

Ten key points about Botswana

- 1 > *Political and economic stability*
 - 2 > *Liberal investment policies*
 - 3 > *Access to the market*
 - 4 > *High quality work relations*
 - 5 > *Commercial opportunities*
 - 6 > *Investments in infrastructure*
 - 7 > *Natural resources*
 - 8 > *Competitivity*
 - 9 > *Quality of life*
 - 10 > *Economic diversification*
- + > **Code of Conduct / How to act during your first meeting**

1 *Political and economic stability*

Botswana's economic progress since its independence has made it one of Africa's success stories. This poor, principally agricultural country was transformed by the diamond industry into one of the richest nations in Africa with a revenue of \$3 300 per inhabitant. Governmental policies for the future embrace economic diversification outside the diamond sector, promotion of tourism, manufacturing activity orientated towards exports and financial services, amongst others. Economic and fiscal measures have maintained growth and low inflation since Botswana's independence. Real elections take place at regular intervals. Botswana has thus become a pillar of economic stability in the region.

2 *Liberal investment policies*

Botswana offers a secure environment for foreign capital, thanks to liberal and flexible investment policies. There is no restriction in terms of property, investment size, origin of capital, marketing products or training methods. Botswana was recently awarded grade A2 by Moody's and A by Standard & Poor's. The government

actively encourages the development of the private sector via an attractive fiscal regime, the abolition of exchange control and a range of measures congenial to investment (exemption from tax for importing industrial materials, duty-free access for countries in the Southern Africa Customs Union (SACU): Botswana, Namibia, Lesotho, South Africa, Swaziland. Products made in Botswana can enter the European market without being subject to either tax or quotas).

3 Access to the market

Botswana is ideally placed to be a cross-border financial services centre in Africa and beyond. The political and economic stability of the country, the maturity of the banking and finance sectors, the quality of its communication infrastructure and geographical position (bordering the southern part of the continent) make it an excellent location in every respect. The capital, Gaborone, is less than an hour by plane from Johannesburg in South Africa.

4 Good quality working relations

Botswana has a young, educated, motivated and mainly English-speaking workforce, and the country has excellent industrial relations without confrontational trade unions. A legal authority has recently been established in order to ensure that industrial disturbances are dealt with impartially. Salary levels are reasonable.

AVERAGE MONTHLY SALARY BY SECTOR (Pula)	
A. Citizens	Pula (1 € = 9.85675 Botswana Pula)
Private and Parastatal	3,158
Agriculture	735
Mining & Quarrying	7,113
Manufacturing	1,617
Water & Electricity	7,943
Construction	1,456
Wholesale & Retail Trade	1,940
Hotels & Restaurants	1,171
Transport & Communications	4,973
Finance & Insurance	9,245
Real Est.& Business Activities	5,368
Education	5,933
Health & Social Work	4,526
Other Community Activities	2,144
Local Government	3,183
Central Government	4,322
B. Non-Citizens	
Private & Parastatal	8,882
Local Government	11,158
Central Government	9,506

Source - Statistics year book 2008

5 *Commercial opportunities*

Botswana is seeking to diversify its economy by decreasing its dependence on minerals which represent a third of its GDP. Foreign investment is welcome in the country (Botswana abolished exchange controls in 1999). Corporation tax is low (15 %), and there are no restrictions on foreign shareholding in local businesses.

The expanding sectors in the country are:

- > Agriculture
- > Commerce/Transport
- > Diamonds
- > Mines & Minerals
- > Transport & communication
- > Construction
- > Banking and insurance
- > Hotels and restaurants
- > Tourism

Botswana was the seventh most reforming country in the world in 2008 according to Doing Business 2009.

6 *Investments in infrastructure*

Telecommunications and the transmission of electronic data are already well established, and in the process of being improved in order to develop international capacity and connectivity. Substantial investment has been made in economic infrastructure. The Mmamabula Energy Project is the largest untapped coal reserve in the SADC (Southern African Development Community). There is enough coal to produce 3600 MW for 40 years and provide 12 million tonnes of coal per year) and works are currently in progress to export energy to South Africa and meet domestic demand.

7 *Natural resources*

Diamonds are by far the main source of revenue for Botswana. The combined profits from three diamond mines amount to 77% of export profits and 45% of GDP. Other minerals like copper, nickel and gold also contribute significantly to the wealth of the country, as well as sodium carbonate, salt and coal.

8 *Competitivity*

Important changes were made to the tax regime in Botswana in the 1990s in order to attract domestic and foreign investment and improve the competitiveness of the country. The government is currently planning new measures in this endeavour, notably a new strategy for direct foreign investments and development of exports. The parliament of Botswana has recently adopted a privatisation plan for previously state-owned companies and a competitive programme aiming to support the diversification of the economy. Currently, the companies being privatised are Botswana Telecommunications Corporation, Air Botswana, Botswana Power Corporation (BPC), Water Utilities Corporation (WUC), etc. These privatisations are taking place in various different ways: franchises, concessions, sale of assets, joint ventures, etc.

9 *Quality of life*

Botswana is a cosmopolitan and peaceful country where racial harmony reigns. The public and private education systems are excellent and the quality of tourism and health infrastructure is high.

10 *Economic diversification in agriculture*

Numerous initiatives have been taken in order to develop the agricultural sector. The national NAMPAADD programme for the exploitation of arable land and the dairy industry aims to help investors adopt and implement technologies improving the efficiency and productivity of agriculture. Irrigation is in the process of being improved in order to increase yields and meet domestic food demand. Agricultural cooperatives are being set up, and diploma training courses in agriculture have been proposed by the Botswana Agriculture Institute.

Code of Conduct

How to act during your first meeting.

Cultural customs

Greetings

Once you know your interlocutor a bit better, the relationship becomes more informal and it is usual to ask the well-being of family, children, etc. The manner of greeting depends on the region. In the north of the country, for example, the youngest members of a meeting must be the first to greet the rest.

Timetables and deadlines

Punctuality is very important in commerce. Nevertheless, in their personal lives, Botswana run on African time. Deadlines are often pushed back, so you must allow for extra time when planning a project.

Good partnership

In Botswana, the government encourages partnerships with foreign investors and promotes the sharing of skills with local personnel. Locals think that franchises offer better services.

How to negotiate

Developing mutual trust and a common understanding with local partners is a long, drawn-out job.

Botswanians know how to listen to and understand the needs of their interlocutor and understand when this relationship is mutual.

Botswanians like consensus in order to reach win-win situations.

Pitfalls to avoid

It is very important to remain discrete and humble during commercial success. Boasting about business successes can be insulting to your interlocutor. You have to take an interest in Botswanaian culture in order to be accepted and to secure trusting relationships that take so long to build.

Offering gifts

This is a delicate subject. Offering gifts to public figures can be misinterpreted and understood as willing corruption. It is the same in the private sector. Generally, it is recommended not to offer gifts unless you know your interlocutor personally. Branded gifts produced by your company (t-shirts, pens, etc.) are promotional items and, as such, can be offered and accepted without any problems.

The behaviour of local employees

Local employees take their work seriously without putting themselves under undue stress. In Botswana, you have to know how to take your time and appreciate everything that arises from professional life.

Languages

The official languages are Setswana and English, but the language used in business is English. The official documents of the government are in these two languages. It is not necessary to speak Setswana to do business in Botswana but having a basic understanding enables you to be better accepted by local partners and shows a desire to integrate.