



Botswana Stock Exchange Limited

NEWS

ISSUE NO.14 • APRIL - JUNE 2021

Prosperity

in the Midst of Economic Challenges



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● Foreword



A warm welcome to the 14th Edition of the BSE News!

As this year unfolds, against the backdrop of the pandemic and the economic slump, economic indicators seem to suggest that things are due to worsen before they get better. The 2021 Budget Speech delivered in February 2021 by the Minister of Finance and Economic Development (MFED), Honourable Dr. Thapelo Matsheka evoked a sense of urgency for the Government, Private Sector and fellow Batswana to band together now more than ever, chiefly for the revitalisation of Botswana's economy.

The International Monetary Fund (IMF) estimates that global and Sub-Saharan Africa output contracted by 3.5 percent and 2.6 percent in 2020, respectively. On the domestic front, economic activity is estimated to register a 7.7 percent contraction mainly due to the COVID-19 induced global economic slump.

In light of the foregoing, it is rather reassuring to note that the MFED projects the domestic economy to grow by 8.8 percent in 2021, provided that the global economy reaches the 4.3 percent recovery projected by the World Bank. This is a feasible prospect, which heavily relies on the aggressive and consistent roll-out of the COVID-19 vaccination across all global regions; developed and developing. While we anticipate a robust vaccination programme, it is imperative that we equally focus on our domestic recovery measures to mitigate the effects of this global economic slump.

A Development Budget of P14.75 billion proposed for the fiscal year 2021/2022 will be dedicated to restoring the economy through programmes and projects underpinned by the National Development Plan (NDP 11) and the Economic Recovery and Transformation Plan (ERTP). With an already estimated budget deficit of P6 billion for 2021/2022, the Honourable Minister outlined other available resources to be utilised in expediting the delivery of proposed projects whilst alleviating the financial burden on the Government. One of these include an increase in Public-Private Partnerships (PPPs), which will significantly boost the private sector. Another avenue is debt-financing, some of which will be achieved through the domestic capital market.

In an effort to increase fiscal buffers and sustainability, the MFED has recommended an increase on tax rates in addition to introducing new ones. Withholding tax on dividends is set to increase to 10.0 percent from 7.5 percent. This presents a potential setback to the advancement of the capital market as studies show that there is a negative relationship between an increase in withholding taxes on dividends and economic growth, unlike taxes imposed on labour and corporate income. In addition, this move could materially erase the significant gains

in respect of promoting financial inclusion and broad-based investor participation on the BSE. It thus has to be looked at dutifully on a progressive basis, particularly also given our inputs as the BSE and the industry in lobbying for tax incentives for investors and issuers.

The poor financial performance of some State Owned Enterprises (SOEs) continues to deplete government coffers, and in this economic slump, it has become increasingly crucial for the government to do away with ineffective and unsustainable financial commitments. The prospect of the privatisation of certain parastatals is one we anticipate, with hopes that these entities would list on the Exchange as a way to corporatize and ensure sustainable growth. Empirical research has proven that SOE listings can provide Government with a substantial revenue source, the impact of which can even be greater where listings are complemented with sector reforms that allow Governments to reduce their financial support provided to those companies.

With this edition, we want to shine the spotlight on the role and capacity of the Stock Exchange in bolstering economic prosperity. Among others, the edition extensively discusses issues of privatisation, PPPs, and Botswana's stock market co-integration with stock markets of its major trading partners. We want this edition to resuscitate the consensus that the stock market exists to facilitate the efficient mobilisation and allocation of capital for the progressive development of the economy. In the midst of the economic challenges, what a better time than now to leverage the capital markets to bolster economic prosperity.

