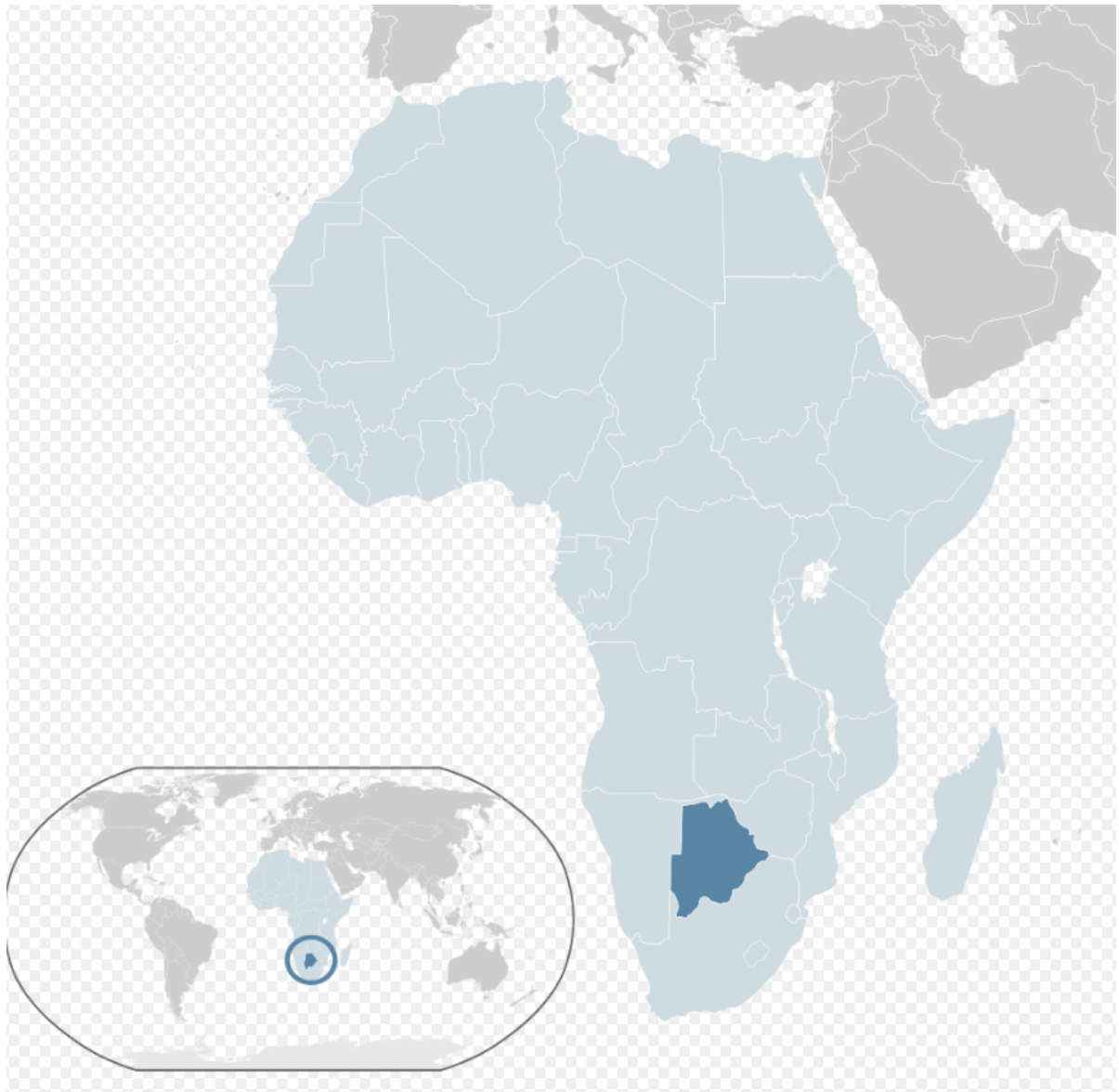


Why the Cut Flower Business In Botswana

Botswana officially the Republic of Botswana, is a landlocked country in Southern Africa. Formerly the British protectorate, Botswana gained independence on the 30 September 1966. Botswana is an African success story. Following independence, the government developed the diamond mining industry jointly with the De Beers company, and Botswana is now the world's largest diamond producer. The revenue has been managed wisely: Botswana is now one of few countries in Africa classified as a lower middle income country. But with the mining industry, mainly diamonds, currently contributing about 35 per cent of GDP, the government recognizes the need to diversify the economy.



