



BOTSWANA IFSC BULLETIN



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AVCA conference: "Africa rising - Opportunities and Perspectives for Private Equity"

The 7th annual African Venture Capital Association (AVCA) Conference co-hosted by Botswana IFSC and CEDA Venture Partners Botswana, recently convened in Gaborone, Botswana attracted players within the Pan African Equity Investment Industry.

AVCA comprises of 90 leading private equity practitioners, who collectively manage over 5 billion EURO that has been earmarked for investment into Africa.

AVCA membership includes FMO, IFC, Proparco, DBSA, Norfund, Actis, CDC Group, Investec Asset Management and Aureos Capital. AVCA meets annually to discuss topical issues within the industry.

The keynote address was delivered by Dr. Babacar Ndiaye, former President of African Development Bank. Some of the



Neo Moroka - Hon. Minister of Trade and Industry and Dr. Babacar Ndiaye with Alan Boshwaen - CEO, IFSC, Anthony Siwawa - CEO, VPB and Mawuli Ababio - MD, AVCA

other presentations delivered included; Mr. Arthur Arnold, Managing Director of FMO, African Development Bank, Overseas Private Investment Corporation, CDC Group, Botswana IFSC, HSBC, Kingdom Zephyr Africa Management, International Finance Corporation, Actis, Development Bank of Southern Africa and KPMG.

For the Botswana IFSC, hosting this

event provided an opportunity to raise its profile as a domicile to locate and manage more Pan African investment funds. The Conference further provided the Botswana IFSC an opportunity to articulate its value proposition for the domiciliation of international investments funds in Botswana directly to this important audience. This was also an excellent opportunity to establish critical

leads and contacts to target.

Furthermore, the AVCA Conference was an opportune time to highlight to these key international investors some of the strategic economic initiatives the Botswana Government and the private sector have embarked upon. In his opening speech, Minister of Trade and Industry, Mr. Neo



Arthur Arnold - Chief Executive Officer, FMO



Tshepidi Moremong - Vice President, Renaissance Partners



Rod Evison - Portfolio Director - Africa, CDC

AVCA conference: "Africa rising - Opportunities and Perspectives for Private Equity" (cont from p1)

Moroka, informed the gathering about the Botswana Government's drive to support investment initiatives by developing appropriate legal and institutional frameworks.

He cited the newly established Non-Bank Financial Institution Regulatory Authority (NBFIRA) and the imminent introduction of the Financial Intelligence Legislation, to combat money laundering and financial crime. He further noted that in recognition of the relative infancy of the venture capital and private equity industry in Botswana,

and in an effort to grow and stimulate the industry, CEDA Venture Partners Botswana was established.

The international investment funds sector is especially important to the Botswana IFSC which is targeting the accreditation of more international investments. To date, Botswana IFSC is at an advanced stage to domicile 3 funds in Botswana, and these are, Botswana Africa Mining Fund (BAMF), Investec Frontier Property Investment Company (IFPICO) and Africa Real Estate Company (ARECo).

BAMF is a USD 100 million fund sponsored by BIFM Capital to invest in mining assets in Africa. IFPICO is a USD 500 million fund sponsored by a leading South African investment Bank and it will invest in property assets including investments in shares and structured notes in property companies in Africa. ARECo is a USD 120 million fund sponsored by Sanlam Group represented by BIFM, Rand Merchant Bank Properties and the International Finance Corporation (IFC), the private sector arm of the World Bank.

IFSC supports secure SADC regulatory framework

The Botswana IFSC recently hosted a cocktail reception to welcome CISNA members to their meeting hosted in Gaborone, Botswana by the Ministry of Finance and Development Planning.

CISNA which stands for Committee of Insurance, Securities and Non Banking Authorities, is a SADC initiative that comprises of regulators within the capital markets, retirement funds, collective investment schemes, insurance companies and providers of intermediary services within SADC.

The Committee is charged with establishing sound regulatory frameworks, to promote and maintain confidence in the financial systems in the SADC region. Its main objective is also to promote the creation of a comprehensive and harmonised regulatory framework in capital markets, investment services, insurance and retirement funds.