'Your Partner in Wealth Creation'

Thapelo Tsheole
Chief Executive Officer

• Established in 2017

• Published by:
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• CORONA VIRUS EFFECT ON THE ECONOMY AND ECONOMIC RESPONSE PACKAGES

• TO TRADE OR NOT TO TRADE BONDS ON THE STOCK EXCHANGE

• MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2020

• GROWTH, WEALTH AND SUCCESS: THE BSE AT THE CENTRE OF IT

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Contents

5 KNOW YOUR STOCK MARKET TERMS

8 OPENING BELL CEREMONIES

10 THE WORLD FEDERATION OF EXCHANGES RELEASES FULL YEAR 2020 MARKET HIGHLIGHTS

12 SME DEVELOPMENT BSE ROLLS OUT SECOND INSTALMENT OF THE TSHIPIDI MENTORSHIP PROGRAMME

14 Q1 2021 REPORT FROM BSE

21 GLOBAL DEPOSITORY RECEIPTS (GDRs) AND COMMERCIAL PAPER (CP)

24 THE VALUE OF PUBLIC PRIVATE PARTNERSHIPS IN BOLSTERING ECONOMIC PROSPERITY

27 SPECIAL ECONOMIC ZONES OFFER HOPE DESPITE ECONOMIC UNCERTAINTIES



MOVING BEYOND BUSINESS-AS-USUAL: PLANNING AND BUDGETING POST COVID-19

34 BSE LISTING REQUIREMENTS & LISTINGS BOARDS

35 COMPANIES AND YEAR OF LISTING ON THE BSE

38 BOTSWANA STOCK MARKET COINTEGRATION WITH MARKETS OF ITS MAJOR TRADING PARTNERS

47 BOARD OF DIRECTORS & KEY PERSONS-2021 LISTINGS REQUIREMENTS REFRESHER VIRTUAL WORKSHOP

49 BSE HOSTS ADOPTION CEREMONIES FOR KARENG PRIMARY SCHOOL & METSIMANTSHO PRIMARY SCHOOL

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pg.45

February Opening Bell Ceremony



52 BSE CEO, MR. THAPELO TSHEOLE, PARTICIPATES IN THE VIRTUAL AFRICA FINANCIAL INDUSTRY SUMMIT 2021

53 Cosse PARTNERS WITH FSD AFRICA TO DEVELOP THE SADC GREEN BOND MARKET AND EFFECT CLIMATE CHANGE

54 BSE ADVOCATES FOR GENDER EQUALITY

56 BSE SHOWS APPRECIATION AND LOVE TO STAFF FOR VALENTINE'S DAY

Know Your Stock Market Terms



Asset Class - A group of securities that exhibit similar characteristics, behave similarly on the marketplace, and are subject to the same laws and regulations. The four main asset classes are equities (stocks), fixed-income (bonds), cash equivalents (money market instruments) and property.

Basis Point - A unit that is equal to 1/100th of 1%, which translates to 0.01%. Thus, 1 basis point equates to 0.01%.

Bubble - When a particular investment (or class of investments) performs particularly well, and it leads to an upward spiral that takes prices far above the levels which can be justified by any rational assessment of the real value of the future cash flows the investment may generate.

Choppy Market - A condition of the stock market where prices swing up and down without resulting in actual price movement in either direction.

Corporate Action - Any action on the part of a company that will lead to a material change in the company and may have an impact on its shareholders.

Crash - A major decline or steep fall in financial markets that takes prices well below levels that can be rationally justified- it is the opposite of a bubble. Just as a bubble often leads to a crash, a crash often leads to a bull run (a rise in prices).

Decoupling - Instances in which the correlation between the prices of securities change. For example, stock and corporate bond returns, which normally rise and fall together. If returns on stocks were to increase

and returns on bonds were to decrease this would illustrate an example of decoupling.

Elasticity - Measures the change in the demand or supply of a good or services in response to the change in price.

Ex-Dividend Date - A date beyond which a stock is not eligible to receive a dividend that has been declared.

Source: Unpacking Jargon, Fourth Edition

BURS is a semi – autonomous Revenue Agency of the Government, established by an Act of Parliament, the BURS Act No. 17 of 2004. It administers the following Revenue Acts;

- Income Tax,
- Capital Transfer Tax,
- Value Added Tax,
- Customs Duty,
- Excise Duty,
- Transfer Duty.

