

3	Aon Risk Management looks to growth with captive insurance arm	4	IFSC Annual Report 2006 - The year in brief, and the year ahead	5	Liberalisation of the telecomms industry in Botswana	6	Telling the success story in London IFSC takes part in the Financial Times Investing in Botswana Conference	7	Commerzbank visits Botswana IFSC	8	Outsource Botswana – giving voice to the call centre and BPO industry	9	Spotlight on call centres at ITEX	10	Branding Botswana	11	Botswana IFSC skills readiness initiative	12	President Mogae on Internships...	13	Career Fair – a day to be there!	14	Intake of interns at IFSC
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Real Estate Developer Becomes an IFSC Company



Bruce Bouchard, Managing Director
Pangaea Development Holdings

The growing demand in Sub-Saharan Africa for good affordable housing in urban areas has prompted the creation within the Botswana IFSC of a holding company to roll out an investment strategy in property development projects in selected countries.

Pangaea Development Holdings (PDH), a real estate investment and

development company which has as one of its major shareholders Mr. Eric Postel, the founder of Pangaea Partners, was recently accredited by the Botswana IFSC Certification Committee.

Pangaea Partners is a US based corporate finance, investment services and business advisory firm established in 1989 to address investment banking services requirements in selected emerging markets. The company's first investment in Africa was in Zambia in 1995 through the establishment of Pangaea Securities (Zambia). In 1998 Pangaea Securities merged with one of Zambia's leading investment advisory firms, Emerging Markets Investments, to form Pangaea/EMI Securities. The new venture grew to become a dominant player in Zambia's investment banking and brokerage industry.

The other major sponsors of the project are Mr Bruce Bouchard, founder of Emerging Markets Investments, and

Africa Emerging Markets Fund, which is one of the two largest emerging market funds invested in Africa, outside of South Africa.

PDH plans to develop affordable housing estates, complete with infrastructure and amenities, in different parts of Africa. The promoters will raise debt and equity capital to roll this out. For example, with its partners in a major housing development project in Zambia, the company has secured funding from reputable regional and international financiers, such as the Overseas Private Investment Corporation (a US Government-owned financial institution), Standard Bank Group and FMO (the Netherlands Development Finance Corporation).

"The company intends to become a significant regional player in housing estate development by partnering with developers in selected countries in each sub-region," said Bruce Bouchard, Managing Director of PDH.

CONTINUED ON PAGE 2

Effect of Income Tax legislation changes on Botswana IFSC companies

Changes to Botswana IFSC legislation have been brought about by the Income Tax (Amendment) Act 2006 and the Income Tax (Declaration of Approved Financial Operations for IFSC Certification) Order 2006. The changes, which came into effect on 1 July, impact on IFSC registered companies as summarized below.

Tax on capital gains

According to KPMG the Act was amended to restrict exemption of gains arising from the disposal of shares to the following:

- Shares held in a Botswana resident public company as defined in the Income Tax Act; or

- Shares actually traded on the Botswana Stock Exchange; or
- Shares in a company that has released at least 49 per cent of its equity shares for trading on the Botswana Stock Exchange; and
- Shares in an IFSC company.

"Prior to the amendment gains on disposal of shares held in an IFSC company were subject to tax. That placed Botswana at a disadvantage in terms of attracting investors compared to other jurisdictions, such as Mauritius, which do not tax capital gains. The exemption of such gains is therefore a welcome development," explained KPMG.



Nigel Dixon-Warren, KPMG

CONTINUED ON PAGE 5

Real Estate Fund Becomes an IFSC Company

FROM PAGE 1

PDH promoters identified a need for housing following thorough research which has been carried out over the past several years. The results of the research showed there is an increasing demand for quality, affordable housing in urban areas which is partly attributable to escalating rural-urban migration. There is an emerging middle-income group with urgent housing requirements in urban areas. PDH promoters devised a strategy to take advantage of this business opportunity. The strategy has worked well in Lusaka, Zambia, where they and their partners have embarked on the first phase of the 5,000-unit Lilayi Housing Project, which is a middle income housing estate development, with schools, shopping areas, clinics, parks, etc. This is the first housing estate development of this nature in Zambia.

"The project is directly in line with Botswana IFSC's role as a regional hub for mobilising international funds for investment into the region."

In addition to Zambia, other similar projects have also been identified in Kenya and Ghana. PDH will apply this strategy and experience to develop similar residential estates in Southern, East, and West Africa. "The longer-term plans are to grow the business in East, West and Southern Africa and to become the prime property development and investment holding company, providing a source of equity capital for private developers that focus on affordable housing estate developments in selected countries," explained Bouchard.

As President and CEO of the Overseas Private Investment Corporation (OPIC), Rob Mosbacher said at the May "Presidential Launch" of the Lilayi Housing Project in Zambia, "OPIC is confident the project can serve as a model for the development of the housing sector in other African countries."