The Botswana IFSC's interest in CISNA initiatives is in recognition of the importance of a secure, transparent and dependable regulatory environment

in SADC, which would promote the confidence of international investors in the SADC region.

The Botswana IFSC fully appreciates that its success depends on SADC financial markets that must be supported by an appropriate and adequate legal and regulatory institutional frameworks.

Growing the Botswana BPO and call centre sector

The Botswana International Financial Services Centre (IFSC) has continued to promote and position Botswana as a world class Business Process Outsourcing (BPO) and Call Centre destination for investors.

With the strong foundational requirements that have been laid by the Government of Botswana to aid inward investment and job creation in the sector, our efforts are now gearing towards the maturation of the local industry and the development of an overall value proposition for the BPO and Call Centre industry in Botswana. This entails moving from planning and consulting mode to actual execution of the strategies and this will, therefore,

require innovation and a high level of engagement by all the key role players.

Botswana IFSC has recently entered into a partnership with South Africa's largest and most attractive outsourcing operation, Merchants, a subsidiary of Dimension Data Plc, for the development of a focused stimulation plan to take Botswana's burgeoning BPO and Call Centre industry to the next level.

Merchants houses the largest offshore accounts in South Africa (approximately 1000 agent positions) and a further 1500 agent positions supporting the domestic market. Merchants also played a significant

role in stimulating South Africa's BPO & Call Centre strategy and market, as well as other surrounding African countries.

It is envisaged that the 2 month project will culminate in a strategy document that will assist in: assessing the status of the sector domestically; developing a cost model for the local industry that can be benchmarked against other attractive BPO & Call Centre locations and; determining a domestic improvement plan that can contribute towards the establishment of a significant benchmark call centre reference site, in Botswana, in the foreseeable future.



An IFSC company showing major growth prospects



Mombasa development

Pangaea Development Holdings (PDH), a real estate development has made significant progress in delivering on its mandate of building housing estates, complete with infrastructure and amenities that will support the emergence of a middle class in Sub-Saharan Africa.

The major shareholder, Mr. Eric Postel, is the founder of Pangaea Partners, a US based corporate finance, and advisory firm established to address investment banking requirements in emerging markets. The Managing Director, Mr Bruce Bouchard, is the founder of Emerging Markets Investments and former Managing Director of Pangaea/EMI Securities in Zambia. Another major investor in PDH is the Africa Emerging Markets Fund, which is the largest emerging market fund

invested in Africa, outside of South Africa.

In November last year, PDH invited a group of representatives from Botswana to Mombasa for a site visit and briefing on the developments. The group included Mr. Alan Boshwaen (IFSC), Mr. Martin Makgatthe (Motswedi Securities), Thomas Chitambo (Ernst & Young) and Mr. Geoffrey Bakwena (Stockbrokers Botswana).

Mombasa, Kenya

PDH and Hacienda Development Limited, a Kenyan-owned development company, have formed a joint-venture company, Hacienda Development Holdings Limited. They have acquired 500 acres of land for an initial project to develop approximately 6,250 housing and apartment block units. A pre-sales market survey indicated a high demand from local clients and this provided the business case to proceed with the initial construction called which will be completed in a 3-5 year phased project.

Zambia, Lusaka

In Zambia, PDH partnered with the Lilayi Housing Estate Development Project, to ultimately build and sell approximately 3,700 units over a 3-5 year period. All

governmental, statutory approvals and financial commitments for the project have been secured with infrastructure financing of USD 5 million provided by Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden, N.V. (FMO) and construction finance provided by Stanbic Bank Zambia Limited.

Ghana, Accra

PDH and Vista Investments Limited, a Ghanaian housing development company, formed a joint-venture company called BV Developers Limited (BV). BV has signed contracts with East Dadekotopon Development Trust (EDDT) to manage the phased development project of approximately 2,500 acre property.

Future prospects

PDH's current strategy is to operate only in countries with banks that offer sustainable mortgage finance. In this regard, it has been approached by potential investors and partners in Tanzania, Uganda, and Botswana. PDH has just begun trading in the over-the-counter market in Botswana and expects to do full IPO within the next 2 years.

