

Welcome to Botswana International Financial Services Centre



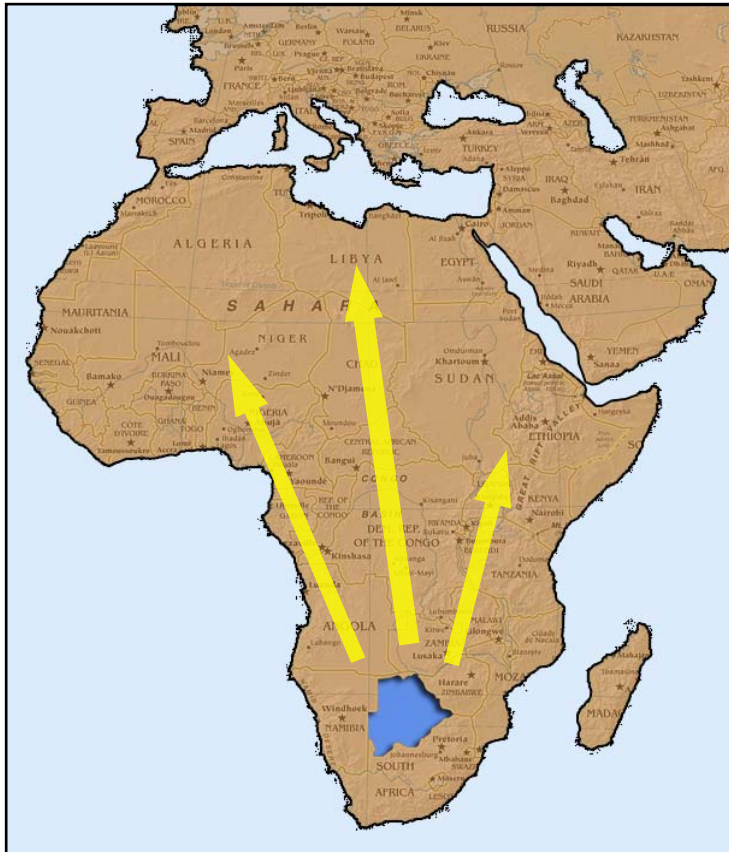
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## “How you Can Benefit from Botswana’s International Financial Services Centre”

Alan Boshwaen - CEO,  
International Financial Services Centre

11<sup>th</sup> June, 2008

# Overview



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# Botswana IFSC Introduction

- ▶ A government sponsored initiative to facilitate delivery of a wide range of cross-border financial and administrative services in Africa.
- ▶ Aims to develop Botswana as a significant cross-border financial services hub
- ▶ Promotes skills & technology transfer to develop sophistication of financial sector
- ▶ The enabling legislation for the Botswana IFSC is contained within the Income Tax Act (CAP 52:01).
- ▶ Targeting companies with a multi-country presence in Africa and abroad.
- ▶ An active financial services centre, and not positioned as tax haven.

# Target Sectors

- ▶ Financial Services
  - ▶ Banking
  - ▶ Funds
  - ▶ International Insurance
  - ▶ Corporate/Regional Headquarters
- ▶ Business Process Outsourcing
  - ▶ Call Centres
  - ▶ Back Office (Account & Administration)

# Strategic Rationale

- ▶ Strong economic growth (avg. over 8% since 1970s)
- ▶ Fundamentals for cross-border financial services
  - ▶ Highest sovereign credit rating in mainland Africa (S&P / Moody's)
  - ▶ Domestic liquidity attractive to investors to fund regional expansion
  - ▶ Least corrupt country in Africa (Transparency International)
  - ▶ Abolition of exchange controls
  - ▶ Political & economic stability
  - ▶ Ranked 3<sup>rd</sup> on Global Competitiveness Index in Africa (2007 Heritage Foundation & Wall Street Journal)
- ▶ Botswana has relatively small economy.
  - ▶ External orientation vital
  - ▶ Singapore, Luxembourg and Dubai as models

# Telecommunications Infrastructure



- ▶ Botswana Telecommunications Corporation core network consists of a Fibre Optic Network.
- ▶ Business support platforms: ADSL (Asymmetric Digital Subscriber Line), ISDN (Integrated Services Digital Network), Frame Relay, Data Service and Leased Lines, X.25, Frame Relay and ATM (Asynchronous Transfer Mode).
- ▶ Shareholding in African West Coast Cable (AWCC) and East African Submarine System (EASSy) and
- ▶ Telecommunications liberalisation (i.e. service neutral licenses, international voice gateway)
- ▶ Botswana Innovation Hub Concept (technology-enabled park under development to support ICT enabled services)
- ▶ International cellular phone companies (Mascom and Orange) allowing international roaming.