Mr. Mosbacher strongly endorsed the Zambian housing project and the OPIC

Board has approved a US\$46.3 million loan that will permit the developers to offer 15-year deferred payment terms to qualifying Zambians for them to purchase a home in the Lilayi Housing Estate. The housing project will help to address the current critical housing shortage experienced in Zambia. Zambia's population has grown by 2.9 percent between 1990 and 2000, with an annual requirement for 600 000 housing units in the urban areas, but the increase in housing during the same period was less than 1 percent.

At the time of the OPIC loan approval, then Acting President and CEO explained in a press release that, "housing investment is a key component of economic development, both because housing is a basic social need and because private home ownership is often an important source of capital for entrepreneurship at the grass roots level. A fully functioning housing market, including clearly-defined titles to privately-owned property, is an important element in the construction of a dynamic market economy."

For all its projects Pangaea will partner with local developers with sound construction experience and solid reputations. It will secure land, engage mortgage financiers and source appropriate insurance products to encourage and facilitate home ownership. Other key elements that will determine market entry are the availability of qualified professionals such as architects, engineers, quantity surveyors and planners.

"OPIC is confident the project can serve as a model for the development of the housing sector in other African countries."

IFSC activities

PDH will leverage the investment banking and property development experience of its sponsors to raise capital to invest in and manage the various development projects. Activities within the IFSC will include accounting services, financial administration, legal counsel/company

secretarial, business development, marketing, capital raising and dividend management.

Initially, the focus will be on implementing

PDH will apply this strategy and experience to develop similar residential estates in Southern, East, and West Africa.

projects currently identified in Zambia, Kenya and Ghana, where the operating subsidiaries will manage the businesses on the ground. Therefore, the main activities in Botswana will be related initially to monitoring, financial management and reporting. These functions will be outsourced to local accounting and advisory firms in Botswana until the business has gained critical mass.

Benefits to Botswana

In her assessment before presenting the project to the IFSC Certification Committee, Otsile Mabeo, IFSC Business Development Executive said: "The project is directly in line with Botswana IFSC's role as a regional hub for mobilising international funds for investment into the region. This is the major benefit we see as the IFSC as this will profile Botswana as such a hub. We hope to see more high profile investors will be attracted to our market. The project is already bringing in as an investor one of the two largest Africa emerging market funds outside of South Africa. With this profile, as new capital requirements are identified, the company will be in a position to attract other such external capital/funds into the Botswana market."

"Some of the other benefits are that Botswana citizens will be employed in Pangaea, and the project promoters intend to use the capital market in Botswana to access incremental debt and equity financing, which will add to the growth of the developing local capital market industry. A planned quotation of Pangaea's shares in the 'over the counter' (OTC) market in Botswana will contribute to this," she explained.

Aon Risk Management looks to growth with captive insurance arm

ONE of the longest accredited Botswana IFSC companies, Aon Risk Management (Pty) Ltd, is expanding its activities under the IFSC.

The company will expand its services to include Pan-African services that support clients to provide employee benefits, bancassurance, short term insurance products and pension administration support to Africa.

"Botswana IFSC is encouraged by Aon's success in continuing to grow its cross-border business, confirming that the Botswana IFSC is indeed an ideal framework to support the growth of cross-border financial business into the African region," said Letsebe Sejoe, Business Development Executive at IFSC.

"The prospects for attracting external captive insurance business here are very promising, especially from neighbouring countries."

Aon Risk Management's Managing Director, Gwilym Howes, endorses the advantages of IFSC registration, noting particularly the taxation benefits. He is enthusiastic about the favourable fiscal and regulatory business environment as a whole in Botswana.

"The absence of exchange controls, the economic operating environment, and other important factors such as the inherent stability and transparency of the country make it very conducive to doing business here.

"This is widely recognised internationally, and should be encouraged by all who have the ability to influence their business contacts outside Botswana," he said.

In addition, Aon is poised for growth in the captive insurance market, following the promulgation of the International Insurance Act of 2005. Botswana IFSC identified international insurance as a strategic growth sector and lobbied

Government to formulate an International Insurance Act. The Act creates the fiscal and regulatory environment necessary to make Botswana an attractive location from which international insurance services such as reinsurance, captive insurance and related activities can be provided to non-citizens in currencies other than the Pula. This legislation will enable Botswana to be a captive insurance domicile along the lines of Bermuda, Isle of Man and Guernsey – and the only captive domicile on the subcontinent.

The regulations for this are being finalised and once they are in place, Aon Risk Management will take advantage of this enabling legislation that opens the way for the company to establish itself as a captive insurer domiciled in Botswana.

"This is a major development for us and for Botswana," said Gwilym Howes. "The prospects for attracting external captive insurance business here are very promising, especially from neighbouring countries like South Africa, which have always had to use captive domiciles in far-off places like Bermuda. The new International Insurance Act will enable us to expand our activities."

As the company expands its core risk management services it is taking on a Botswana trainee in this highly specialised field of insurance.

Part of the US-based Aon Corporation,

Aon is poised for growth in the captive insurance market, following the promulgation of the International Insurance Act of 2005.

which is listed on the New York Stock Exchange, Aon Risk Management operates in about 125 countries. The company was established in 2003 as an IFSC company based in Botswana to serve as a regional resource to the mining and heavy industry sector of Aon's client base throughout sub-Saharan Africa. Its



Gwilym Howes,
Aon Risk Management Managing Director

consultants provide comprehensive risk management and loss control consulting services to existing and prospective clients in the region. That is, they assist natural resource companies engaged in mining and industrial sectors to minimize their exposure to risks associated with increased corporate governance, business interruptions, employee related risk, political risk and sabotage.