Kingdom Bank's parent company merges with Meikles Africa

New opportunities have arisen for IFSC registered offshore bank, Kingdom Bank Africa, as its parent company, Kingdom Financial Holdings Limited merges with Meikles Africa.

Kingdom Financial Holding, listed on the Zimbabwean Stock Exchange and with a secondary listing on the London Stock Exchange, encompasses commercial, corporate and retail banking, money markets, stock broking, portfolio management, economic and company research, advisory services, and micro-lending.

Meikles Africa's retail trading includes department stores, supermarkets and convenience stores. It also owns the Zimbabwean franchise for Clicks Stores,

the 5-star Meikles Africa Hotel Group and has a share interest in the Victoria Falls Hotel.

A statement issued by Meikles Africa Limited, Kingdom Financial Holdings Limited, Tanganda Tea Company Limited and Cotton Printers, proposed a merger of these businesses, which would result in the change of name of the holding company, to "Kingdom Meikles Africa Limited" (KMAL). Tanganda Tea Company, listed on the Zimbabwe Stock Exchange grows, packages and distributes tea products in Zimbabwe. Cotton Printers is a manufacturer of yarn and bed linen for export predominantly to the regional market, particularly South Africa and Botswana.

The merger makes the Group one of the largest companies in Zimbabwe and Kingdom Bank will be in a position to leverage off opportunities created from synergies and assets of other entities in the group.

Through the Botswana IFSC platform, Kingdom Bank will have enhanced access to Sub Saharan markets to increase its retail base and further finance geographic expansion. The strategic positioning of KMAL's subsidiaries within the Botswana IFSC will also facilitate the raising of capital through a primary listing on the London Stock Exchange to finance acquisition of assets outside of Zimbabwe.



Aerospace Africa Holdings (AAH) spreads wings

A consortium comprising of aviation operators and an investment company have indicated their intention to set up a holding structure within the Botswana IFSC.

The structure will house and manage the group's operations within different economic regions and operational hubs i.e. COMESA, SADC and ECOWAS. It will also provide financial and revenue generating support services through a finance and accounting unit to be based in Gaborone.

The three entities, Kabo Capital (South Africa), Aerospace Consortium International (ACI) from Kenya and SRS Aviation (South Africa), came together in order to take advantage of their different competencies. Kabo Capital is an investment company focusing on emerging markets, ACI is a consortium of four aviators with experience in passenger operations, aeronautical engineering, aviation management and airline

consultancy, whilst SRS Aviation, is the sole 100% black women owned Aviation Company.

AAH has secured a Special Prorate Interline Cargo Agreement from Kenya Airways for the distribution and consolidation of cargo which covers the various Kenya Airways routes and destinations in Africa, Mid-East, Europe and Asia.

The attraction for the promoters to domicile this initiative within the Botswana IFSC is that, the jurisdiction has no exchange controls, it enables them to finance their operations in USD, and allows for flexibility in managing risk of owning aviation assets and furthermore, it allows for the repatriation of profits/dividends to shareholders without suffering taxes.

Some of the benefits to Botswana that will arise as a result of the presence of AAH's in the IFSC include:-

- Employment and training opportunities for Botswana;
- It links Botswana to African countries with positive growth indices and open economic trade policies
- AAH will encourage its allied services and banking requirements to be channeled through the Botswana Holding Company. This will impart the experience that comes with handling intra-African trade and contribute to Botswana and the IFSC's diversification initiatives;
- The envisaged growth by AAH of related allied industries will enhance Botswana's chances of being a choice hub for AAH's expansion policy of centralizing its future Pilot Academy and Engineering Division in Botswana, hence contributing to the intended Aviation Hub in Botswana.

Genesis Global Finance (GGF) seeks to develop regional financial markets

With a majority of African financial markets still at their infancy, the newly registered IFSC Company has decided to develop financial markets in the SADC region.

GGF, a subsidiary of Genesis Financial Holdings Limited (GFHL) Zimbabwe, has interests in investment banking, stock broking, venture capital, private banking and bancassurance.

The company will undertake a diverse range of financial services in Africa, with a focus on financial advisory services and other non-traditional financial services. The company has initially earmarked Botswana for financial advisory services, Zambia for micro financing, and Zimbabwe for an investment company, as the countries from which it will operate, with the Botswana office being the holding company for its regional activities.

