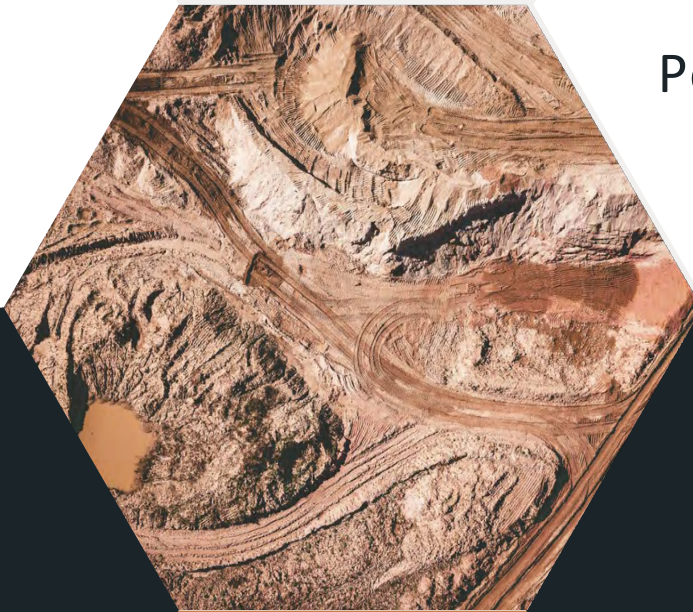
AUSTRALIA AFRICA
CHAMBER OF COMMERCE



BOTSWANA
INVESTMENT
& TRADE CENTRE

GLOBAL VICTORIA





Policy framework



Innovation and Infrastructure



Productivity



Legal and Regulatory Framework



Cost-competitive



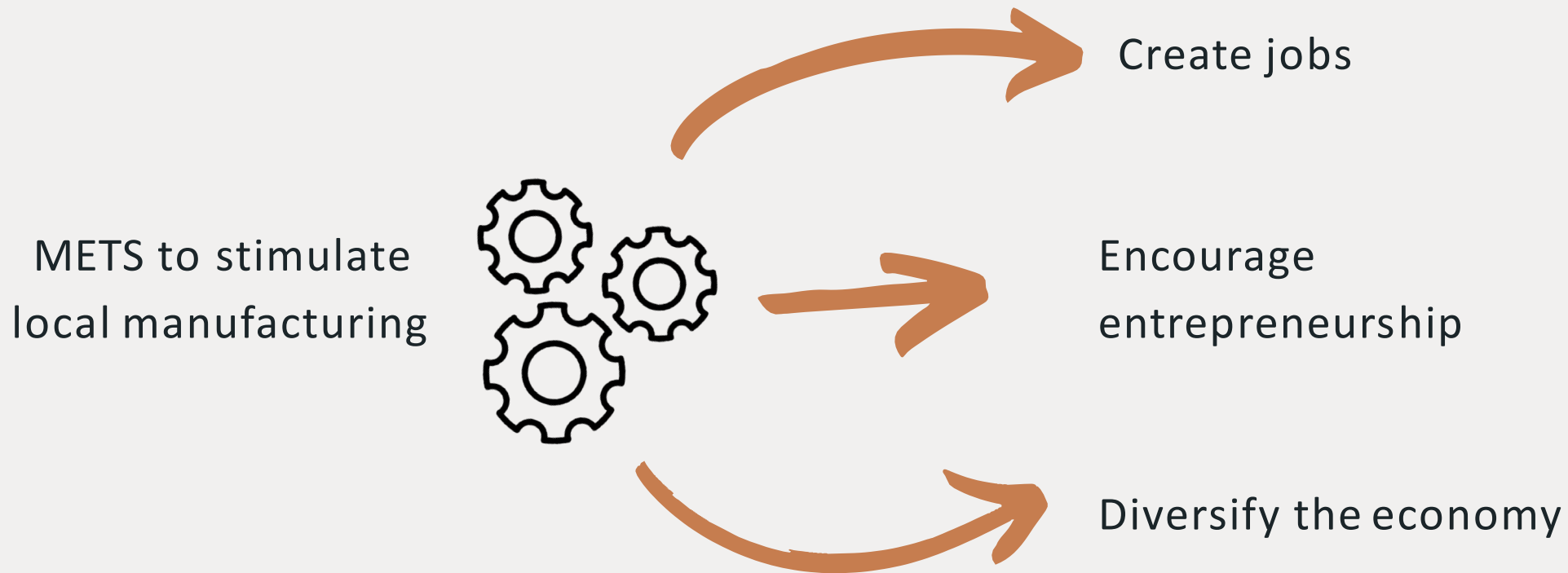
Supplier Network



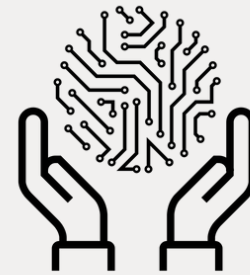
Tax systems

Opportunities for engagement for Australian METS

Citizen Economic Empowerment Program: Import Substitution



Australian METS: Strengths



Digital technology

**Engineering and
Specialised Consulting**





Creating One African Market

Broader context: African Continental Free Trade Area Agreement

Significantly increase the ease of doing business

Connects 1.3 billion people across 55 countries with a combined GDP of US\$3.4 trillion.

Boost Africa's income by \$450 billion by 2035 (a gain of 7 percent) while adding \$76 billion to the income of the rest of the world.



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