Brief Profile of Gwilym Howes

Gwilym Howes joined the company in 2003 as general manager, and was appointed managing director last year. A mining engineer by training, he spent 16 years in deep level gold and platinum mining in South Africa, including underground rescue (proto) service, before moving into risk management. He believes effective risk managers must have engineering experience in their area of consultancy.

A family man, he travels extensively on business, and when not at work enjoys high performance cars (currently Volvo) and motor cycles (currently BMW) and 'gadgets of all kinds'. He also holds a private pilot's licence.

IFSC Annual Report 2006 - The year in brief, and the year ahead

Botswana IFSC was launched by President Festus Mogae in April 2000 as an initiative to diversify the economy away from its heavy reliance on diamonds. The IFSC, then headed by the Irish consultants, ICC Consultants, operated under Botswana Development Corporation from 2000 until April 2003 when it was established as company limited by guarantee, with its own Board of Directors and Alan Boshwaen as CEO.

To date IFSC is growing steadily with various company accredited by its Certification Committee. In its recently released Annual Report for the year ended 31 March 2006, it is noted that companies from Africa and abroad are increasingly extending their footprint in Africa and that Botswana IFSC is well positioned to facilitate this.

The report notes that Botswana is uniquely positioned as the only country in mainland Africa with a liberalised foreign exchange regime and investment grade credit ratings, both prerequisites for an international financial services centre. In this favourable environment and through its own efforts the IFSC is rapidly developing into a regional services hub.

A better fit

Increasingly, companies from Africa and abroad are looking to extend their operations across the continent and enter markets in their infant stages in order to gain a foothold. However, many of these companies are constrained by various factors in their home markets.

"Many are beginning to gravitate to Botswana as a base for their African operations, drawn to its sound fiscal and monetary policies, respect for the rule of law, socio-political stability and its overall openness to and encouragement of business."

Concurrently, the IFSC is also becoming the launch pad for expansion into Africa by Botswana companies. More are now using Botswana IFSC as a platform for extending their competencies elsewhere in the region by setting up an operating company responsible for a range of financial and support services to subsidiaries operating in neighbouring

foreign jurisdictions.

Differentiates itself

"Botswana IFSC differentiates itself from other IFSCs by requiring that companies establish substantive operations, it is apparent that alternative factors such as quality of human resources, flexibility of regulation, openness to investment and availability of cutting edge infrastructure are vital to attracting sustainable investment. Finally, the tax incentives also need to be cognizant of the changing idiosyncrasies of investors."

The IFSC is embarking on business development and capacity building initiatives in a number of areas in order to be flexible to the changing demands of international corporations. Key sectors for concerted promotion in the coming year are:

- Business Process Outsourcing and Call Centres
- Funds Management, particularly in the context of Pan African initiatives
- Holding and Administration Companies
- Cross-border Banking and Financing Vehicles.

Company certifications

Seven companies were certified during the year to 31 March. When fully operational they collectively will employ capital of more than US\$100 million over the next three years. The accreditation process has been tightened so as to ensure that companies certified are quality investors and therefore will be able to sustain and grow their operations. At the end of the financial year the total number of IFSC accredited operations stood at 39, seventeen of them fully operational. Unfortunately it was necessary to de-certify six companies during the year because they failed to fulfill their obligation to establish substantive operations.

Key statistics

IFSC accredited companies offer services into Angola, Democratic Republic of Congo, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. In the coming year services will extend into new markets

including Ethiopia and Ghana.

Total capital employed in the Botswana IFSC increased from US\$11.1 million in the previous financial year to US\$18.5 million, a growth of 67 per cent. Current accredited companies project further capital employed of at least US\$23 million in the coming financial year.

Cumulatively, IFSC companies reported revenue of US\$18 million and paid taxes of about US\$1.4 million (P8.4 million) to the Botswana Unified Revenue Service in the year. Other benefits to the domestic economy included US\$11 million paid to local companies for consulting and professional services, utilities, security, rent and maintenance among others.

INITIATIVES

Taxation framework review

Amendments to the Income Tax Act have a positive impact on IFSC accredited companies. The changes ensure simplicity of interpretation and a broadening of the scope of permissible activities within the Botswana IFSC. These changes are in response to immediate and long-term opportunities in attracting new investment and in growing companies already accredited to the IFSC.

Skills initiative

During the year the IFSC website database of young Batswana at all tertiary levels in the finance, technology and related fields grew from 1 000 to more than 2 400 names. The database is a valuable resource for recruitment and to market Botswana as a skills base. The database complements the IFSC Internship Programme, which places graduates in companies as interns to give them work experience and possible full-time employment. This year 17 young Batswana participated in the internship programme.

