

# BOTSWANA

## Africa's Gem

This September, Botswana celebrates its 40th year of independence, an anniversary crowned with the country's most famous resource, diamonds. Discovering large deposits of the gem in 1967 was a welcome fortune for the Southern African nation, but it was the country's prudent management and good fiscal policies that brought prosperity through an open economy, an open society, and political stability. As Botswana enters its 5th decade as a modern state, it is building even stronger trade ties with regional neighbors and becoming an accomplished global partner.

From day one of independence, Botswana has been building on human capacity, developing its mining and tourism sectors. The government's strategy of utilizing the country's natural resources to spur development has become a showcase of how African nations can prosper from well-implemented policies. President Festus Mogae attributes this success to the vision of Botswana's first President, Sir Seretse Khama. "When we became independent it was decided that mineral rights should vest in the state, and be used for the development of the country as a whole. We were fortunate that Sir Seretse Khama had the foresight to bring all tribes and individuals together in agreement before the major diamond deposits were found. Yet when that time came we neither had the capital nor technical know-how to exploit them."

Botswana created a welcoming climate and entered into strategic agreements with foreign investors, notably a 50/50 partnership with De Beers to jointly operate Debswana. Through a vigorous program intended to transform the country into an export-based economy, Botswana became the fastest growing economy in the world. Growth averaged over 9 percent per year from 1966 to 1999. "We are however aware that minerals are a temporary asset," says President Mogae. "They have to be quickly converted into assets which are more sustainable. Priority number one is education. We train and educate our people, because it is a form of empowerment. Also, in order to increase development and bring in more investment you need sufficient infrastructure, so we built roads,

bridges, health clinics, hospitals, and offices. We have tried to utilize our minerals to invest in more lasting assets. Also, to create a larger playing field for investors, we remained in the Southern African Customs Union (SACU) and co-founded the Southern African Development Community (SADC)." Through these trade communities and our geographical location at the heart of Southern Africa, we can access a wider market of 200 million people.

Although Botswana is using its best endeavors to diversify away from mining, it is by no means abandoning the sector. President Mogae confirms that the state aims to become the central trading and processing hub for diamonds in Southern Africa. "We have licensed 11 diamond cutting and polishing companies. Three plants have already opened here. We also agreed with De Beers to repatriate part of the Diamond Trading Corporation so that the aggregation of Botswana, Namibian, and South African diamonds is now going to be conducted in Botswana. Customers of De Beers, instead of going to London, will now come to Gaborone to buy packages of diamonds. We are going to build a Diamond Development Park along the airport road."

With a proven record of political stability, continuity, transparency, and rule of law, investors are discovering the country to be a valuable destination for their operations in the region and beyond. "Botswana has been, is, and will always be open for business," says President Mogae. "We welcome investors, we welcome tourists, we welcome all people. It is part of our culture, but it is also in our economic interest."

### BEDIA, Advancing Investor Opportunities

The first point of contact for any interested investor in Botswana is BEDIA, the Botswana Export Development and Investment Authority. It is an autonomous, private sector led organization mandated by Parliament in 1997 to encourage, promote, and facilitate the establishment of export-oriented enterprises and selected services. BEDIA's activities have spurred economic diversification, rapid economic growth, and the creation of sustained employment opportunities. Supporting the state's economic development strategies, BEDIA facilitates the establishment of manufacturing projects and encourages partnerships between Botswana private companies and foreign investors. This entails facilitating their smooth passage through formalities and all government authorizations. Botswana has reduced corporate taxes, which at 15 percent for manufacturing entities are among the lowest in the region, abolished exchange controls, and introduced tax holidays. These have proven to be inviting incentives for foreign investors. Since 2003, The World Economic Forum rates Botswana as one of the most economically competitive nations in Africa. In 2004, Botswana was once again assigned

"A" grade credit ratings by Moody's and Standard & Poor's. These sovereign ratings indicate that Botswana remains one of the best investment opportunities in the developing world.

Currently, prospects outside the mining sector are being highlighted, with upcoming privatizations of successful parastatals on the cards with Air Botswana and the Botswana Telecommunications Corporation (BTC) leading the pack. Botswana's strategy is to have its economy run as much as possible by the private sector, with the government serving as a regulator. An excellent infrastructure in roads and transport networks gives a clear competitive edge to conducting business from Botswana. Manufacturing, leather products processing, information technology, tourism and the exploitation of natural resources such as coal and natural gas are among the leading opportunities, enhanced by trade agreements with the EU and the United States. Through regional offices in South Africa and the United Kingdom, BEDIA is actively promoting Botswana to its full value, working hand in hand with the private sector to advance Botswana's exemplary pace of development. Continuing a legacy of solid progress and social development, Botswana can look forward to another 40 years of economic brilliance.

For more info contact: [info@smlstrategicmedia.com](mailto:info@smlstrategicmedia.com)