

BUSINESS FOCUS

February 2019

Foreword

I would like to welcome you all to the first edition of the Business Focus in 2019. As the voice of the private sector, we are very excited and look forward to fruitful and meaningful engagements to grow the economy and create jobs.

We are pleased to serve our members by lobbying and advocating for a conducive business environment. We also appreciate the support and cooperation of our partners in government. As the private sector, we seek to strengthen our collaboration with Government to achieve the Vision 2036 goals.

I therefore implore each and every business to constantly look at how best it can improve its performance in the interest of economic prosperity.

This can also be achieved by Business Botswana members articulating the impediments and challenges they face in their respective sectors at either Sector Level Consultative Council (SLCC) meetings or the High Level Consultative Council (HLCC).

From a personal or business perspective how often have we seen a budget that works well on paper but when it comes to actual implementation and spending we still falter?

Well, Business Botswana commends government for present-

ing a positive budget from a macro-economic point of view. In a challenging revenue environment, spending increases are modest, and as a result the budget entails a manageable deficit.

Business Botswana continually engages other stakeholders to effectively contribute to the economic growth in Botswana. We will therefore feature contributions from our stakeholders in this publication. We kick this off by introducing the following columns:

- Doing Business in Botswana by BITC;
- Productivity and quality by BNPC

Please enjoy this publication and feel free to suggest improvement. All comments should be forwarded to the editor via publicrelations@bb.org.bw or like our Facebook and Twitter pages at @Business Botswana and @Business-BOTSPR respectively.

For more information on how you can partner with us please contact the Public Relations Department.



NORMAN MOLEELE
CHIEF EXECUTIVE OFFICER

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Manufacturing sector relaunches

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AMENDMENTS TO THE INCOME TAX ACT (CAP 52:01)

POLICY EFFORTS

BUSINESS BOTSWANA HOST BUDGET REVIEWS SESSIONS

Business Botswana held its annual budget review sessions in Kanye and Molepolole from the 7th -13th February 2019. Every year immediately after the budget by the Minister of Finance and Economic Planning, experts from Mazars Botswana and the Economics Department of the University of Botswana analyse the budget to help our members understand its implications on business and position themselves for what will take place during the course of the year. The review session also serves as a good networking forum for the business community.

The speakers shed light on various potential business opportunities which will be available across different sectors. They also highlighted that the contribution from non-mining sector in the economy has increased from 75% to 82% in 2018.

To view Business Botswana position on the budget, kindly click on the below link:

<http://www.bb.org.bw/index.php/business-download-details/-did/52/bb-statement-on-the-2019/20-national-budget/>

Botswana joined the BEPS Inclusive Framework in June 2017. The Framework is a forum of more than 100 jurisdictions that collaborate on the implementation of the OECD/G20 Base Erosion and the BEPS Action Plan.

In the above light, transfer pricing has been introduced as an amendment to the Income Tax Act. The salient points of the amendments are:

- a) The Act defines transfer pricing transaction when a person engages directly or indirectly with a connected person.
- b) The Act requires that such transaction to be at arm's length and it shall be the onus of the taxpayer to prove the same.
- c) The Act further requires that the taxpayer shall maintain proper transfer pricing documentation that covers all related party transactions. The type of documentation shall be duly prescribed by the Minister.
- d) The taxpayer may also approach the Commissioner to obtain an Advance Pricing Agreement (APA) for any transaction.
- e) The Minister will prescribe regulations for APA which could specify the eligibility, time limits, procedures, conditions, etc.
- f) The net interest that may be claimed by a company has been capped at 30% of the "Tax EBITDA".
- g) The interest paid over and above the capped percentage will be disallowed. The disallowed portion of the interest can be carried forward for 3 years.
- h) All fines and penalties for non-compliance of the provision of the Act have been increased. Additional penalties, for not providing transfer pricing documentation or for non-compliance of any provisions of transfer pricing, will be 200% of the amount of tax that would have been avoided.