Investment funds

With the more competitive capital gains taxation provisions as contained in the Income Tax Amendment Act (2006), Botswana IFSC envisages increased growth in the domiciliation of investment funds. The absence of foreign exchange controls and the continued investment grade credit ratings bolster Botswana's value proposition.

LEGISLATION

Liberalisation of the telecomms industry in Botswana

In June this year, Minister of Communications, Science and Technology, Honourable Ponomi Vension-Moitoi, announced that the Government has decided to further liberalise the telecommunications industry “in order to increase competition with enhanced quality services at reduced cost.”

The IFSC welcomes the liberalisation as it has a positive impact on its value proposition. The IFSC specifically targets companies that want to expand their footprint in Africa and farther afield to use Botswana as their base. Technology is one of the key criteria in defining Botswana’s attractiveness as a growing services hub for our region. Good, reliable and cost effective telecommunications infrastructure is a major enabler in the financial and other ICT-enabled services sectors, and the provision of cross-border

services.

Despite the relatively good telecommunications infrastructure, service delivery and costs have been a challenge in the competitiveness of the country as a key international player in its cross-border service offerings.

The announcement has been welcomed by IFSC existing and potential clients who see the ability to transfer international voice and data efficiently at competitive pricing

“In her announcement on the further liberalization of the telecommunications sector, the Honourable Minister of Communications Science & Technology underscored the importance of the

sector to Foreign Direct Investment (FDI), and to enhanced service quality and the reduction of costs due to increased competition,” said Alan Boshwaen, CEO of Botswana IFSC.

“The announcement has been welcomed by IFSC existing and potential clients who see the ability to transfer international voice and data efficiently at competitive pricing as a key enabler and a major enhancement to Botswana’s attractiveness as a base,” said Alan Boshwaen. One of the IFSC focus sectors is Business Process Outsourcing (BPO) and Call Centres, so companies in this sector can set up under the Botswana IFSC. Future success in enabling the growth of this sector to set up under the Botswana IFSC is significantly dependent on the availability of a wide range of cost effective telecommunications services, such as broadband and VOIP.

Effect of Income Tax legislation changes on Botswana IFSC companies

FROM PAGE 1

The Act was also amended to clarify that gains arising from the disposal of shares in a Botswana resident public company or shares traded on the Botswana Stock Exchange or shares in a company that has released at least 49 per cent of its equity for trading on the Botswana Stock Exchange by an investment company or by any other company, in the ordinary course of business will not be exempt from tax but will continue to be taxed as business profits.

Prior to the amendment gains on disposal of shares held in an IFSC company were subject to tax.

Additional ‘approved financial services’

In addition to the amendments stated above, the Minister also expanded the list of financial services that qualify as approved financial services. These were specified in the Income Tax (Declaration of Approved Financial Operations for IFSC Certification) Order 2006 as:

- The holding and administration of group companies

- Shared financial services
- Business process outsourcing (BPO) and call centres
- Mutual funds.

Definition of Investment Company

KPMG further explained that the Income Tax Act (Act no.14 2006) was amended to include a definition of the term ‘investment company’ so as to remove any ambiguity associated with this term. An investment company is defined in the amendment as ‘a company or trust engaged in the business of investing the pooled capital of shareholders in financial instruments (including shares, debentures and units) of other companies’.

In the opinion of KPMG the intended purpose was not achieved as it is still not clear whether a trading company holding shares in another company is an ‘investment company’ in relation to that investment. The definition has not added clarity to the original interpretation which was based on the ordinary meaning of ‘investment company’.

“The definition is significant in the determination of the tax treatment of

dividend distributions,” said Nigel Dixon-Warren. “Distributions by an investment company, out of previously taxed dividends are not classified as dividends. Such distributions are therefore not subject to withholding tax. This has the effect of removing double taxation of dividend income.” Dividends flowing to an IFSC company from its investment in a Botswana ‘investment company’ out of previously taxed dividends will not attract tax.

Residents’ withholding tax on interest

Withholding tax at the rate of 10 per cent has been introduced on interest payable to residents. Only interest in excess of P1 500 per quarter or P6 000 per year is subject to withholding tax. The payer is required to withhold tax at the time of payment.

Interest accruing in the ordinary course of business to an IFSC company, a banking company, a financial institution or an exempt body such as a specified collective investment undertaking (CIU) is exempt from the residents’ withholding tax.

Interest payments in excess of the exempt threshold to residents by an IFSC company are subject to withholding tax.

Telling the success story in London

IFSC takes part in the Financial Times Investing in Botswana Conference



Botswana IFSC made the most of an invitation to take part in the FT Investing in Botswana Conference in London, organised by the Financial Times newspaper in conjunction with Botswana Export Development and Investment Authority (BEDIA).

The conference was called 'Botswana: Africa's Success Story', and business and government leaders made the journey to London to tell the story well and meet with potential investors.

IFSC chief executive officer Alan Boshwaen gave a presentation on Botswana as an emerging outsourcing and offshoring centre. He detailed Botswana's positive investment climate and IFSC's role in making the country an international financial services hub, and promoting the development of business process outsourcing and call centre operations.

