



INVESTING IN BOTSWANA

A COMPREHENSIVE REPORT



Statistics:

- **GDP (nominal):** \$18.62 billion (2022 est.) (World Bank, 2022)
- **GDP growth rate:** 4.3% (2022 est.) (World Bank, 2022)
- **Inflation rate:** 2.8% (2022 est.) (World Bank, 2022)
- **Unemployment rate:** 17.7% (2022 est.) (World Bank, 2022)
- **Foreign exchange reserves:** \$7.3 billion (2022 est.) (World Bank, 2022)
- **Main industries:** diamonds, copper, nickel, coal, iron ore, silver, gold, agriculture, tourism (CIA World Factbook, 2022)
- **Main export partners:** Belgium, India, Israel, Singapore, South Africa (CIA World Factbook, 2022)

INTRODUCTION

Botswana, a landlocked country in southern Africa, has been one of the fastest-growing economies in the world over the past few decades. With a stable democracy, favorable business environment, and abundant natural resources, Botswana offers numerous opportunities for investors. This report provides an overview of the benefits and incentives of investing in Botswana, as well as relevant agencies and statistics about the country.

BACKGROUND

Botswana gained independence from British colonial rule in 1966 and has since maintained a stable democracy. The country has a population of approximately 2.3 million people and a land area of about 581,730 square kilometers (CIA World Factbook, 2022). Botswana's economy has traditionally been driven by the mining sector, particularly diamonds, which account for a significant portion of the country's GDP. However, the government has been diversifying the economy, with a focus on tourism, agriculture, and manufacturing.

BENEFITS OF INVESTING IN BOTSWANA

1. Favorable Business Environment

Botswana has a favorable business environment, with a stable democracy, rule of law, and a relatively low level of corruption. The country ranks 38th out of 190 countries in the World Bank's Ease of Doing Business Index (World Bank, 2022). Botswana also has a well-developed financial system, with a number of commercial banks and a stock exchange.

2. Abundant Natural Resources

Botswana is rich in natural resources, including diamonds, copper, nickel, coal, iron ore, silver, and gold. The country is the world's second-largest producer of diamonds, accounting for about 20% of global production (Debswana, 2022).

3. Government Incentives

The Botswana government offers a number of incentives to attract foreign investment, including:

- Tax holidays of up to 10 years for certain industries, such as manufacturing and tourism (Botswana Investment and Trade Centre, 2022)
- Duty-free importation of machinery and equipment for certain industries (Botswana Investment and Trade Centre, 2022)
- A 15% corporate tax rate, which is one of the lowest in the region (Botswana Unified Revenue Service, 2022)

4. Strategic Location

Botswana is strategically located in southern Africa, with access to major markets in South Africa, Namibia, and Zambia. The country is also a member of the Southern African Development Community (SADC) and the Southern African Customs Union (SACU), which provides access to a larger market.

5. Human Capital

Botswana has a relatively well-educated and skilled workforce, with a literacy rate of about 85% (CIA World Factbook, 2022). The country also has a number of institutions of higher learning, including the University of Botswana and the Botswana International University of Science and Technology.

RELEVANT AGENCIES

1. Botswana Investment and Trade Centre (BITC)

The BITC is the primary agency responsible for promoting investment and trade in Botswana. The agency provides a range of services, including investment facilitation, business registration, and trade promotion.

2. Botswana Unified Revenue Service (BURS)

BURS is responsible for tax administration in Botswana, including corporate tax, income tax, and value-added tax.

3. Ministry of Trade and Industry

The Ministry of Trade and Industry is responsible for promoting trade and industry in Botswana, including the development of policies and regulations to support the growth of the private sector.

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INCENTIVES FOR INVESTORS

1. Botswana Innovation Hub

The Botswana Innovation Hub is a science and technology park that provides a range of incentives, including tax holidays, duty-free importation of equipment, and subsidized rent (Botswana Innovation Hub, 2022).

2. Selebi-Phikwe Economic Diversification Unit (SPEDU)

SPEDU is a special economic zone that provides a range of incentives, including tax holidays, duty-free importation of equipment, and subsidized rent (SPEDU, 2022).

3. Botswana Special Economic Zones Authority (BSEZA)

BSEZA is responsible for promoting special economic zones in Botswana, including the Selebi-Phikwe Economic Diversification Unit (BSEZA, 2022).

CHALLENGES AND RISKS

1. Dependence on Diamonds

Botswana's economy is heavily dependent on diamonds, which account for a significant portion of the country's GDP. A decline in diamond prices or production could have a significant impact on the economy.

2. High Unemployment

Botswana has a high unemployment rate, particularly among young people.

3. Corruption

Botswana has a relatively low level of corruption, but it is still a risk for investors. The country ranks 34th out of 180 countries in Transparency International's Corruption Perceptions Index (Transparency International, 2022).

CONCLUSION

Botswana offers a number of opportunities for investors, including a favorable business environment, abundant natural resources, and government incentives. However, the country also faces challenges, including a dependence on diamonds, high unemployment, and corruption. Investors should carefully consider these factors before making a decision.

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