For further information about the Income Tax Act, kindly contact me Rajesh Narasimhan, Tax Partner at Grant Thornton or email:

rajesh.narasimhan@bw.gt.com



TRANSFER DUTY BILL

Business Botswana and its stakeholders have considered the Transfer Duty (Amendment) Bill, 2018 which was published in the Government Gazette dated 2nd November 2018 (Vol LVI, No 71).

Business Botswana's view is that the proposed amendments have both positive and negative implications in the economy of Botswana. In January 2019, Business Botswana submitted recommendations to the Ministry of Finance and Economic Development to consider before implementation of the Act.

Discussions on the Transfer Duty (Amendment) Bill, 2018 are still ongoing with all relevant stakeholders. The private sector is ready to offer technical expertise and support to the government in amending the bill.



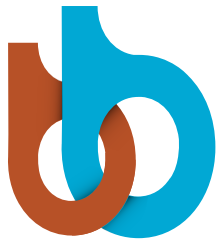
BOTSWANA PASSPORT RANKS 58TH ON THE 2019 GLOBAL PASSPORT INDEX

Botswana passport is ranked 58th on the global list of the most powerful passport in the world and 4th in Africa behind Seychelles at 23rd, Mauritius at 27th and South Africa at 47th position. The list is published by Arton Capital, a global financial advisory firm specializing in Investor Programs for Residence and Citizenship around the world. Rankings are determined by the number of countries passport holders can visit without visas.

Holders of the passport have visa free entry to 49 countries, in 28 countries visa is issued on arrival, whilst in 121 countries visa is required.

The United Arab Emirates (UAE) holds the most powerful passport in the world with free entry to 167 countries including Botswana.

To access the list, click on the below link: <https://www.passportindex.org/byRank.php>



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DOING BUSINESS IN BOTSWANA

Botswana Investment and Trade Centre (BITC) is an Investment Promotion Authority (IPA) whose mission is Investment Promotion and Attraction; Export Development and Promotion including the management of Nation Branding.

BITC is instrumental in driving Botswana's economic growth through attraction of Foreign Direct Investment (FDI), domestic investment and facilitation of expansions. It spearheads the growth of exports by promoting locally manufactured goods to regional and international markets.

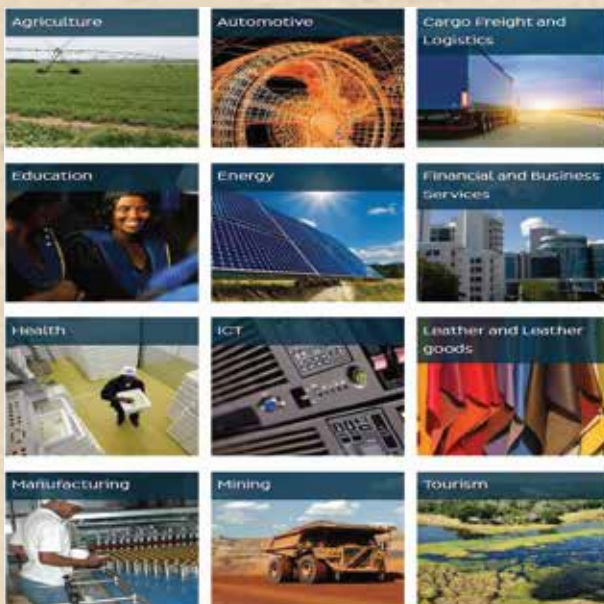
The organization also promotes increased citizen participation in the economy to create sustainable job opportunities. Of importance within the role of this organization is building and maintaining a positive image of Botswana locally and internationally.

Since inception, BITC has for delivered key services to both the Domestic and Foreign Investors and these offerings will be discussed in-depth in this article. The first two services offered by the organization are Investment Promotion and Export Development and Promotion.

INVESTMENT PROMOTION

The Investment Promotion function promotes researched and packaged investment opportunities available in Botswana to attract both domestic and foreign investment into targeted growth sectors in the country.