"The conference was a great success," he said afterwards. "It was a good opportunity to profile Botswana at a very high level. The awareness of our country as an attractive locality for the foreign investor community is very marked, and there is keen interest in what is happening here and what we have to offer."

He was followed in the same session at the forum by Dora Moremi, Managing Director AON Botswana. After panel discussion a presentation on financial services opportunities was given by Thuli Johnson, Managing Director Barclays

Bank of Botswana.

Speaking at the same conference, Hendrik du Toit, CEO of Investec Asset Management, said: "Botswana has Africa's first cross-border financial centre, which has a good opportunity to grow considering that it is a logical destination for small cap miners in the region, venture capitalist board, a pan African Commodities and Derivatives Exchange, mineral (diamond) futures exchange, listing for Africa funds such as the Investec Pan African Fund and could be the next Toronto, Dubai, Qatar or Mauritius." Mr du Toit presented on "Institutional investors' perspectives of the capital markets in Botswana."

Delegates were welcomed to the business forum by the Minister of Trade and Industry, Daniel Neo Moroka. The business forum was co-chaired by Quentin Peel, International Affairs Editor Financial Times, and BEDIA Chief Executive Officer Mmasekgoa Masire-Mwamba.

International and Botswana perspectives were given in keynote opening addresses by Baroness Lynda Chalker, Chairman Africa Matters Limited, and Linah Mohohlo, Governor of the Bank of Botswana.

Other presentations:

An independent perspective on Botswana's economic prospects and challenges was given by Razia Khan, Regional Head of Economics Africa, Standard Chartered Bank.

Botswana's privatisation programme and the role of foreign investors were outlined by Joshua Galeforolwe, Chief Executive Officer of PEEPA. Presentations on the privatisation of Botswana Telecommunications Corporation and on the opportunities and challenges of developing ICT-driven services in the country were given by BTC Chief Executive Officer Vincent Seretse and Hans Swaeb, Vice President Africa Americas and Asia of Orange International.

The role of private-private partnerships in infrastructure development in Botswana was discussed by Jonathan Wood, Director and Head of Project Finance, Standard Bank Johannesburg.

Botswana's energy sector development was outlined by the Minister of Minerals, Energy and Water Resources, Hon. Mbiganyi Charles Tibone, and SADC initiatives were dealt with by Julian Scales, Managing Director of Kalahari Energy Limited.

Prospects and opportunities in the mining sector were dealt with by Gareth Penny, Managing Director De Beers Group; Dan O'Neill, Managing Director DiamonEx; and Jeremy Read, Managing Director Discovery Nickel.

After a presentation on tourism and services by Keith Vincent, Managing Director Okavango Wilderness Safaris, the forum was closed by Roy Blackbeard, Botswana High Commissioner in London.



Delegates

Commerzbank AG visits Botswana IFSC



From left to right: Mr. Dean Radbourne, Corporate Banking Manager, Commerzbank, Alan Boshwaen, CEO, IFSC, Otsile Mabeo, Business Development Executive, IFSC and Dr. Christian Naegele, Head of Corporate Banking, Commerzbank. Dr Naegele and Mr Radbourne met with Botswana IFSC to evaluate the IFSC offering. They also sought to learn about other opportunities in Botswana. Commerzbank AG is Germany's second largest banking group.

Outsource Botswana – giving voice to the call centre and BPO industry

Botswana IFSC has put its full support behind the formation of an umbrella business association for business process outsourcing (BPO) and call centre operations in the country. Called Outsource Botswana, it has been created as the single representative body of an industry that is earmarked for rapid growth.

IFSC is vigorously promoting the development of the call centre and BPO industry, which has the potential to contribute significantly to the diversification of the economy. Added impetus to its growth is given by Botswana's telecommunications liberalisation programme, which will facilitate and enhance voice and data transmission worldwide.

Having IFSC as an enthusiastic founder member is indicative of the significant role our organisation has to play.

"The formation of a unified professional body to represent and oversee an industry of growing national importance is highly appropriate and significant,"

says Outsource Botswana chairperson, Constance Matabiswana, who is call centre manager at Medical Rescue International Botswana.

"Having IFSC as an enthusiastic founder member is indicative of the significant role our organisation has to play. Outsource Botswana will encourage world class standards of operation and conduct in our industry," she added.

Moraki Mokgosana, IFSC's business development executive with specific responsibility for call centres and business process outsourcing, is a member of the Outsource Botswana committee.

"We joined forces wholeheartedly with this vital initiative," he said. "IFSC recognises the growing national value of call centres and business process outsourcing operations. It is necessary for this important sector to be professionally represented and monitored, and Outsource Botswana is the vehicle to do that. The industry has to keep abreast of global trends, raise awareness about its role and meet regularly with other players internationally to learn and share best practice principles."



Constance Matabiswana, Outsource Botswana Chairperson

Other founder members are Botswana Telecommunications Corporation (BTC), Orange Botswana, MRI Botswana, Barclays Bank of Botswana, Orinoco Call Centre, and 1-Call. Application for membership is invited from call centre and business process outsourcing practitioners and associated organisations such as technology vendors, trainers and recruitment specialists.