VISION

Centre of excellence in revenue mobilisation and border management

MISSION

Enable the fair payment of taxes, facilitate trade and manage borders for the transformation of Botswana

TAXPAYER'S OBLIGATIONS

1. Register for tax.
2. File correct tax returns timely.
3. Declare the correct value and description of goods when passing through entry and exit ports.
4. Pay taxes on time.
5. Report cases of corruption to BURS and DCEC or any other law enforcement agency.

TAXPAYER'S RIGHTS

Taxpayer has the right to;

1. Lodge a written complaint or objection with the Commissioner General on an assessment or appealable decision.
2. Secrecy.
3. Appeal against seizures and detentions.
4. Demand proper identification from BURS employees during site visits, audits and compliance checks.

***Objections may be lodged as follows;**

- i. Income Tax: within 60 days after the date of the notice of assessment.
- ii. VAT: within 30 days after the date of an appealable decision.
- iii. Transfer duty: within 30 days from the date of the decision or assessment.

PROPOSED TAX CHANGES

Tax	Current rate	Tax changes	Effective date	Purpose & Implication
Personal Income Tax	P36 000	P48 000	01/07/2021	To increase the tax-free threshold and reduce the impact of inflation over time on personal income. The change will result in tax savings by reducing PAYE or Personal Income Tax for individuals.
Withholding Tax on Dividends	Domestic 7.5% _____ Foreign 15% _____ Mining 15%	10%	01/07/2021	To raise more revenue for Government and to equalize this rate with that on interest income.
Value Added Tax (VAT)	12%	14%	01/04/2021	To increase domestic revenue generation. The increase in the rate will slightly increase prices of taxable goods and services.
Fuel Levy	P0.12	P1.12	01/04/2021	To adjust the rate to reflect the rising cost of fuel. The fuel levy should approximate the VAT rate since it is zero-rated.
Levy on Imported second hand vehicles	None	Government still working on modalities of imposing the levy	To be announced	To raise revenue and address environmental concerns regarding pollution.
Levy on sweetened beverages	None	P0.02 per gram of sugar in excess of 4g of sugar per 100ml P0.02/g in excess of 4g/100ml	01/04/2021	To discourage consumption of too much sugar which may lead to problems of obesity and other sugar related diseases such as diabetes. Prices of the impacted products will increase and low sugar alternatives may be produced.
Plastic levy	None	P0.25/plastic	01/04/2021	To reduce pollution.
Tax Amnesty	Not applicable	Taxpayers with outstanding tax amounts will be granted an opportunity to clear the principal amount owed in exchange for write off of interests and penalties charged during the previous tax periods.	Not stated	To ease the tax burden on taxpayers during the Covid19 crisis. This is anticipated to help in debt recovery but will on the other hand reduce revenue usually collected as interest and penalties.

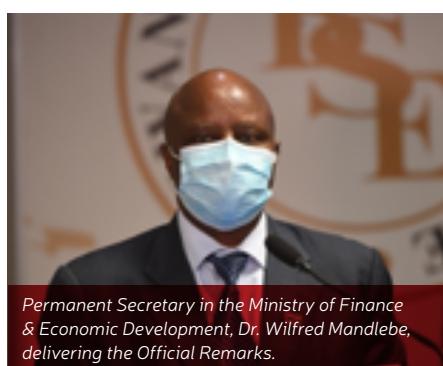
● Opening Bell Ceremonies

February Opening Bell Ceremony

The Botswana Stock Exchange (BSE) kick-started the 2021 calendar period by hosting an Opening Bell Ceremony on 8th February, 2021 under the theme, ***Supporting the Growth of the Financial Sector Amid the COVID-19 Pandemic.***

During this Ceremony, the BSE invoked conversation on the impact of the COVID-19 pandemic on Botswana economy with specific focus on the recovery process of the financial sector. Moreover, the BSE provided a comprehensive update on the performance of the market during 2020 and the market outlook for 2021. Officiating at this Ceremony was the Permanent Secretary in the Ministry of Finance & Economic Development, Dr. Wilfred Mandlebe who delivered the Official Remarks while the BSE CEO, Mr. Thapelo Tsheole delivered the Welcome Remarks & Market Outlook and finally the BSE Chairperson, Lt. Gen. Tebogo C. Masire delivered the Vote of Thanks.