Through these efforts, BITC has also put forth greater impetus on pre-existing strategic national priorities to deliver economic growth, development and diversification. Some of the investment opportunities that BITC promotes include but are not limited to:



Source - BITC website

Botswana offers attractive investment incentives for both local and foreign investors:

- No foreign exchange controls; remittance and full repatriation of profits and dividends
- No restrictions on business ownership
- Duty-free import of machinery and equipment for manufacturing purposes
- Customs duty exemption on raw materials for goods going outside of the Southern African Customs Union (SACU)
- Liberal tax regime: 22% corporate and 25% personal tax, with 15% corporate tax for manufacturing and International Financial Service Centre (IFSC) registered companies (lowest taxes in the Southern African Development Community - SADC region)
- Negotiable tax holiday up to 10 years maximum
- Deductible training rebate of 200%
- Availability of sector specific investment incentives (IFSC and economic hubs, Agriculture, Innovation, Diamond, Education)
- Zero corporate tax under Development Approval Order
- International Financial Services (IFS) companies enjoy readily accessible incentives that include:
 - A competitive corporate tax incentive framework; 15% corporate tax
 - Exemption from Capital Gains Tax (CGT) and Withholding Tax (WHT)
 - Access to a growing network of Double Taxation Avoidance (DTA) Treaties
- No foreign exchange controls
- Denomination of share capital in any major convertible currency

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EXPORT PROMOTION AND DEVELOPMENT

The Export Development and Promotion function is mandated with the task of identifying export markets for locally manufactured products that are export ready. Through the research function, BITC identifies and researches new markets to facilitate export promotion aimed at selected buyers, including investigation of opportunities in markets that have trade agreements with Botswana, to maximize benefits. This form of research informs the export promotion initiatives by the organization.

Services of the Export Promotion Function at BITC

- Promoting Botswana products in foreign markets by participating in international trade fairs and exhibitions;
- Timely and efficient services to overseas buyers in vendor identification, drawing itineraries, fixing appointments and other support services;
- Assisting Botswana companies in product development and adaptation to meet buyers' requirements;
- Organizing Buyer-Seller meetings to bring buyers and sellers together.
- Organizing seminars/conferences/workshops on trade-related subjects;
- Developing local manufacturers to reach export readiness standard;
- Conducting market surveys on regional and international markets in collaboration with the Research Department; and
- Dissemination of export promotion information to local manufacturers.



Botswana beef packaged for export

Botswana Export Development Program

BITC runs an Export Development Programme that focuses on assisting, supporting and preparing manufacturers in terms of improvement of product quality, packaging and increased production to meet the requirements of buyers. Diagnostic assessment is carried out to gauge the current capacity of our manufacturers for export readiness and develop customized interventions for individual company needs. The training endeavours to enable selected companies to gain hands-on practical experience in various

aspects of production and operations, export readiness, quality management, human resource and development, strategic management, branding, finance, sales and marketing aimed at enhancing their products' competitiveness.

BITC signed a Memorandum of Understanding (MoU) with the University of Botswana (UB) that is aimed at developing institutional ties between the two entities and promoting interactions in mutually beneficial areas of training, consulting and education in the fields of International Business, Marketing and Business Development.



Global Expo Botswana (GEB) is the country's premier international multi-sectoral business to business exhibition that is managed by BITC. The annual expo is held towards the end of the year and attracts international exhibitors.

The objectives of Global Expo Botswana are to:

- Promote investment opportunities in Botswana;
- Encourage Joint Venture Partnerships between citizens and foreign investors
- Promote intra-regional trade and integrate Botswana into the Global Trading System
- Offer exhibitors and visitors a platform to explore new markets, secure new business, build new partnerships and grow business.

GEB has various value-add services that run concurrently to the exhibition such as workshops, one-on-one buyer seller meetings and an international Investment and Trade Conference.



past Global Expo in pictures

BOTSWANA TRADE PORTAL

The Botswana Trade Portal is a web-based platform developed by BITC in conjunction with the World Bank to provide the business community with all statutory trade information from various government departments involved in the issuing of permits, licenses and clearances for export and importation of goods and services.

The Trade Portal provides easy access to laws, regulations, administrative procedures, guidance notes, applicable fees, forms, licenses, permits and penalties applicable in case of breach. In addition, the portal catalogues international, regional or bi-lateral trade agreements to which Botswana is a party, including the applicable rules and requirements as well as the benefits devolving there from.