Ex-officio members presently include Botswana National Productivity Centre (BNPC) and Botswana Export Development and Investment Authority (BEDIA).

Spotlight on call centres at ITEX



From left to right: Ms Joyce Thema, Mr Thuli Johnson, Mr James Kamyuka visiting the Botswana Calling stand.

Botswana International Financial Services Centre was well visible at ITEX, the annual information technology exhibition in Gaborone, reflecting the IFSC's recognition of the central role of information and communication technologies (ICT) national development.

IFSC has a particular interest in ICT because its effective implementation is a vital enabler in the financial services sector and the provision of cross-border services.

IFSC partnered at ITEX with three call centre operators – Virtual Wave Incorporated (an IFSC accredited company), MRI Botswana and Oseg Group – on a stand appropriately called 'Botswana Calling'.

The joint display highlighted IFSC's promotion of business process outsourcing and call centre operations as sectors with considerable potential for development in Botswana.

The three participating companies demonstrated their call centre capabilities. Virtual Wave tracks the vehicles of its clients, providing security and roadside assistance services. MRI operates four call centres: BTC directory information, Mascom, Med Rescue and Ipoletse, the HIV/AIDS help line. Oseg Group engages in telemarketing.

Botswana Calling won 3rd Prize in the Private Sector (Service Providers) category.

The category was judged based on the following:

- Stand design
- Product/service offered
- Its relevance to the theme
- Product knowledge
- Demonstrations
- Promotional material
- Attitude of the person manning the stall

"One of our focus sectors is Business Process Outsourcing (BPO) and Call Centres, so companies in this sector can set up under the Botswana IFSC. Our success in this sector is partly dependent on good ICT infrastructure, hence our interest in ITEX. We believe that it is important to continue to give this sector exposure to educate consumers and policy makers on the initial progress that has been made and the potential the sector harbours for economic growth and job creation," said Rachel Mothibatsela, Corporate Communications Executive at IFSC.

IFSC partnered at ITEX with three call centre operators – Virtual Wave Incorporated (an IFSC accredited company), MRI Botswana and Oseg Group – on a stand appropriately called 'Botswana Calling'.

Apart from BPO and Call Centre companies, other companies that can set up under the IFSC include cross-border banking, investment funds management, financial advisory services, international insurance firms, administration and holding companies and back office departments.



Rachel Mothibatsela (IFSC) receiving the award on behalf of Botswana Calling Team.

BRANDING BOTSWANA

Work on the development of a brand for Botswana commenced in February 2006. Botswana IFSC has been actively involved in the brand development process. IFSC participates in both the Brand Leadership and Brand Development Teams, working in partnership with the brand consultants. The Brand Leadership and Development Teams comprises of representatives of institutions in the public, private and civil sectors in Botswana. The branding process is co-ordinated by Botswana Export Development and Investment Authority, BEDIA.

Botswana IFSC was invited to participate in this brand architecture process at the beginning of this year. "We see this as an important initiative towards creating awareness and positioning Botswana in the competitive market place, looking at our comparative and competitive advantages," said Alan Boshwaen, CEO of Botswana IFSC.

It is planned that President Mogae, who is the Brand Champion, will unveil the brand logo and strapline during the commemoration of our 40th independence anniversary on 30th September 2006.

"The Brand Leadership and Brand Development Teams have worked tirelessly over the past seven months to develop the brand statement on the basis of which the brand logo and strap line or slogan will be created," said the Chairperson of the Brand Leadership Team, Honourable Minister Neo Moroka, when updating President Mogae at the end of August 2006.

"We spent the last seven months appreciating the current brand perception and realities, which together with our aspirations have informed the brand statement that we have developed."

The CEO of BEDIA, Mrs Mmasekgoa Masire-Mwamba, has also been updating the public on the brand development process. She has explained that "in addition to stakeholder consultations, extensive research has taken place to assess the perceptions of key local and international audiences, including citizens, residents, tourists, current businesses, potential foreign investors, foreign governments and interest groups. Furthermore the selected brand statement has been comprehensively tested with key audiences in terms of Botswana as a place to live, to visit, to do business and a global citizen."

Minister Moroka explained to the President that "the work of the two branding teams does not come to an end with the development of the creative outputs. We still have to come up with a complete strategy, which will include the implementation action plan, as well as marketing and communications plans."

The brand has to be effectively managed so that it is financially sustainable and effectively protected. There will also be a range of creative communication, marketing and other activities. A diverse range of public and private sector organizations, institutions and Botswana at large will be empowered to understand and internalise the brand.

"Through you, Your Excellency, we plead for support from every citizen, every institution and every business in this country to rally behind this brand once it is unveiled and to uphold its values," said Minister Moroka.

"Through a well communicated and marketed Botswana brand, we are confident that we will be able to address the low levels of awareness and knowledge about Botswana in the international arena and this in turn will help promote increased investment into our country."

IFSC Annual Report 2006 - The year in brief, and the year ahead

CONTINUED FROM PAGE 4

Capital markets

Botswana IFSC is an integral partner in the establishment of the Pan African Commodities and Derivatives Exchange (PACDEX), which is envisaged as an apex financial exchange that will manage transactions on a network of subsidiary commodity exchanges across Africa.