GGF has the following strategic objectives:-

- To diversify market risk, and take advantage of commodity trade finance opportunities in Africa;
- To participate in joint venture and private equity transactions involving funds from international investors;
- To create strategic alliances with Zimbabwean companies seeking to establish operations in the regional markets; and
- To engage cross border financial expertise in various financial sub-sectors including investment banking, micro-finance, private equity, financial advisory services and asset management.

The company says some banks in African countries seem to have large excess idle capacity in credit supply and that it will use this idle capacity to offer infrastructure finance solutions in partnership with institutional investors. Some of the specialized finance products that will be offered include Infrastructure Project Finance (Acquisition & Leveraged Finance) and Structured Trade & Commodity Finance.

GGF established within the Botswana IFSC in order to take advantage of significant trade opportunities that exist within the SADC region. The sponsors identified the IFSC framework as conducive for facilitating group treasury operations such as funds and risk management, the acquisition and disposal of assets and administration services on behalf of the Group.

WESTCOR project registered in the IFSC

Westcor or Inga 3 project, is intended to develop, commission and transmit a total of 12 000 MW hydro power. The estimated cost of the project is US\$5-6 billion. The project aims to develop low cost, environmentally friendly, renewable hydro power from Inga on the Congo River in DRC, with an initial potential of about 3500 MW which will be transmitted to the DRC, Angola, Botswana, Namibia and South Africa.

Westcor Corporate Structure is a Botswana IFSC accredited company held by a consortium of the five regional power utilities, Angola, Botswana, DRC, Namibia and RSA. Each utility holds 20% equity through the respective national power utility corporations.

The company is registered in the IFSC as a headquarters and administration company that will fund and coordinate the financial and engineering studies of the hydro-electric power infrastructure. In the initial phase, Westcor will be the administration

headquarters that oversees and manages all aspects of the feasibility studies as well as establishment of all pre-operation structures and frameworks prior to the implementation of the project.

The World Energy Council (WEC) hosted a workshop in April 2008, in London to facilitate the implementation and execution of the Inga Hydro Power Projects, which are: Inga 1, Inga 2, Inga 3 (Westcor) and Grand Inga. The conference provided a synopsis on the current status of each of the projects, the required development and finance to take the projects to completion. It was attended by international delegates including DFI's, international banks, resources companies, representatives from power utility companies, consultants, finance and legal advisors to the electrical power industry.

Inga 1 & 2 comprises the rehabilitation of existing hydro power installations in the DRC.

During this WEC conference, the Botswana IFSC delivered a presentation on the relevance of Westcor's IFSC status as well as the financial implications to investors that may invest in Westcor. The IFSC presentation also described the operational advantages Westcor will enjoy as an IFSC company.

The project is a flagship NEPAD project and has secured the support of the African Union, SADC and the African Development Bank (ADB), therefore Botswana will gain recognition as a competent jurisdiction from which capital can be raised from leading Development Finance Institutions to fund major cross-border infrastructure projects. The location of the headquarters of a major regional NEPAD project in Botswana will grow Botswana's influence in the region and raise the country's profile.

Gaming and Leisure group sets up in Botswana

Leisure Investment Holdings (Proprietary) Limited, a high end gaming subsidiary of Leisure Investment Holdings (Guernsey) has accredited with the Botswana IFSC.

According to the National Gambling Board (SA), the gaming industry is the largest growing sector of the leisure industry world wide with Gross Gambling Revenue totalling USD 1,7 billion in South Africa for 2007. LIH is seeing similar trends and growth patterns in East and West Africa and to leverage their experience to create a high end gaming group.

As a holding company, Leisure Investment Holdings (LIH) Botswana will be based in the IFSC, and will be responsible for rolling out the group's investment strategy provide a range of finance and administrative support functions to operating subsidiaries. LIH's first investment in Nigeria, The Jacaranda Casino at Abuja Sheraton Hotel is wholly owned by LIH's subsidiary, Leisure Investment Capital (Nigeria). LIH is currently engaged in Ghana developing

the Jacaranda Casino at the Airport Marriott Hotel, Accra, and other potential markets include Tanzania.