The main objective of the Botswana Trade Portal is to make all trade regulatory information easily and readily available to exporters and importers through a single integrated platform. This provides transparency and predictability of trade regulations and procedures, and in doing so, increases the compliance level and reduces the cost of doing cross border trade in Botswana.

The platform additionally provides linkages to useful contacts for further engagements with the key authorities in cross-border trade and export and importation of goods and services.

The Botswana Trade Portal is accessible on www.botswanatradeportal.com.

In the next issue of Business Focus, BITC will highlight the importance of nation branding, Botswana One Stop Service Centre (BOSSC) and the BITC eligibility criteria for accredited assistance.

For more information on our services, contact the entity at:

Email: enquiries@bitc.co.bw

Facebook: www.facebook.com/bitc

Twitter: [@Go_Botswana](https://twitter.com/Go_Botswana)

LinkedIn: [h=tps://www.linkedin.com/company/botswana-investment-and-trade-centre](https://www.linkedin.com/company/botswana-investment-and-trade-centre)

Instagram: [Go_Botswana1](https://www.instagram.com/Go_Botswana1)

Website: www.gobotswana.com

www.brandbotswana.com





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OVER 40 BUSINESSES IN MANUFACTURING ATTEND SECTOR RELAUNCH

Business Botswana re-launched its Manufacturing Sector on the 19th February 2019 at Travel Lodge, themed ***"Spring Time for Manufacturing in Botswana."***

In his opening remarks, the Sector Chairperson, Mr. Mike Joyner highlighted that the objective of the meeting was to prelaunch the sector. He stated that for the sector to be vibrant, there is need for a robust membership drive strategy. This will lead to a lively and fit-for-purpose sector which makes meaningful contribution to the economy of Botswana.

The theme was on resolving the impediments that face the sector and members were given an opportunity to submit agenda items to be discussed at the meeting. A catalogue of issues will be presented as a unified position to the relevant Ministry for urgent remedy.

The sector intends to deal with those issues that do not need to be referred to Sector Level Consultative Council (SLCC)

meetings and give feedback to the sector timeously. The sector also agreed to meet every 2 months for feedback and networking purposes.

At this meeting, the Chief Executive Officer, Mr. Norman Moleele briefed members on the new 5 year strategy; its intended purpose, expectations and outcomes. Mr. Moleele mentioned that Business Botswana can only thrive and prosper if the private sector and government work together towards a thriving and inclusive private sector.

Members applauded Business Botswana and in particular, the sector for the continuous engagement and dialogue on ways ensuring that the manufacturing sector thrives and contribute to the economy of Botswana.

We give utmost thanks to Clover Botswana for sponsoring the session and encourage other members to come forth and support their sectors!



CIPA TO INTRODUCE ONLINE BUSINESS REGISTRATION SYSTEM (OBRS)

Companies and Intellectual Property Authority (CIPA) in collaboration with Business Botswana held a two day stakeholder engagement on the Online Business Registration System (OBRS). The OBRS is anticipated to go live on the 3rd June 2019. Over 170 businesses attended these sessions.

The Compliance and Enforcement Manager, Mr Washington Phale advised that for Botswana to remain competitive, it needs to provide efficient and timely services to improve the ease of doing business.

The OBRS will therefore not only reduce bureaucratic red tape but will also attract investors to do business in Botswana. He further said CIPA plays its part on the ease of doing business by making it easy to register and own a business. In this regard, the OBRS will simplify the registration processes to allow companies to be registered in a day.

Attendants were informed that a transition period of 12 months was to be effected to allow all companies to re-register. During this process, businesses will be exempt from filing and paying annual returns. Businesses will also have a Unique Identification Number (UIN) which will be integrated with other stakeholders such as the Botswana Unified Revenue Services (BURS), PPADB, Banks and eventually utility corporations.

Business Botswana Director-Policy Advocacy, Mr. Dichaba Molobe applauded CIPA for the initiative and emphasized the need for government and the private sector to work together to overcome all administrative bureaucracies to position Botswana as the business destination of choice.

