

## ***Presentation given by the Botswana Minister for Trade and Industry, The Honourable D.N. Moroka***

Director of Ceremonies

Former President of ADB, Dr. Babacar Ndiaye

Vice President, Overseas Private Investment Corporation

Chairman and Members of African Venture Capital Association

Heads of Delegates

Chief Executive Officers

Distinguished Guests

Ladies and Gentlemen

1. Director of Ceremonies, I am delighted and honoured to have been invited as the guest of honour at the official opening of this important annual conference, for African Venture Capital Association (“AVCA”) delegates which is meeting in Gaborone. I wish to welcome you to Gaborone and hope that you had a safe journey when you came here. I also hope that you were met with warm hospitality since your arrival to Gaborone.
2. Director of Ceremonies, I understand that the theme of this conference is “Africa Rising; Opportunities and Perspectives for Private Equity” Indeed, this theme is relevant considering the fact that Africa is a land of opportunities.
3. I am informed that the African Venture Capital Association (“AVCA”) comprises a membership of 90 private equity practitioners, who collectively manage over 5 billion Euro, that has been earmarked for investment into Africa.
4. It is pleasing to learn that the annual AVCA Conference, is an important annual gathering, where all the key players in the Pan African Private Equity Investment Industry, converge to discuss topical issues in their industry. This Conference therefore, presents Botswana with a unique opportunity, to secure the establishment, management and domiciliation of more Pan-African investment funds.
5. It is my sincere hope that this conference, will expose international investors, to Botswana and that it will be an important player, in attracting international investors, seeking investment opportunities in Africa.
6. Ladies and gentlemen, one cannot talk at important forum like this one, and not mention Government’s economic initiatives. Botswana continues to enjoy a growing and stable economy, which has been spurred by sound macro-economic and fiscal management policies of the Government of Botswana. During 2006/07 Botswana’s real GDP grew by 6.2% and our foreign reserves grew by about US\$2.3 billion to US\$ 10.2 billion, and provide 28 months of import cover for goods and services.

7. Indeed our macro-economic advancements, have been recognised by both Moody's Investment Services and Standard and Poor's which assigned Botswana an ("A") sovereign credit rating in 2007, consistently for the past 7 years.
8. Economic performance in the SADC region is also encouraging. The IMF, estimates that the average GDP of the SADC economies grew at 7% during 2007 and the average inflation excluding Zimbabwe was 7.8%. The continued strong performance is expected to be driven by improved economic policies, strong demand for commodities, increased capital flows into the region, and a post-conflict era, characterised by general political stability.
9. Notwithstanding our relative macro-economic success, Botswana continues to rely heavily on the diamond led mining sector, which remains the largest contributor to GDP at 40.7% in 2006/2007.
10. The Government of Botswana has responded to this challenge, by developing an economic diversification [programme, which](#) targets sectors with the potential to make significant contributions to economic activity, specifically tourism, ICT, mining industry beneficiation and the financial services including the establishment of the Botswana International Financial Services Centre ("IFSC").
11. Director of Ceremonies, in recognition of the fact that these initiatives, need to be supported by appropriate legal and institutional frameworks, Government has embarked upon financial sector legislative reform, to align our financial services sector with international best practice, in order to enhance the industry's global competitiveness and to strengthen the soundness of the sector's regulatory environment.
12. These reforms include, the promulgation of the Non-Bank Financial Institution Regulatory Authority ("NBFIRA") Act, and the establishment of the regulatory authority, as well as the imminent introduction of the Financial Intelligence legislation, to combat money laundering and financial crime. Further to this, government has approved a bond issuance programme of P5 billion, with a view to stimulating an active debt market and to create a yield curve. Recently Government issued a 3 month Treasury bill, 3 and 10 year bonds, which were heavily oversubscribed. Other ongoing initiatives are the review of the Botswana Stock Exchange Act, automation of the Botswana Stock Exchange front office, and the establishment of the Central Securities Depository, which will go live in May 2008.
13. Another significant development which has contributed to the development of the financial sector, is the establishment of the Botswana IFSC. The Botswana IFSC was created to develop the cross- border financial services sector to leverage on Botswana's solid macro-economic strengths and political stability. The IFSC is an integral part of a wider economic diversification programme, and its key objectives are to generate substantive activity that deepens the sophistication of our financial sector, generate employment, and transfer of new skill and technology.

14. International Investment Funds including Pan-African private equity and venture capital funds are amongst the Botswana IFSC's key focus sectors which also include Banking, International Insurance, Business Process Outsourcing and Headquarter and Administration Companies.

15. Director, of Ceremonies, it is worth noting that the venture capital industry in Botswana is still in its infancy with P500 million about (US\$77 million) under management. Indeed outside of South Africa, which according to the 2006 SAVCA – KPMG survey had USD 8.5 billion venture capital and private equity funds under management, the industry in the rest of the region is still in its formative stages. This is a clear indication that opportunities do exist in Africa.

16. As a step towards developing this industry, Government took the initiative in 2003, to set up the CEDA Venture Capital Fund as a means of stimulating the growth and the development of the venture capital and private equity industry in the country. It is the Government's expectation, that the success of this Fund, would lead to the private sector taking the lead.

17. The pensions industry continues to show significant growth in terms of assets, which stood at Pula 34.3 billion as at 31st December 2007. This growth is mainly driven by the healthy investment returns, earned on assets of pension funds. This growth in pension assets, leads to a need for pension schemes to diversify their investment portfolios. It is most important for Botswana to develop investment opportunities locally to accommodate this growing pool of long term savings. In the past, the inadequacy of such opportunities locally, has tended to encourage investment in foreign assets.

18. The Botswana Public Officers Pension Fund (BPOPF), which is the largest pension fund in Botswana now has assets in excess of 26 billion Pula. Out of this amount a total of P 9.4 billion (37%) is invested locally and P 16.3 billion (63%) is invested offshore. We note that 5% of the assets of the Botswana Public Officers Pension Fund (BPOPF) has been earmarked for allocation to the Private equity asset class. This move by the Botswana Public Officers Pension Fund (BPOPF) will further stimulate the development of the private equity industry in Botswana.

19. Ladies and Gentlemen, despite what I have just alluded to, great investment opportunities are abound in Botswana. Government encourages public private partnership and private investment. For example, there is a US\$ 6 billion Mmamabula Energy Project to export power to neighbouring countries, the US\$ 100 billion Kazungula bridge, the US\$ 1.2 billion Morupule project, as well as the Botswana International University of Science and Technology, to mention but a few.

20. Ladies and Gentlemen, as you deliberate on these important issues, you must take cognisance of the fact that, your role as professionals, would even be more onerous as you are called upon to find ways of addressing challenges and opportunities that can lead to increased investment in Africa.

21. Director of Ceremonies, Ladies and Gentlemen, I thank you for your attention and wish you success in your deliberations. With these few remarks, it is now my pleasure to declare the “7th Annual African Venture Capital Association (AVCA) Conference” officially opened.

PULA! PULA! PULA!