Due to the health restrictions surrounding the COVID-19, this Ceremony was only attended by members of the media.



Permanent Secretary in the Ministry of Finance & Economic Development, Dr. Wilfred Mandlebe, delivering the Official Remarks.



BSE Chairperson, Lt. Gen. Tebogo C. Masire delivering the Vote of Thanks



BSE CEO, Mr. Thapelo Tsheole delivering the Welcome Remarks & 2021 Market Outlook



(Left to Right) Official Bell Ringing – BSE CEO, Mr. Thapelo Tsheole, Permanent Secretary in the Ministry of Finance & Economic Development, Dr. Wilfred Mandlebe, BSE Chairperson, Lt. Gen. Tebogo C. Masire.

March Opening Bell Ceremony

As with other exchanges around the world the BSE, in conjunction with CFA Society South Africa, held a commemorative ceremony to recognise and celebrate International Women's Day during the BSE Opening Bell Ceremony on 8th March, 2021 at the BSE offices under the global theme, '**Women in Leadership: Achieving an Equal Future in a COVID-19 World**'.

To celebrate this special day, the BSE invited the former Governor of the Bank of Botswana, Ms. Linah Mohohlo, to officiate and deliver the Official Remarks by acknowledging the social, economic, cultural and political achievements and contributions of women past and present and focusing on the day's theme. In addition, the BSE also facilitated an engaging panel discussion on the theme with representation from CFA Society South Africa as well as lady CEOs & MDs of BSE listed companies. The invited panellists included CFA Society Board Member and Head of Investments at NMG, Ms. Raazia Ganie, Lucara Diamond MD, Ms. Naseem Lahri and ABSA Botswana Corporate Banking Director, Ms. Lesley Bradley. The Welcome Remarks were delivered by BSE Board Member, Mrs. Itumeleng Mareko and the Vote of Thanks was delivered by the Central Securities Depository of Botswana (CSDB) Board Member, Ms. Pascaline Sefawe.



Master of Ceremonies, BSE Head of Clearing & Settlement, Mrs. Masego Photo-Lentswe



Welcome Remarks by BSE Board Member, Mrs. Itumeleng Mareko



Official Remarks by the Guest of Honour, Former Governor of the Bank of Botswana, Ms. Linah Mohohlo



Panel Discussion Moderator, BSE Head of Market Development, Ms. Thapelo Moribame



Panellist - Lucara Diamond MD, Ms. Naseem Lahri



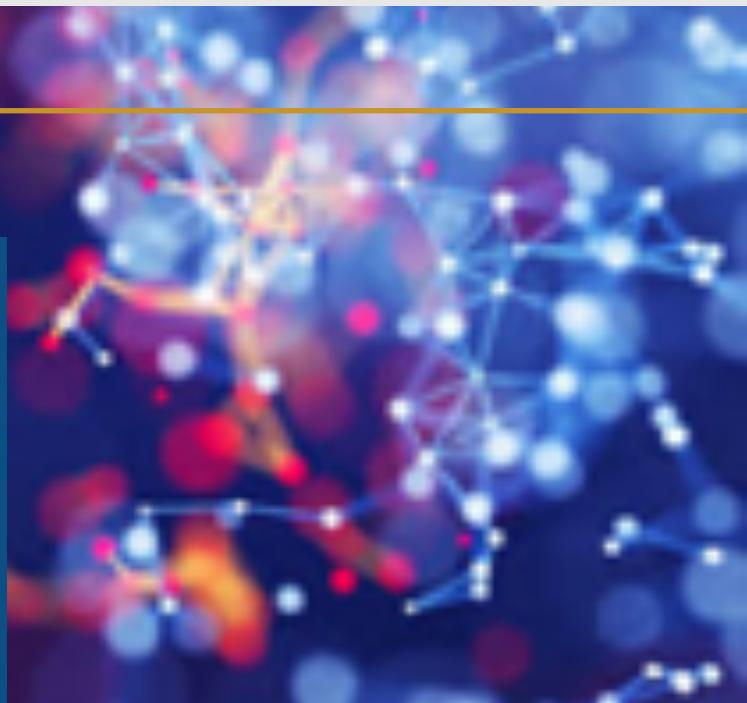
Panellist - ABSA Botswana Corporate Banking Director, Ms. Lesley Bradley