He further encouraged businesses to be a part of this process and dialogue as the drive towards a one-government system gathers pace. Mr. Molobe said "Through the OBRS, business information at CIPA will be shared across government agencies, and one will not have to be required to submit the same set of documentation on every transaction with the government."

CIPA is currently conducting countrywide road shows to educate and sensitize businesses about the anticipated system.

For more information, kindly contact CIPA on **367-3700** or **email: feedback@cipa.cp.bw**





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PRODUCTIVITY & QUALITY

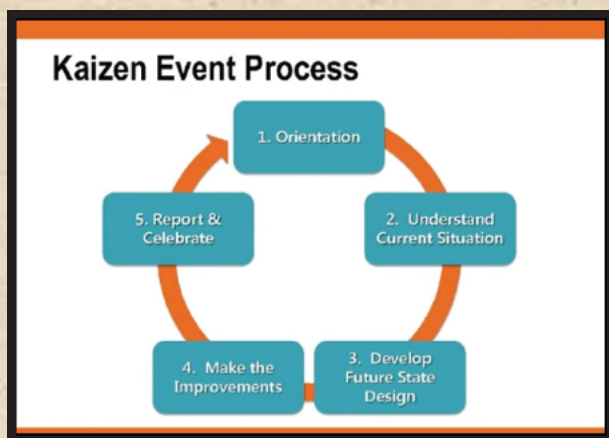
Botswana National Productivity Centre (BNPC) is responsible for promoting productivity, service quality and management relations. And on this month's issue, we will be talking about productivity improvement. By introducing Kaizen method, and some of its major features such as technology, quality, processes, culture, productivity, and safety, including focus, structure, discipline, and ownership. It has also touched on competencies that people need to have in a workplace.

KAIZEN: A TOOL FOR PRODUCTIVITY IMPROVEMENT

Introduction

Leadership in some parts of the world, particularly Japan have sought to improve productivity by using Kaizen. The purpose of this article is to give a minute highlight of productivity improvement by the use of Kaizen as a tool.

Kaizen is a problem solving tool that perpetually identifies problems and solves them in an organization. The objective of Kaizen is to reduce or eliminate waste of any kind inherent in leadership, culture, processes, safety, technology, quality, and productivity. An organization that achieves the objective of Kaizen is able to give customers what they want, when they want it, where they want it, at a competitive price, in quantities and varieties they want, and always of expected quality (Alukal and Manos, 2006:1).



What is productivity?

Productivity determines the standard of living of citizens of any given country. Any nation whose productivity is low is consigned to a low standard of living. Therefore, all nations have an obligation to improve productivity in order to escape severe consequences of not doing so. Literature (Christopher and Thor, 1993:3) has indicated that productivity is a major element of economic growth and progress. Productivity is both a qualitative and a quantitative phenomenon. However, this article focuses on the quantitative component, which usually applies to a manufacturing enterprise. Therefore, in this regard, productivity is defined by a formula, that is,

Productivity = Output ÷ Input, which can be expressed as $P = \frac{\text{OUTPUT}}{\text{INPUT}}$, where P stands for productivity.



Input

Input is a cluster of resources which an enterprise needs in order to produce products. The resources are a starting point for growing business, and they are in various forms. They usually include land and buildings, raw materials, energy, equipment, human resource, and capital. To produce quality products the input must be of quality standard, because that determines the quality of products that can be produced. The garbage in garbage out dictum mercilessly applies in this case, inferior products will not attract any customers. So productivity is affected negatively or positively depending on the quality of input.

Output

Output is a set of products that an enterprise produces, and sells to customers. Human resource, the management cadre's duty is to obtain the facts, plan, direct, coordinate, control, and motivate other employees to produce output (Kanawaty, 1992:7). Another component of human resource is leadership which, in the confines of Kaizen is required to ensure that the



Kaizen

Kaizen makes leadership alert of what the business issues are with respect to products, return on investment, quality, market, and customers (Womack, 2011: 21). Kaizen improves quality and productivity, where it has been introduced for the first time, it was observed that productivity increased by 30%, 50%, and even 100% and more (Imai, 1986:226). It follows therefore, that an enterprise that uses Kaizen can achieve high levels of productivity. As previously alluded, there is no need to emphasise that productivity can be skyrocketed by making sure that there consistent improvement in Customer service, profit, quality, turnaround time, and costs. Kaizen does not settle for excellence, it aims for distinction. By the way, excellence has become the most widely used performance term which suggests a quantifiable standard that can be copied, while by definition distinction refers to one and only one, that is, being second to none (Sanborn, 2008:97).