# Botswana IFSC Value Proposition

<b>Tax</b>	<b>IFSC Company</b>	<b>Domestic Company</b>
Capital Gains Tax	<b>Exempt</b>	<b>15%</b>
Withholding Tax	<b>Exempt</b>	<b>15%</b>
Corporate Tax Rate	<b>15%</b>	<b>25%</b>
Value Added Tax	<b>Zero rated</b>	<b>10%</b>

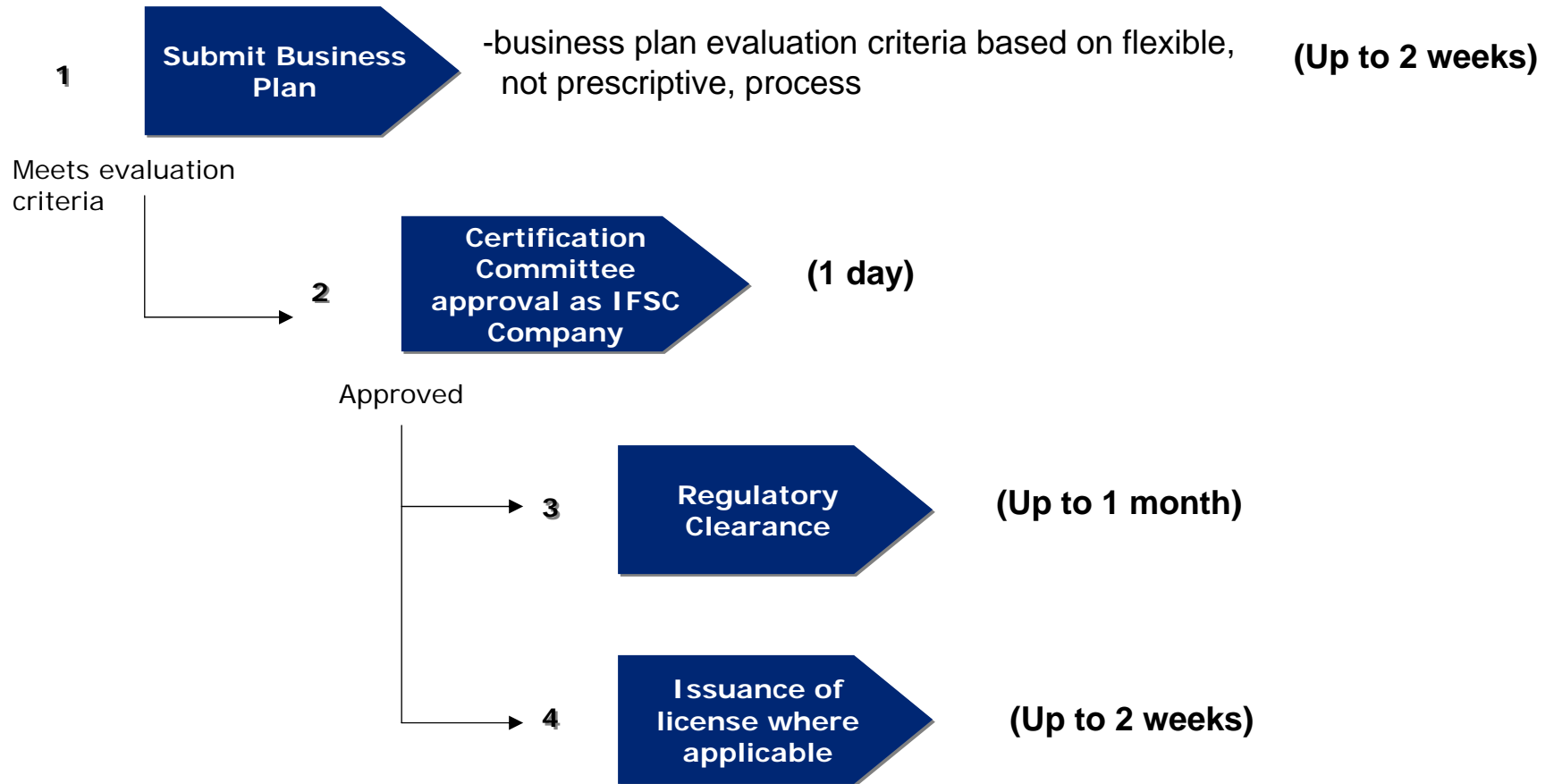
- ▶ No exchange controls since 1999
- ▶ Ability to denominate share capital in major convertible currency of choice (i.e.) US\$
- ▶ Receipt / Payments to multi-country facilitates optimal treasury management (i.e.) revenues and operational expenses
- ▶ Access to Botswana's Growing Double Tax Treaty network
- ▶ Unilateral credit (up to 15%) for withholding taxes suffered in other jurisdictions where there is no DTA in place

# Double Tax Avoidance Network

- ▶ Double Tax Avoidance treaties are important to companies with cross border financial operations. Below is the status of DTA's with Botswana.