(Left to Right) Official Bell Ringing - Ms. Linah Mohohlo, Ms. Lesley Bradley, Ms. Naseem Lahri, Mrs. Itumeleng Mareko, Ms. Pascaline Sefawe, Ms. Kelebogile Kewagamang, Ms. Gorata Dibotelo, Ms. Mpho Mogasha and Ms. Thapelo Moribame



Vote of Thanks by CSDB Board Member, Mrs. Pascaline Sefawe



THE WORLD FEDERATION OF EXCHANGES RELEASES FULL YEAR 2020 MARKET HIGHLIGHTS

The COVID-19 pandemic, the US presidential election, Brexit, the resignation of Japan's prime minister Shinzo Abe and increased tension between the US and China created vast economic uncertainty and a flood of pessimistic forecasts, making 2020 the most extraordinary year. In March we saw market volatility levels comparable only to those of the Great Financial Crisis of 2008 and for months on end, normal working, travel, and leisure arrangements were severely disrupted. When we look at the data, the magnitude of the shock is evident, particularly in March. But what is remarkable is that despite the exceptional circumstances and even during the worst days of the crisis, markets remained open and functioning.

In addition, after the peak in uncertainty observed in March, markets quickly recovered. By the end of July, most indicators registered a quick reversal to the activity levels seen before the pandemic, reflecting a strong confidence in the markets and in their role in supporting the economy. Towards the end of the year, the news of the development and approval of several COVID-19 vaccines, the final agreement between the UK and the EU, and the outcome of the US elections seemed to have boosted the

confidence of investors and issuers, driving markets to end the year on a high note.

Key Indicators

Equities

- After a sharp drop (20.7%) in Q1, domestic market capitalisation quickly recovered, reaching pre-pandemic levels by the end of Q2.
- In November 2020, global market capitalisation passed the 100 USD

trillion mark for the first time, ending the year at 109.21 USD trillion, up 19.7% when compared with the end of 2019.

- While there was an overall 1.1% increase in the number of listed companies relative to 2019, EMEA accumulated three consecutive years with a contracting trend.
- In 2020, equity markets saw record-high levels of value traded (53.7%) and volumes (56.0%) compared with the previous year.
- After reaching a peak in March, higher value-traded and volumes became the new normal, persisting through the year: in Q4, the number of trades stood at 9.54 billion and the value of trades amounted to 34.81 USD trillion.
- When compared with 2019, the number of new listings through IPOs and investment flows through IPOs increased significantly, by 25.7% and 36.8% respectively.

There was a 1.1% increase in the number of listed companies.

- These numbers reflect how exchanges have continued to play an active and fundamental role in supporting their underlying economies even during this uncertain year.

ETFS were up in Q4 2020

The value and volume traded in ETFs saw an increase during Q4 2020 by 12.3% and 4.6% respectively, driven by a positive performance across all regions. It was up 37.0% in the Americas, 289.0% in APAC, and 95.9% in the EMEA region. Overall in 2020, value and volumes of trades in ETFs were up 42.3% and 73.6%, respectively, relative to 2019.