International insurance

Following the passage of the International Insurance Act (2005) work is under way to complete competitive regulations to underpin this act and assist in giving direction to potential investors in growing an international insurance industry.

Holding and shared services companies

A Botswana IFSC holding company is an opportunity for companies with a growing African network to consolidate financial and administrative functions. The Income Tax Amendment Act (2006) has augmented the value proposition of IFSC holding companies, which now are able to complement financial activities with approved shared functions including information technology, human resources and procurement management.

Business process outsourcing and call centres

The BPO and call centre development process has been boosted by the announcement of a firm

telecommunications liberalisation timetable. Voice Over Internet Protocol (VOIP) became legal in August 2006 and the international gateway will be liberalised in September 2006, allowing companies to source competitive rates internationally.

Banking

The establishment of Botswana Diamond Trading Company, which is intended to be the primary aggregation and sorting centre servicing De Beers diamond mines in the region, has created opportunities for more banking and insurance activities to support the sale and movement of diamonds in various stages of their processing.

BOTSWANA IFSC SKILLS READINESS INITIATIVE

Botswana IFSC's main objective is to assist in diversifying the economy in an export sector where Botswana's strengths can sustain growth. It is intended to create more employment opportunities for suitably qualified Botswana emerging from secondary and tertiary level in a range of disciplines. The IFSC is a cross-border financial centre through which a broad range of financial services can be provided to non-residents of Botswana with the benefit of lower taxation and an efficient regulatory underpinning.

THE RELATIONSHIP BETWEEN THE IFSC'S MANDATE AND THE SKILLS READINESS INITIATIVE?

In engaging more and more with potential investors, the question of the availability of sufficient and the right calibre of labour became pertinent. Investors are not only curious about the choice of location of their investments but also ask interesting questions about the sufficiency of the labour force. They want to know whether the country has the right combination of skills and work ethos before they can make the decision to place their investments in a particular location. The Botswana IFSC also has a mandate to enable employment opportunities in the financial and ICT sectors for appropriately qualified staff.

In engaging more and more with potential investors, the question of the availability of sufficient and the right calibre of labour became pertinent.

"We therefore found it compelling to play a facilitatory role in the demand and supply factors. We felt a need to showcase the talent available both within the country and in the diaspora. We also found a need to enable internship opportunities for fresh graduates and the unemployed professionals. In so

doing we initiated a process of building up a database of willing and available resources in the financial and other spheres. This, therefore, was the birth of the Botswana IFSC's skills readiness initiative," said Mokwena Morulane, Corporate Affairs Executive at IFSC.

WHAT IS THE SKILLS READINESS INITIATIVE

This comprises of three distinct but complementary initiatives: the Career Fair; the CV Database and the Internship Programme.

We also found a need to enable internship opportunities for fresh graduates and the unemployed professionals.

"We have held a Career Fair annually since 2004, around September of each year. We have been overwhelmed by the amount of interest and responses that have been generated by the Career Fair. In last year's Career fair, we had an attendance of over 400 young graduates, working and unemployment professionals. We also had an attendance of over 16 companies come to exhibit. We had a number of speakers who presented on various topics such as branding yourself; preparing your cv; productivity issues and general work ethos. Attendees had an opportunity to enquire about career prospects in the company's that participated and at the end of the Fair we were able to announce companies that had pledged to take on interns, explained Morulane.

Botswana IFSC's internship programme is a programme geared to matching the ambitions of the growing number of young Botswana graduates with the requirements of companies in Botswana. Through this IFSC seeks to afford graduates with a working opportunity and employers with an opportunity to afford graduates practical work

experience and instil the right discipline of a working environment.

The BIFSC's internship programme is a structured programme which lasts for a minimum of 3 to 6 months. It is one way in which a company can achieve its recruitment process by evaluating the suitability of a potential employee for a few months before deciding to give that employee a full time opportunity. At the same time, the intern benefits from being employed albeit temporary. In that way, aspirations of both the employer and intern can be fulfilled. "We are happy to report that some interns that were placed in some organisations were subsequently offered a full time job. In terms of remuneration, we recommend that employers pay interns a subsistence allowance of at least P1 000 (one thousand Pula only) a month in order to meet day to day living expenses such as transport to and from work and lunch money," said Morulane.

"We have a live CV Database of Botswana who have deposited their CVs on line into the Botswana IFSC website (www.ifsc.co.bw). Currently, there are over 2800 individuals that have logged their CVs on our database. This database receives approximately 2500 hits per week and the range of people registering includes actuarial scientists, computer scientists, accountants, and investment analysts based in Botswana and internationally in countries like Australia, the United Kingdom, Zimbabwe, South Africa and the United States. These are some of the people seeking employment opportunities in Botswana. We wish to appeal to employers to incorporate our skills readiness initiative into their human resources and development strategy," he explained.

We wish to appeal to employers to incorporate our skills readiness initiative into their human resources and development strategy

President Mogae on Internships....

President Festus Mogae encourages companies to engage interns for training and with a view to full-time employment.

