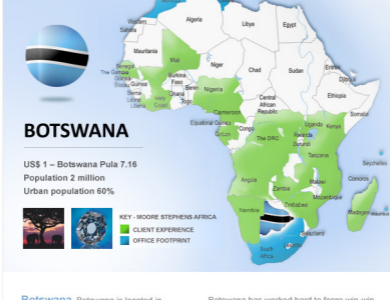


Moore Stephens embarks on another quest to strengthen our footprint & service offering into African countries. Introducing Botswana...



BOTSWANA

US\$ 1 – Botswana Pula 7.16

Population 2 million

Urban population 60%



KEY - MOORE STEPHENS AFRICA

CLIENT EXPERIENCE

OFFICE FOOTPRINT

Botswana Botswana is located in Southern Africa. Geographically the country is flat and up to 70% is covered by the Kalahari Desert. Being closely tied with the economy of South Africa, the country's economy has been one of the most successful in Africa and is dominated by the fast-growing service sector, world-renowned diamond industry, tourism, and manufacturing.

Botswana has developed from a Least Developed Country (LDC) status at the time of independence in 1966 to Middle Income Country (MIC) status within three decades, largely owing to the effective use of revenues from mineral resources following the discovery of large diamond reserves. Largely due to the diamond revenue, Botswana enjoyed the highest GDP growth rate in the world from 1970 to 1999 (8.3%).

Botswana has worked hard to forge win-win collaborations to entice trade and investment into the region through the membership in the Southern Africa Development Community (SADC) and Southern African Customs Union (SACU). It is positioned to provide a platform for local and international investors to take advantage of emerging regional opportunities.

The result is that the country ranks favorably with its peers. The World Bank's 2011 Ease of Doing Business survey ranked Botswana 52 out of 183 countries, the third highest in Africa after Mauritius at 17 and South Africa at 34. On the Corruption Perception Index compiled by Transparency International, Botswana was ranked 33 out of 178 countries in 2010, ahead of all its sub-Saharan African peers.



Botswana Ranking

The Mo Ibrahim Foundation 2011's annual Index of African Governance ranked Botswana 3rd in Africa in terms of overall Good Governance, just below the island nations of Mauritius and Cape Verde. Botswana's overall score in the Ibrahim Index has in fact been stable since the annual survey was first published in 2006.

The Index is widely regarded as Africa's leading assessment of governance, compiling data drawn from 86 indicators grouped into 14 sub-categories and four overarching categories, namely Safety and the Rule of Law, Participation and Human Rights, Sustainable Economic Opportunity and Human Development. Taken together, the indicators are designed to measure the effective delivery by Governments of public goods and services to their citizens.

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Economics of the country

Botswana's economy grew by approximately 9.6% in the second quarter of 2011 as compared to a 2.2% contraction in the first quarter, the Central Statistics Office (CSO) has announced. The CSO stated that the increase is mainly due to increases in the construction and mining sectors which increased by 28.3 and 23.7% respectively.

Outside mining, the economy proved resilient, growing 6.2% in 2009 and 5.0% in 2010 as the financial, trade, tourism and government service sectors took up the slack. However, the agriculture sector and personal services recorded decreases of 17.5 and 1.1% respectively and other industries recorded upward movements, over the period.

Agriculture sector produces some 40% of the country's food. Mining, mostly of diamonds, accounts for about one-third of the GDP, more than 50% of total export earnings and around 50% of government revenues. 2010, diamond exports recovered and were worth USD 3.01 billion, compared with USD 3.14 billion in 2008.

The private sector accounts for some 56% of total employment, followed by the central government at 30%. Local government and semi-state bodies account for another 9% and 5%. Botswana's economy is among the most skewed in the world between rich and poor, and an estimated 30% of Botswana's population survives on less than \$1.25 a day. The high unemployment rate largely reflects the narrow base of an economy dominated by the mining sector which has only limited linkages with other activities.



Opportunities

As regards emerging country partners, China is most prominent in Botswana, although the government considers China to be a traditional partner in view of long-term bilateral relations going back to 1975.

China supports the country in various areas, including key construction projects, provision of soft loans, technical assistance in education, agriculture and health sectors, and promotion of financial services and bilateral trade.

