

B o t s w a n a I F S C



*Facilitating Pan African  
Investment Flows*

*7<sup>th</sup> Annual AVCA Conference  
2008*



# O v e r v i e w

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- W h a t i s t h e B o t s w a n a I F S C ?
- M a c r o - e c o n o m i c S t r e n g t h s
- B o t s w a n a I F S C P o s i t i o n i n g
- B o t s w a n a a s a F u n d s D o m i c i l e
- F u n d s C a s e S t u d i e s
- I F S C P E I n v e s t e e C o m p a n i e s  
C a s e S t u d i e s
- C o n c l u s i o n

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# W h a t i s t h e B o t s w a n a I F S C ?

- G o v e r n m e n t o f B o t s w a n a h a s t a r g e t e d f i n a n c i a l s e r v i c e s s e c t o r d e v e l o p m e n t
- E s t a b l i s h e d B o t s w a n a I F S C
- D e v e l o p a r e g i o n a l f i n a n c i a l s e r v i c e s h u b t o f a c i l i t a t e d e l i v e r y o f a w i d e r a n g e o f c r o s s - b o r d e r f i n a n c i a l s e r v i c e s .
- T a r g e t i n g i n v e s t m e n t f l o w s i n t o A f r i c a a n d c o m p a n i e s w i t h a g r o w i n g b u s i n e s s p r e s e n c e i n A f r i c a .

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# Botswana's Macro - Economic Strengths

- Highest investment sovereign credit rating by S&P and Moodys in Africa
- Sustained economic growth, political and economic stability
- Transparency Internationals ranking - least corrupt in Africa
- Cato Institute and Heritage Foundation's ranking as the freest economy in Africa
- Rule of law and enforceability of contracts
- No exchange controls

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Financial Services Centre

# Key Focus Sectors

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- **International Investment Funds**
- Banking
- Company Headquarters & Admin
- International Insurance
- Business Process Outsourcing
- Capital Markets

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# Botswana IFSC's Positioning

- Growing interest by private equity /venture capital to invest in Africa
- Aim to be preferred platform /gateway for making investments into Africa
- Consider /evaluate Botswana as a domicile for Pan -African investment funds
- 2<sup>nd</sup> largest pension fund industry in Sub - Saharan Africa .
  - P 34.3 billion (US \$ 5.3 billion ) under management *(31 Dec 2007)*
  - Potential source of funding to tap into

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# Why Chose Botswana as your Funds Domicile

- CIU Act 1999 and CIU Regulations
- Permissible structures
  - Retail CIUs / Unit trusts
  - Investment companies with variable capital
- “Specified CIU” framework through IFSC accreditation
- Specified CIU is tax exempt
- Not liable for WHT on dividend, interest and distributions.

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# Botswana as a Funds Domicile *cont.*

- Non resident investors not subject to Botswana tax
- Minimum administrative activities as per CIU legislation
- Custodial Banks (Barclays, Stanbic and First National Bank )
- Bank of Botswana licenses & regulates CIUs and approves the Investment Manager
- Regulatory role to be assumed by Non Bank Financial Institutions Reg. Authority (“NBFIRA”)

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# Botswana IFSC Fund Case Studies

## **Botswana Africa Mining Fund (“BAMF”)**

- US\$100 million fund
- Targets mining assets in various stages across Africa
- Managed by Mining Fund Managers
- Supported by Bifm Capital

## **Property Investment Company**

- US\$500 million fund
- Targets property assets across Africa
- Administration of the fund carried out in Botswana

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# Private Equity funded IFSC Company 1 – Micro Provident Botswana

- IFSC accredited Holding company to drive expansion of short term finance business operation into Africa
- P 2.2 billion (U S \$ 340 million ) pula market capitalization
- Botswana, Malawi, Swaziland, Tanzania, Uganda and Zambia
- Main shareholders are PAIP, PCAP, FMO, IFC and Botswana Life Insurance Limited
- Accounting & admin services, financial & credit control, group treasury, inter-group lending, group ICT support, dividend management

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## Private Equity Funded IFSC Company 2 – Enterprise Fedha Finance Co.

- IFSC accredited to provide asset backed finance to companies in Africa
- Botswana, Tanzania, Zambia, South Africa and Malawi
- Mining, Construction, Telecoms and Energy sectors
- SAEDF US\$10 million – Principal Shareholder & financial contributor

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## Private Equity Funded IFSC Company – Pangea Development Holdings

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- Property development
- Building middle-cost housing estates in Sub-Saharan Africa
- Initial developments in Mombasa-Kenya, Lusaka-Zambia and Accra-Ghana
- FMO and OPIC funding

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Thank You.

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