Advantages of Botswana as country for the Cut Flower business.

Political stability

Botswana has successfully held eleven general elections since its independence in 1966. Each multi party election has maintained constitutional provisions for a free and fair process. As Africa's longest standing democracy, political stability is a key stimulus for investment in Botswana.

Safety and security

Botswana is one of the most secure and safe countries in Africa and compares well worldwide for low crime rates and the rule of law. Well-trained law enforcement deploys the latest crime prevention strategies and equipment, and as such the country has little or no exposure to large scale security concerns, such as terrorism, cybercrime, and money laundering.

Corruption

International studies have consistently ranked Botswana among the world's least corrupt countries, a reputation fortified both by public, private and civic anti-corruption institutions and by a deeply ingrained anti-corruption culture in the country's economic sectors. Botswana has the least corrupt government in Africa, which increases the security of the investment environment.

Top sovereign credit rating

Botswana has long been among the top-level credit ratings for both economic outlook and political stability worldwide. In Standard & Poor's 2018 ratings Botswana was rated 'A-' and 'A 2' for the long and short term respectively, based on a strong government balance sheet, a well-managed economy and a long record of political stability.

Taxation

The World Bank's Doing Business report and the World Economic Forum's Global Competitiveness report both highlight the comparatively low levels of taxation in Botswana as an incentive to investment. Farmers are exempt from duty and VAT for importation of agriculture equipment plus may apply for tax holidays

Information and communication technology (ICT)

Botswana has experienced rapid growth in its ICT sector, driven by public and private sector investments amounting to billions of Pula. Botswana ranks 104 out of 143 countries in the global Network Readiness index of 2017. This index looks at

various sub indicators ranging from the ICT Environment, ICT Readiness (Infrastructure and digital content), and Affordability, Skills, Usage and Socio-economic impact.

Infrastructure

Botswana has invested heavily in the nationwide development of primary and secondary infrastructure, constructing and implementing world class roads, dams, electricity and ICT installations to urban, rural and tourist areas. The national airline is Air Botswana, which flies domestically and to other countries in Africa. Direct air service from Gaborone to London and Paris is provided by British and French airlines. The proximity of Botswana to South Africa has allowed Botswana to access to Johannesburg International airport resources.

Investor protection

Botswana has implemented practices in its legal code for over 40 years to guarantee investor protection, allowing for a competitive and accessible investor market. The country is a signatory to the World Bank's Multilateral Investment Guarantee Agency (MIGA) and other agreements that ensure maximum security for investors.

Accessing credit

Botswana's financial and capital markets are among the most sophisticated in Africa, boasting numerous domestic companies and regional offices of multi nationals. A recent Rand Merchant Bank survey placed Botswana among the top five African countries in accessibility to bank loans, while the World Enterprises Survey showed that Botswana boasts the highest percentage in Africa of firms with lines of credit.

High net worth market

Despite a relatively small population of 2.4 million, Botswana's consumers constitute a High Net Worth Market. The country's per capita GDP has risen from an estimated US\$70 at Independence in 1966, to reach US\$7,877 in 2017. The country's government, private sector and households have the ability to pay for high value goods, reflected in recent rapid development of the retail sector.

Literate Population

Botswana's literacy rate is 88.2% for citizens aged 15 and above, a figure that reflects consistent investment in education. This makes Botswana Africa's 12th most literate nation, a significant achievement given the relatively low access to primary and secondary education at Independence. Adult literacy rate is the percentage of people ages 15 and above who can, with understanding, read and write a short, simple statement on their everyday life. Youth literacy rates are 96.15% and 99.58%

for males and females accordingly. The overall youth literacy rate is 97.85%. Youth literacy rate definition covers the population between the ages of 15 to 24 years.

International relations

Botswana has concluded and signed numerous bilateral and regional trade agreements. Some of these agreements provide duty free and quota free market access, while some accord preferential market access to Botswana's goods and services. Botswana is also a member of the World Trade Organisation. The following is a list of existing and pending trade agreements;

- Botswana/Korea
- Southern African Customs Union (SACU)
- Southern African Development Community (SADC)
- SACU-European Free Trade Association Free Trade Agreement (SACU EFTA FTA)
- SACU-Mercado Cum del Sur Preferential Trade Agreement (SACU MERCOSUR PTA)
- SACU-United States of America Trade, Investment and Development Cooperation Agreement (SACU US TIDCA)
- African Growth and Opportunity Act (AGOA)
- World Trade Organisation (WTO)
- Interim SADC – Economic Partnership Agreement EPA (SADC EPA)
- SACU-INDIA Preferential Trade Agreement (SACU India PTA) (On-going negotiations)

Labour Relations

Relations between employers and employees in Botswana have been well established and relative to the rest of Africa, are civil and stable. In both the public and private sectors, a number of legislative enactments and tripartite agreements guide dispute resolution, resulting in a low level of labour related disputes and open negotiations with unions.