Trade opportunities with Botswana are potentially in the areas of mining equipment, hospital/medical equipment and supplies, aircraft equipment, pharmaceuticals, telecommunications equipment and software, solar energy equipment, and financial and consulting services.



The targets for possible foreign investment lie in the tourism, light manufacturing, financial services, leather products, and energy and pharmaceuticals sectors.

Botswana is progressing well with the implementation of reforms required to meet the Millennium Development Goals (MDGs) by 2015.



Trade and Investment Events

The International Trade Exhibition for Africa and the World Global Expo Botswana 2011 will be held from 23 - 26 November 2011 at Fairgrounds, Gaborone. It is planned that 300 exhibitors and approximately 7000 visitors are expected to participate at this year's Global Expo Botswana. Workshops and an Investment Forum also run concurrent to the Expo.

The Global Expo Botswana 2010 had 15 countries represented (Bangladesh, Botswana, Brazil, India, Japan, Kenya, Namibia, Pakistan, Poland, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe) with approximately 5000 visitors recorded by BEDIA while P38.5 million worth of business was reported to be transacted through the one-on-one meetings.



Industry Snapshots

Government adopted a privatization policy in 2000, aimed at promoting competition, improving efficiency in the delivery of public services, increasing the productivity of public enterprises as well as reducing the financial and administrative costs of providing services. Some key elements of the policy included strengthening the role of the private sector in the provision of goods and services and reducing government's involvement in commercial activities that can be undertaken efficiently by the private sector.

In 2005, government adopted the Privatization Master Plan, for purposes of identifying all public enterprises suitable for privatization. Botswana's economy is still dominated by the mining sector, followed by services and agriculture which, although marginal, produce some 40% of the country's food. The Government of Botswana is the major buyer in the country, with central government expenditures accounting for approximately 28% of GDP.



Mining

As mentioned, mining, mostly of diamonds, accounts for about one-third of the GDP, more than 50% of total export earnings and around 50% of government revenues. The manufacturing sector is small, accounting for about 4% of GDP, and is focused on the small downstream diamond industry. Botswana intends to capture more of the diamond production value chain including trading, cutting, and polishing.



Energy

Energy remains an important sector to watch for investors. To further its goal of reducing dependence on South African power and becoming a net exporter of electricity, Botswana has made large investments in additional power plants creating the potential for power being produced through coal-bed methane gas.

The renewable energy sub-sector is also poised for growth, particularly solar, as Botswana is an ideal location for on and off grid photovoltaic power. The pace of this growth will depend on various factors including the matter of government policy decisions for example as to whether to allow feed-in tariffs and the further development of appropriate standards etc.



Agriculture

Agriculture accounts for even less of Botswana's wealth, with only about 2% of GDP. Agriculture meets only a small portion of food needs and the contribution to GDP is primarily through beef exports.

Only about 0.7% of total land area is arable with crop production hampered by traditional farming methods, recurrent drought, erosion, and disease. Most of the land under cultivation is in the eastern region.



Tourism

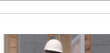
Apart from its diamonds, Botswana's major competitive advantage is its diverse and abundant wildlife and natural resources, including the renowned Okavango Delta and Chobe River Plains in the North to the Kalahari Desert in the South. Despite the recession, Botswana's tourist market continues to grow, with high-end tour operators and hotels experiencing reasonable profitability. The tourism industry accounts for almost 12% of GDP.



Construction

The construction industry in Botswana has had a phenomenal growth, particularly in the last two decades. Major construction projects are principally commissioned by the government. The construction industry as a consequence has contributed significantly to the socio-economic development of Botswana.

However, it has also experienced some problems and still faces numerous challenges, among them, human resource development, capacity development, and lack of competitiveness for citizen firms. The supply side continues to be dominated by foreign firms with local firms not being able to compete at the same level, particularly for major projects with bidders typically facing fierce competition from Chinese firms.



Services

Botswana has the potential to become a centre for business process outsourcing, financial services including banking and insurance and call centres. However, the high internet costs and the gap in the IT skills base have hampered strong growth in these areas. As internet costs drop, however, Botswana's good telecommunications and road infrastructure, well-developed banking sector, and English speakers may make it increasingly attractive for such businesses.



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[inform a colleague]