Opening the 9th National Business Conference in Francistown in August, he told delegates at the biennial gathering of business leaders and government officials:

"I cannot over-emphasise the value of training and mentoring our work force to respond to the challenges of international competition. If we rely solely on the public sector for training, some of the training may not adequately respond to the needs of our individual enterprises. And, to make the training more relevant, the private sector must be willing to accommodate internships and apprenticeships in the work place and not regard it as a waste of their productive time."

The President said Government is considering tax incentives to encourage and facilitate internships and apprenticeships. "But are employers doing enough to get the best out of their employees?" he challenged.



President Mogae speaking at the BOCCIM 9th National Business Conference in Francistown

The Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) National Business Conference is a vital forum for the private and public sectors to engage in frank open debate in the interests of national development. IFSC took the opportunity this year to

make its Internship Programme well visible with the distribution at the conference of a special brochure called 'Opening Young Minds, Opening Career Doors'. The brochure was well received and we are expecting more companies to take interns this year and in future.

Career Fair – a day to be there!

Saturday 23 September is firmly ringed on the calendar for many young Batswana. It's the big day of the annual Botswana IFSC Career Fair at Gaborone International Convention Centre.

Always a special experience, this year's Career Fair promises to be even more so for the hundreds of young visitors – many of them new graduates intent on making the first move of their careers into the workplace. About 550 students, graduates, young professionals, company representatives, speakers and government officials are expected to participate.

A full schedule awaits them, with a programme packed with interest and stimulation, learning and sharing. The young people will hear the experiences of some of this year's beneficiaries of the IFSC Internship Programme, as well as those of some of the companies that engaged interns.

The Internship Programme for the coming year will be outlined, and the successful interns and the companies engaging them named.

Discussion sessions led by experts will give participants valuable guidance on their careers and lifestyles.

It is hoped that Vice President Ian Khama will be able to take part in the programme, and also a possibility is a live satellite presentation by Stephen Covey, author of the motivational bestseller 'The Seven Habits of Highly Effective People'.

It will also be the occasion for the Vision 2016 Council to name the winners of its 40th Anniversary of Independence essay competition among secondary schools countrywide.

Career Fair 2006 will end with a tour of exhibition stands mounted by supporting companies, and a rousing send-off by the Mogwana dance troupe.

Intake of interns at IFSC



From left to right: Nametsegang Pule, Rapelang Madisa, Lebohng Polinyane, Khumo Montle and Nthomme Gobodiwang.

Botswana IFSC makes a point of taking on a couple of young graduates with every intake in its annual Internship Programme.

"It's not a matter of wanting to be seen to be doing the right thing – we really believe in the value of the programme, both for the interns who spend time with us and for IFSC itself," says Corporate Affairs Executive Mokwena Morulane.

IFSC shows its interns the ropes and then gives them varied work exposure for about six months. They emerge from the internship experience more mature, competent and confident – and much better equipped to get good jobs and start their careers.

"We are under no illusions," says Mokwena Morulane. "It's tough out there for new graduates looking for their first job, but we know that the internship exercise is good for them and can help them get worthwhile employment."

Botswana IFSC has said farewell to its two outgoing interns, while welcoming the incoming pair who are now well into their internships.

'Graduating' from their IFSC internships are Lebogang Polinyane and Nametsegang Pule, and the incumbents are Nthomme

Pana Gobodiwang and Khumo Montle. Rapelang Madisa was an IFSC intern briefly before being offered full-time employment elsewhere.

Some of their impressions:

Lebohng Polinyane – Bachelor of Business Administration with the focus on marketing (University of Botswana). "It was great experience working in the research and strategy section and I learnt a lot about finance. It was also good discipline. I value the time spent there and I thank IFSC for it."

Nametsegang Pule – Bachelor of Commerce in communications management (University of Pretoria). "I

was able to develop my communication skills in a professional work environment with a wonderful team of people. I am very grateful for the experience."

Nthomme Pana Gobodiwang – Bachelor of Commerce in human resource management (Midrand Graduate Institute). "It is a real privilege to be here and I am making the most of this opportunity for personal development and to create a platform for my career."

Rapelang Madisa – Bachelor of Finance (University of Botswana). After starting his internship he was offered full-time employment elsewhere, but regards his brief exposure at IFSC as being a special start to his career. "I felt greatly honoured to be taken into such a professional organisation, and especially to sit in on a meeting of the certification committee. I will always be grateful to IFSC for giving me that experience."

Khumo Montle – BA Public Relations (Midrand Graduate Institute). Her lucky break came unexpectedly when she was called into IFSC after Rapelang Madisa (above) left to take up his job offer. "It was a wonderful surprise and I am very happy to be here. There is so much to learn and do, and I am going to give it my best shot."



IFSC Team with the interns

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Botswana International Financial Services (Botswana IFSC) is a government agency dedicated to developing Botswana as a world-class hub to facilitate the delivery of a wide range of cross-border financial and ICT enabled services to clients in other countries. Accredited companies can set up the following types of operations:

- Administration and Holding companies for all industry sectors
- Banks
- International Insurance
- Business Process Outsourcing and Call Centres
- Investment Funds Management