The project sponsors and shareholders have experience in implementing and developing market opportunities and generating profitability. John Storey is founder and joint CEO of Cobalt Capital, a Private Equity business based in South Africa and former MD of m-Cubed Holdings, a JSE listed financial services company. In 1995 Ian Young became a founding Director of Global Resorts, which built and operated The Grand Palm Hotel and Casino Resort in Botswana. The Group also built and operated the first legal Casino in South Africa under the new Legislation in 1997 in Secunda, Mpumalanga Province. The third shareholder, Bruce Dunnington is a qualified chartered accountant (SA) with prior business management experience at senior executive level, as Head of the Investec Bank Unit Trust Management Company.

The sponsors identified with the IFSC

framework as it affords them the flexibility to raise capital and securing funding for investment on behalf of the Group. As a holding company, LIH will hold all the group's assets and will have active treasury management of subsidiary operations and funds. Through the favourable tax regime offered by the IFSC, the group will utilise realised profits to further expand into new markets and consolidate their position. To date, LIH has raised US\$3,5m to fund their operations with the majority being financed by Investec Bank through a 40% call option. The Investment Bank division has provided a \$2.2 million loan to finance the current operations.

Through LIH's business development and interactions with key stakeholders, Botswana's profile as an ideal Financial Services Centre from to locate will increase. Additionally, there will be employment creation and training opportunities within the Botswana office including secondary benefits to local service providers.

IFSC welcomes international intern to its fold



Kristin Hall

Kristin Hall is a rising junior at the University of Pennsylvania.

Kristin is one of forty students worldwide who have been accepted into the elite Huntsman Program in International Studies and Business at the University of Pennsylvania.

She is pursuing a Bachelor of Science in Economics, with concentrations in Finance and Operations and Information Management from the Wharton School.

She is also working towards a Bachelor of Arts in International Studies from the College of Arts and Sciences, with a focus in Hispanic Studies.

Kristin is very passionate about international business, and hopes her time spent at the Botswana IFSC will impart to her the practical experience that she will find invaluable as she furthers her studies.

For the duration of her internship with the Botswana IFSC, Kristin will be attached to the Business Development Unit.

From Internship to full time employment

In September 2006, I was invited to attend the Botswana IFSC Career Fair after registering online. In February 2007, People's Connections called to brief me for an interview they had short-listed me for with Deloitte and Touché. I was interviewed by Mr Brian Watts, who was interested in recruiting graduate trainees for Deloitte and I got the internship.

I am now employed on a full time basis by Deloitte and Touché within the Management Consultants Department. I have a Behavioural Science and Marketing background and therefore can relate to issues involving Human Resources and Recruitment. I am also involved with the marketing of the company products and services.

So far Deloitte has taken me through various training sessions, i.e. hosting and managing a workshop and I have been exposed to public speaking which has greatly boosted my confidence. My job is very interesting and challenging in that and I have been very involved and getting hands on experience.

I continue to learn new things everyday and my work does not limit me, rather it encourages me to think in broader terms and apply myself when faced with challenges. I work with a helpful and



Tootsie Segwele

great team that has been a great support structure.

What I have come to appreciate is that one is never certain if they will get a job within their field of study, but the most important thing is to embrace the job that you get. It is not about job descriptions or sticking to what one studied, it is a matter of being open-minded to learning new

things and allowing yourself to grow. The level of remuneration should not be the determining or deterring factor to gaining valuable experience.

I would like to take this opportunity to thank the Botswana IFSC and Deloitte & Touché Management Consultants for giving me an opportunity to join one of the world's leading teams.

Skills Readiness Initiative continues to grow



Current group of interns

This year's Interns workshop for the current group of interns based within the various organizations was held under the theme "Success comes from working smarter"

following interns; Tootsie Sigwele (now employed by Deloitte), Baone Rammidi (from Fleming Asset Management) and Keletso Baipidi from the Botswana IFSC.

"Surviving the Corporate Jungle, A survival kit to new managers in the new South Africa", author, Letepe M. Maisela, to the interns. We would also like to thank Mr. Adam Jones of Wealth Magazine for donating the latest two editions of his publication.



