

# Botswana IFSC



Facilitating the Financing,  
Structuring and Implementation of  
WESTCOR / INGA

**World Energy Council**  
April 2008



# Overview

- Botswana IFSC Introduction
- Transactional Flow Chart
- Envisaged Services
- IFSC Value Propositions
- Specific Tax Incentives
- Botswana IFSC Efficacy as Capital Raising Platform
- International Insurance Opportunity
- Oversight of the Company

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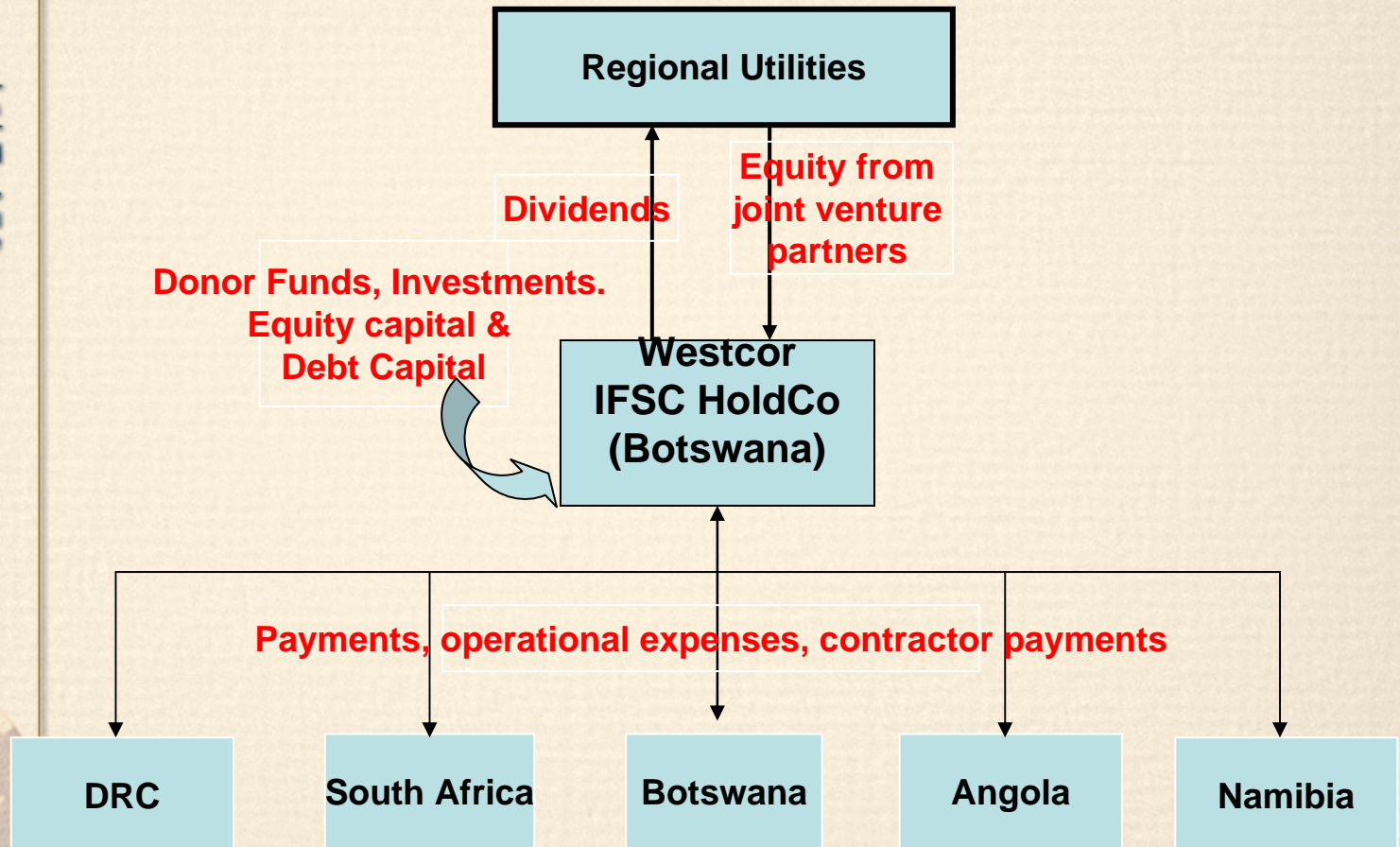


# Botswana IFSC Introduction

- A Government sponsored initiative to facilitate delivery of a wide range of cross-border financial and administrative services in Africa.
- Licensed Westcor to base the company in Botswana operating under the IFSC framework as part of Inga project implementation.
- Structure facilitates the implementation of Westcor-Inga project

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# Transactional Flow Chart



# Envisaged Services of Westcor

- **Phase I - Feasibility to 2010**
  - Raise US\$ 50 – 60 million
  - Detailed designs, complete feasibility study to financial close
  
- **Phase II – Project Construction - 2010 & Beyond**
  - Raise US\$ 5 – 6 billion
  - Commence project construction



# Botswana IFSC Value Proposition – Transactional

- No FX controls since 1999
- Share capital of Company denominated in major convertible currency of choice (ie) US\$
- Receipt / Payments to multi-country facilitates optimal treasury management (ie.) revenues and operational expenses

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# Botswana IFSC Value Proposition – Financial

- Westcor International financiers & investors exempt from WHT (Interest & Dividends)
- Tax reduction on income accruing to Westcor Company
- Raise or accumulate capital to fund feasibility studies & future regional infrastructure
- Lower cost African environment vs traditional offshore centres (Guernsey, BVI etc.)

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# Botswana IFSC Value Proposition - Operational

- Provides “Risk Mitigation Solution”
  - Democratic political system & macro-economic stability – in country
  - Respect for rule of law & enforceability of international contracts – through independent judiciary
- Proximity to Westcor’s proposed installations in DRC, Angola, Namibia Botswana and RSA
- Consolidation & provision of substantive business support and functions
- Flexibility in driving regional infrastructure development
- Exemptions from work and residency permits for international employees of Westcor

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# Specific Tax Benefits Applicable to a Botswana IFSC Registered Company

- 15% Corporate Tax Rate guaranteed in law
- Exemption from withholding taxes on interest, dividends, commercial royalties & management or consultancy fees,
- Access to Botswana's Growing Double Tax Treaty network
- Credit for withholding taxes suffered in other jurisdictions (up to 15%)
- Exemption from Capital Gains Tax (CGT)
- IFSC companies are zero rated for VAT

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# Botswana IFSC Efficacy as Capital Raising & Financing Platform for Project

- Highest Sovereign Credit Rating in Africa (**S&P 'A** and **Moodys 'A2**) - investment grade
- Raise (equity/debt) capital through international exchanges (JSE, AIM etc) or international donor finance
- Dual list on TSX, AIM and AUX
- Highly regarded platform of financial regulation and control
- **Transparency International** ranking as least corrupt country in Africa

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# International Insurance Opportunity

- International Insurance Legislation now allow for wide range of international insurance activities
- Captive-insurance subsidiary Co. that only underwrites parent's group risk
- Bypass typical insurer & gain direct access to reinsurance market (lower group insurance premiums/insurance cost)

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# Oversight of the Company

- Regulated formally by BoB / NBFIRA in line with world class standards
- Money Laundering Legislation
- ESAAMLG

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# Supporting the Implementation of this Important NEPAD – Africa Integration Project



## Botswana International Financial Services Centre

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