To become a productive enterprise is not rocket science. It is a simple thing that can be achieved in an environment where there is focus, structure, discipline, and ownership, as required by Kaizen.

Focus

Leadership must chart the way to ensure that there is focus among all employees in every section or department. Focus enables employees to implement critical objectives of the enterprise meticulously. According to Lareau (2003:40), stating the focus at the executive level is easy but the challenge is driving it down into the organisation and maintaining its accuracy at every level. Literature has indicated that several authors have concurred that leadership must among other things, create a vision, align people, motivate and inspire, share power and coach, influence and build commitment, and focus on results.

Structure

Structure is not only the skeleton of the organisation, but consists of the processes, expectations, rituals, and behaviours, roles (expected, enacted, and ideal, as well as their conflicts, both within, and between people), and information (Lareau, 2011:43). Structure enables competent leadership to cascade its focus into the entire organisation. Where

there is leadership shortsightedness, and or managerial idiosyncrasy, the organization swims in a pool of confusion.

• Discipline

It has been observed empirically, and through literature review that without discipline, focus and structure plummet to zero. It is the duty of leadership and management including every employee to ensure that there is discipline. Incidentally, every employee is supposed to have the relevant competencies, that is, cognitive, intrapersonal, and interpersonal competencies.

• Cognitive Competencies

Cognitive competencies are those that enable an employee to do a job to the satisfaction of customers. The competencies include but not limited to problem solving, analysis, interpretation, creativity, innovation, reasoning, critical thinking, adaptive learning, decision making, active listening, communication, information and communication technology literacy.

• Intrapersonal Competencies

Intrapersonal competencies focus on issues of integrity, initiative, and integrity, appreciation for diversity for diversity, intellectual interest and curiosity, self-evaluation, continuous learning, flexibility, grit, self-monitoring, and work ethic.

Interpersonal Competencies

Interpersonal competencies include but not limited to trust, cooperation, teamwork, negotiation, service orientation, assertiveness, self-presentation, leadership.

• Ownership

Ownership is key in any enterprise to improve productivity beyond that of competitors, or at least to be among the best. Employees feel a sense of pride when they have ownership of the work they do and ownership of the method they use to do work. Literature (Lareau, 2003:48) reveals that ownership is the secret of all world class leadership, and that where there is no ownership employees operate as they might in a well-run prison (Lareau, 2003:48).

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Announcements

RENEWING MEMBERS...

Business Botswana (BB) thanks the **320** companies for renewing their commitment and support to Business Botswana. Our voice is unified with your continued support!!!!

NEW MEMBERS...

A thriving private sector starts here.. Business Botswana would like to welcome the following companies to the BB Family!!!! And we encourage businesses to affiliate with us.

Moralo Designs

Aleyo Capital

Artemis Engineering

**Core Knowledge inv(pty)Ltd t/a
Core Knowledge Quantity Training
and consultants**

De Vre Trans(pty)Ltd

Colley park Agencies

Arrow Safety Solutrions

Aqualogic(Pty)Ltd

Thornhill School

Kalahari Training Institute

Coca-Cola Beverages Botswana

Virtual business Network

Radi's Farm

**Botswana national beef Producers
Union t/a BNBPU**

Phex Agencies

Masa Semi Precious Stone

Building Design Partners

Sesana Nongmphe Investments

Ngwana Interprise

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- **Do I even have a profile or business summary showing with my listing?**



“Did you know? As a member of Business Botswana you are listed on the BB's database as well as in the membership directory, distributed to strategic stakeholders including Botswana diplomatic missions abroad.”



If you notice that your contact information needs to be updated, now is a great time to make changes. Simply contact the membership department at membership@bb.org.bw / publicrelations@bb.org.bw to update your information.



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