Active			
South Africa	Mauritius	UK	Namibia
Sweden	Seychelles	France	Barbados
Zimbabwe	India		
Awaiting ratification			
Russia			
To be signed			
Malawi	Zambia	Tanzania	Mozambique
Under discussion			
Kenya	Swaziland	Lesotho	Angola
Nigeria	Uganda		
Pipeline			
China	Japan		

# IFSC Accreditation Process



# IFSC Support Services

- ▶ Accreditation initiated by submission of business plan
- ▶ Representative Certification Committee approves IFSC status
- ▶ Designated Regulators:
  - ▶ Non-Bank Financial Institutions:
    - ▶ Non-Bank Financial Institutions Regulatory Authority (NBFIRA).
  - ▶ Banking Institutions:
    - ▶ Bank of Botswana
- ▶ Sourcing and securing office space (incl. telecommunications connectivity)
- ▶ Work and Residence permits (5 yrs) - application for executives fast tracked
- ▶ IFSC Skills Readiness Initiative:  
Botsjobs.com is an online job portal and CV repository with over 4,500 well educated labour.



# IFSC Listed Companies



- ▶ ABC Holdings
  - ▶ Listed on Main Board of BSE
  
- ▶ Imara Holdings
  - ▶ Listed on Venture Capital Board of BSE
  
- ▶ Micro Provident Botswana
  - ▶ Listed on Venture Capital Board of BSE
  
- ▶ Pangaea Development Holdings
  - ▶ Listed on Over-The-Counter of BSE

# ABC Holdings



AFRICAN BANKING  
CORPORATION

- ▶ IFSC-registered Holding Company
- ▶ Operations in Botswana, Mozambique, Tanzania Zambia, Zimbabwe
- ▶ Mkt. Cap: BWP 657m
- ▶ 2007 financial year – strong results
  - ▶ Profit up 44% to BWP 85.5m
  - ▶ ROE: 42%
- ▶ Growth prospects:
  - ▶ Retail banking roll-out, branch expansion
  - ▶ Mortgage finance, consumer banking

# Imara Holdings



- ▶ IFSC-registered Holding Company
- ▶ Operations in Botswana, South Africa, Zimbabwe, Malawi, Kenya, Namibia, UK, Zambia
- ▶ Mkt. Cap: BWP 464m
- ▶ 2007 financial year
  - ▶ Profit up 387% to BWP 59.5m
  - ▶ ROE: 51.8%
- ▶ Growth prospects:
  - ▶ Imara Africa Securities (regional brokerage); trust services; expansion into other African markets

# Micro-Provident Botswana



- ▶ IFSC-registered Holding Company
- ▶ Operations in Botswana, Swaziland, Uganda, Tanzania, Zambia
- ▶ Mkt. Cap: BWP 2.2bn
- ▶ 2007 financial year
  - ▶ Profit up 27% to BWP 168m
- ▶ Growth prospects:
  - ▶ New revenue from Tanzania and Uganda operations

# Pangaea Development Holdings



- ▶ IFSC-registered Holding Company
- ▶ Operations in Kenya, Zambia
- ▶ Listed on OTC, targeting listing on Venture Capital Board in 2009
- ▶ Using capital to build lower-middle / middle income housing estates:
  - ▶ Kenya: 6250 houses
  - ▶ Zambia: 3700 houses
- ▶ Growth prospects:
  - ▶ Expansion into Ghana

# IFSC Pipeline – Africa focused Investment Funds

- ▶ **Botswana Africa Mining Fund (2<sup>nd</sup> half, 2008)**
- ▶ Sponsored by BIFM Capital
- ▶ US\$ 100m fund
  - ▶ Investing in variety of mining assets with Africa exposure
  - ▶ Will create African mining index
  
- ▶ **Property Fund (2<sup>nd</sup> half, 2008)**
- ▶ Promoted by leading South African banking institution
- ▶ US\$ 500m fund
  - ▶ Commercial, residential, industrial
  - ▶ Botswana, Namibia, Zambia, Nigeria, and others

# IFSC Pipeline

## **Pan African Commodities & Derivatives Exchange**

- ▶ Commodities & Derivatives Exchange backed by a major investor who operates agriculture/metals exchanges in Asia
  - ▶ Country focus to include Botswana, Cote d'Ivoire, Ghana, Kenya, Nigeria, and Tanzania
  - ▶ Commodity focus to include cocoa, cotton, crude oil, gold, and maize.

## **Regional Headquarter Companies**

- ▶ WESTCOR
- ▶ Growth of Leasing sector
- ▶ Growth of Aviation leasing sector to promote intra-regional air travel

# THANK YOU.



**Your Preferred Partner in Facilitating  
Pan-African Financial Investments**

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