

**WELCOME REMARKS BY MR. SERWALO TUMELO,  
PERMANENT SECRETARY AT THE MINISTRY OF FINANCE AND  
DEVELOPMENT PLANNING AT THE BOTSWANA  
INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)  
STAKEHOLDER BRIEFING BREAKFAST ON 27<sup>TH</sup> NOVEMBER  
2006.**

**Director of Ceremonies**

**Governor of the Bank of Botswana, Mrs. Linah Mohohlo**

**Chairperson of the Botswana IFSC Board, Mr. Quill Hermans**

**Members of the Botswana IFSC Board of Directors**

**Distinguished guests, Ladies and gentlemen**

**GOOD MORNING**

1. It gives me great pleasure to welcome you to this breakfast briefing that is organised by the Botswana International Financial Services Centre. As stakeholders in the development of the economy of Botswana and in the financial services sector your presence at this occasion is deeply appreciated.
2. This morning's event presents an opportunity for the Botswana IFSC to: interact with its stakeholders; to update you on the opportunities that are available under the Botswana IFSC regime; to celebrate some of their

achievements to date; and, of equal importance, to evaluate their offering to the international business community.

3. We are hoping that the interactions from this morning's discussions, as well as continuous recent engagements with the local and international business community, will assist in mapping the way forward and that your invaluable contributions will assist in the continuing efforts of the Botswana Government, and indeed, the Botswana IFSC to position Botswana dynamically, as a regional and international financial services hub.
4. Director of Ceremonies, allow me to begin by reiterating the Government's declared intent to develop an active financial services centre. We have long recognized the existence of this specific opportunity for the financial services sector in Botswana to become an increasing contributor to further economic diversification. The growth of the IFSC is significantly tied to the ability of the financial sector investor companies to grow on the back of regional and international business opportunities.
5. Central to the realization of our ambition of the development of the International Financial Services Sector is a commitment by Government to foster an enabling environment. The Government of Botswana continues to play a crucial role in the facilitation of the growth of this

sector by crafting the relevant statutes (and amendments thereof), economic, legal, technological and social framework.

6. The Ministry of Finance and Development Planning has engaged with the Finance Sector High Level Consultative Committee, the IFSC Board of Directors, and the Management of IFSC to discuss the various interventions that are desirable to enhance the competitiveness of the Botswana IFSC offering and, thereby, improve its overall efficiency and impact.
7. To this end, following the most recent engagements, the Ministry of Finance and Development Planning is evaluating various proposals with the view to possibly incorporating them into policy or law in the months ahead.
8. However, Ladies and Gentlemen, a government with ambitions such as ours cannot act in complete autonomy and with a deliberate disregard of the private sector. It is for this reason that I commend the Management of the Botswana IFSC for initiating this seminar.
9. It is my hope and my desire that gatherings of this nature, where issues of pertinence are openly and seriously discussed between the various stakeholders, become a norm.

10. Director of Ceremonies, Ladies and Gentlemen, for our part, I feel at this juncture I must pause to apprise you of some of the recent developments in our Ministry that are relevant to the development of the IFSC.
11. The Botswana Stock Exchange has experienced phenomenal growth that has seen it grow to become the third largest stock exchange, by market capitalization, in Southern Africa. However, we cannot rest on our laurels. We are, therefore, currently reviewing the Botswana Stock Exchange Act to bring it in line with international best practice. It is envisaged that this will culminate in the introduction of provisions relating to corporate governance, insider trading and the supervision of the stock exchange.
12. In reviewing the BSE Act, consideration is being given for alternative forms of trading platforms to be based in Botswana such as the planned Pan African Commodities and Derivatives Exchange (PACDEX). The promoters of this project have expressed an intention to accredit PACDEX to the Botswana IFSC.
13. Our Ministry has completed the drafting of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). We expect that this Bill will be presented in the current parliamentary session. The Bill proposes a new regulatory

framework that will govern the non-banking financial sector including all non-bank companies accredited to the IFSC.

14. Director of Ceremonies, the price that we have to pay for our liberal economic policy and political stability is that Botswana becomes vulnerable to money laundering and its devastating social effects. To protect the citizenry of Botswana from the ills of this practice, anti-money laundering legislation is being drafted.
15. The Ministry of Finance and Development Planning is also in the process of finalizing the regulations to govern the international insurance industry. These regulations will underpin the International Insurance Act (2005). International insurance has been identified as a new avenue to bolster the Botswana IFSC.
16. Director of Ceremonies, Ladies and Gentlemen, other government interventions include: the 2006 specific amendments to the Income Tax Act with regard to the treatment of capital gains tax for IFSC registered companies and the broadening of the tax framework; and our continued focus on the development of our network of double taxation avoidance (DTA) treaties, with special emphasis being on our trading partners in Africa and abroad and also other important global financial intermediary centres.

17. These interventions underscore the commitment of the Government of Botswana to develop a robust, sustainable and internationally credible legislative and regulatory environment for the growth of the Botswana International Financial Services Centre.
18. In our endeavour to create and sustain this enabling environment, Government will continue to be informed by benchmarks that are set out by internationally recognized institutions like the International Monetary Fund (IMF), the World Bank and the Organisation for Economic Co-operation and Development (OECD).
19. Director of Ceremonies, these changes to support the development of the financial services sector are not restricted to the Ministry of Finance alone. Other government ministries like the Ministry of Communications, Science and Technology and the Ministry of Trade also play an integral part in the holistic creation of this enabling framework.
20. A case in point, Director of Ceremonies, is the recent announcement by the Honourable Minister of Communications Science and Technology, Mrs. Pelonomi Venson-Moitoi of the further liberalization of the telecommunications sector. A liberal telecommunications regime presents an opportunity for the reduction of the costs of doing business across borders especially in the financial

services sector and in offshore business process outsourcing and call centres.

21. The Government of Botswana has invested significant resources over the past few years in the desire to realize the ambition of the development of the financial services sector as one of the viable alternative engines for economic growth. Indeed, following the mid-term review of NDP 9, we wish to have made further significant progress by the end of the planning period. I, therefore, take this opportunity to re-affirm the commitment of the Ministry of Finance and Development Planning to ensure that this is no less than a pipe dream.
22. Director of Ceremonies, as I have already indicated government cannot see these initiatives through without the co-operation and the participation of the private sector. In this room I see accountants, fund managers, economists, attorneys, bankers, tax consultants and private entrepreneurs.
23. I encourage you, Ladies and Gentlemen to freely and frankly participate in the discussions towards the end of this morning's programme. I encourage you further, to continuously engage institutions like the Botswana IFSC to discuss and to table the reforms that are necessary to augment the existing value proposition of our financial services sector.

24. It is my sincere belief that dialogue of this nature can only ultimately yield a win-win situation where the business fraternity are able to achieve optimal business returns for their stakeholders and we, as a government, will in time be able to realize our objectives which include: the development of a sophisticated international financial services sector; growth in linkages to a cross range of financial sector support services based here; technological advancements; creation of employment opportunities for qualifying Batswana and a growing tax base.
25. Director of Ceremonies, Ladies and Gentlemen, I wish to conclude my opening remarks by once again re-iterating that in this age where the knowledge economy is superseding industrialization, sophisticated service sectors and, especially the financial sector are the lifeblood of a competitive economy. To be able to effectively compete in the international arena, we must have a strong domestic financial services sector that taps into opportunities not only domestically but also regionally and internationally.
26. I thank you. PULA!!! PULA!!!