Simon Hirschfield - Botswana IFSC, Business Development Executive



Leutlwetse Tumelo - Director, Capital Securities

Some of the companies that have currently engaged interns are: Accenture, Deloitte, Kingdom Bank, Tertiary Education Council, BDC, Fleming Asset Management, Botswana IFSC and BIC.

The Botswana IFSC welcomes and applauds the Botswana Government's recent announcement on the intention for the various ministries to start enrolling young graduates as interns.

We are happy to announce that this year's

Presentations were delivered as follows:

Mr Simon Hirschfield, Botswana IFSC, Business Development Executive – "The Skills Readiness Initiative and its importance to the IFSC"

Mr. Leutlwetse Tumelo, Director, Capital Securities – "Success comes from working smarter"

Ms. Theo Mabile, HR Consultant, Peoples Connections – "Surviving the Corporate Jungle"

Ms. Mosa Selaelo, HR Officer, Kingdom Bank – "Corporate Value for engaging interns"

In addition to these presentation three testimonials were received from the



Theo Mabile - HR Consultant



Mosa Selaelo - HR Officer, Kingdom Bank

The Botswana IFSC would like to express its sincere gratitude to the presenters and all those who participated. We would especially like to thank Peoples Connections for donating the book

Career Fair will be held at the GICC on the 4th of October. We urge graduates to continue registering on the botsjobs.com database.

Proudly part of the team

Tebogo Lebotse - Corporate Communications Executive

Tebogo Lebotse comes on board as the Corporate Communications Executive. Tebogo possesses extensive experience from the sales and marketing industry from working as a Sales and Marketing Manager of MRI Botswana Limited.

The Communications Executive says she is very excited and looks forward to being part of the team. She agrees that IFSC plays a major role in the Botswana economy. "IFSC's mandate is critical to the diversification strategy of Botswana's economy," Tebogo asserted.

As Corporate Communications Executive, her main areas of concern will be among other areas protecting and promoting the IFSC's image and reputation, developing and implementing communications strategies, preparing and supervising the production of the Company's publications, promoting corporate communication internally and externally and establishing strong relationships with various stakeholders as well other communication initiatives.

Some of her notable achievements include her roles in; the re-branding of the Botswana National Museum, the nomination of Tsodilo Hills as a World Heritage Site, the establishment of the Sales and Marketing Department for Botswana Couriers', the restructuring of the Sales and Marketing Department for MRI Botswana, brand alignment to the corporate strategy, revamping of the company's website and the introduction up of the company's newsletter. Tebogo previously worked for BDVC now DTC.

She holds a Masters in Business Administration and a Bachelor of Arts Degree in English. She is currently pursuing a Masters in Project Management.



Tebogo Lebotse - Corporate Communications Executive

IFSC Welcomes Mernard Mothetho to its fold



Mernard Mothetho - Corporate Services Executive

brings in a wealth of knowledge and experience from working as a major finance decision maker in both the private and public sector. Before joining IFSC, he was a Finance Manager at Botswana Tourism Board.

Having worked at Botswana Tourism Board which also has a mandate of promoting and marketing Botswana, Mernard looks forward to supporting and contributing to Botswana's efforts in diversifying the economy. He takes pleasure in being part of the team that is responsible for economic growth of the country. "I am honored to be part of a dynamic team that aims to promote and market Botswana as a financial services hub", says the skilled Executive.

areas, Financial Management, IT, Human Resources and Administration. He is also a Secretary to the Botswana IFSC Board and Certification Committee, a committee that comprises of major decision makers in the financial industry who are committed to assisting IFSC in achieving its mandate.

Mernard also worked as a Finance and Administration Manager at Botsnet where he acted General Manager for two years before joining Botswana Tourism Board.

Mernard's commitment and expertise can be traced back to Botswana Tourism Board where he massively contributed to setting up the Finance department.

He is a member of the Association of Chartered Certified Accountants (ACCA), Associate Member of BIA, member of the Association of Accounting Technicians (AAT) as well as a holder of a Certificate in Accounting and Business Studies.

Mernard Mothetho joined Botswana IFSC as the Corporate Services Executive. He

As a Corporate Services Executive, Mernard is responsible for among other