Skilled Population

The country has developed significant human resource skills in the mining, construction, financial services, tourism and travel sectors. Botswana continues to diversify its economy and benefits from talented and skilled individuals in key economic sectors. A network of local and international universities and colleges, as well as accreditation and certification bodies ensures that skills quality meets world standards, while government policy ensures that the skills being produced match industry requirements.

Employment of non-citizens

The Employment of Non-Citizens Act regulates the employment of non-citizens in Botswana. All non-citizens employed or engaged in any occupation for reward or profit must be in possession of a work permit, irrespective of the duration of their stay in the country.

Quality of Life

- Excellent infrastructure — well developed road, rail and air network, with easy to access export markets. A sophisticated microwave and fibre optic telecommunications network enables widespread internal and international communication by telephone, fax and electronic mail. Three cellular providers operate in Botswana.
- Botswana is cosmopolitan and peaceful, offering an excellent location in which to live and work.
- Excellent public and private access to education up to tertiary level.
- An excellent health care delivery system consisting of government run and private health institutions, including missionary, mine and private medical practitioners.

Working hours

A nine-hour five-day week or an eight-hour six-day week is normally observed. A break of at least 30 minutes must be given after five consecutive hours of work. A 24 hour rest day, normally including Sunday, must be given every seven consecutive days.

The Agricultural Sectors

Climatic Conditions

Botswana is semi-arid, due to the short rain season. However, the relatively high altitude of the country and its continental situation gives it a subtropical climate. The dry season lasts from April to October in the south and to November in the north where, however, rainfall totals are higher. The south of the country is most exposed to cold winds during the winter period (early May to late August) when average temperatures are around 14 °C (57.2 °F). The whole country has hot summers with average temperatures around 26 °C (78.8 °F). Sunshine totals are high all year round although winter is the sunniest period

Botswana's average of 300 sunny days a year and relatively warm winter temperatures, are excellent for growing summer flowers. Botswana developed ITC infrastructure is perfect environment for high-technology deployment for the cut-flower industry,

Government Commitment to Horticulture Investment

The National Master Plan for Arable Agricultural and Dairy Development (NAMPAADD) objective is the promotion of horticulture. A horticultural research unit has been set up, and farmers are being assisted to expand into vegetable production, particularly in the east of the country where conditions are favourable. Production training farms are in place in different regions, to showcase new technologies and management practices to farmers, in the three focus areas of rain-fed agriculture, horticulture and dairy farming. And at the same time, development of agricultural infrastructure, including roads, electricity and telecommunications, is on-going. NAMPAADD has identified area for horticulture production irrigation in Tonota – Dikgathong (750 hectares), supplied by Shashe Dam, and in Selebi-Phikwe (1,019 hectares) supplied by Letsibogo Dam with opportunities for horticulture packaging for gross sales to domestic and international markets.

Water Sources

Botswana's water sources consist primarily of surface water (in rivers, pans and dams of various sizes) and underground water in aquifers some of which are of a fossil nature with no recharge. Of the eight dams, Dikgathong is the largest with a capacity of 400Mm³ (see Figure 1). All of Botswana's perennial rivers are shared with neighbouring countries. The shared river-basins are Okavango, Zambezi, Orange-Senqu and Shashe-Limpopo.

Land Tenure System.

Botswana has a very progressive land tenure system which allows for land leases for over 50 years made available for horticulture farms at very affordable prices.

The Cut Business Promoter

The start-up Promoter in Botswana has secured Land on a 50 years lease of over 50 ha. The land is in proximity to all the services necessary for cut-flower business: power, ICT, water, labour, road and airport.

Disadvantages / Challenges

- Arid Climate, the use of green house technology is a requirement
- Underdeveloped Airport infrastructure to handle the cut flower and high value cash crops.

- Underdeveloped regulatory framework for the cut flower business.
- Capacity Issues with regards to cargo flights out Botswana to South Africa.
- Lack of local knowledge or experience in the cut flower business.