Exchange traded derivatives (ETDs)

- Derivatives trading rose for almost all contract types, and in all regions. Options trading increased more than futures trading. Overall, in 2020, exchange traded derivatives volumes were up 43.0% when compared with 2019, reaching a record 46.28 billion contracts traded.
- In 2020, ETDs saw significant increases in volumes, mainly in single stock futures (99.5%) and ETF options (77.6%), the former being driven by the Americas (1,202.0%), in particular by B3-Brasil Bolsa Balcão.

Domestic market capitalisation

All regions registered an increase compared with 2019: 21.7% in the Americas, 24.3% in APAC and 9.7% in EMEA. In the Americas, Nasdaq and NYSE added 46.6% and 12.5% respectively. In APAC, Shanghai

Stock Exchange added 36.6%, Hong Kong Exchanges and Clearing 25.1%, Japan Exchange Group 8.5% while in the EMEA, Nasdaq Nordic and Baltic increased by 30.9%, SIX Swiss Exchanges by 9.1% and Deutsche Börse by 8.9%.

New listings, investment flows and IPO activity

Despite the uncertainty brought by the pandemic, there was an increase of 25.7% in new listings through IPOs relative to 2019, which highlights the role that exchanges play in funding the real economy, of particular importance during challenging times. The increase in new listings was due to an uptick in the three regions: Americas (20.6%), APAC (21.2%) and EMEA (55.2%). Compared with Q4 2019, the global number of IPOs in Q4 2020 also significantly increased (36.4%). The

average size of an IPO increased to 187.06 million USD from 171.93 million USD in 2019.

Nandini Sukumar, WFE CEO commented;

These numbers reflect how exchanges have continued to play an active and fundamental role in supporting their underlying economies even during this unprecedented year. While 2021 will remain volatile, and much remains unknown about how and when we will find our way through the pandemic, public markets remain open for those who need them, stand ready to finance inclusive growth and support those who seek to mitigate risk.



Nandini Sukumar, WFE CEO

Source: World Federation of Exchanges Website

Note: The BSE is an Affiliate of the World Federation of Exchanges

● SME Development

BSE ROLLS OUT SECOND INSTALMENT OF THE TSHIPIDI MENTORSHIP PROGRAMME

On the 4th of March 2021, the BSE rolled out its second instalment of the Tshipidi Mentorship Programme (TMP), the objective of which is to provide practical training to SMEs through a comprehensive and interactive programme that covers the key themes necessary to prepare and position a company to list on the BSE.

Instituted in 2019, the first round of the TMP received overwhelming reception from the SME sector as well as support from fellow corporates and industry experts who volunteered their time and expertise to the programme. The essence of the programme is to coach small-medium businesses in improving their structures of governance, financial reporting and commercial law among other fundamental elements crucial to corporatisation and ultimately becoming a listed company.

BSE experts and other advisers to the listings ecosystem provide a wholesome approach to demystifying the value proposition of listing a company and allows the cohort to take way valuable lessons to apply to their respective business operations for long-term growth.

The closing date for applications was 31st March, 2021.

As Homec Investments (Pty) Ltd our participation in the inaugural Tshipidi Mentorship Programme was inspired by our ambition to build and grow the Company into an entity of repute.

As Homec Investments (Pty) Ltd our participation in the inaugural Tshipidi Mentorship Programme was inspired by our ambition to build and grow the Company into an entity of repute. As shareholders whilst it is important to realise returns on the investments that we have put into building Homec Investments, the most important return would be us realising our vision of getting Homec to levels that would far surpass our lifetime as founders. We

are driven to have Homec Investment become a legacy company whose benefit would go beyond its current set of shareholders. Ultimately the vision is to list and turn the company into a public listed entity. We believe that we have the value proposition that would interest potential shareholders to invest in Homec and join in on this journey. The essence of listing is to achieve economic inclusivity and through that realise shared value and

long-term sustainability. The Tshipidi Mentorship Programme has been a worthwhile intervention; through which we have gained valuable skills that have brought us closer to realising this vision. One of the fundamental takeaways of the programme is the vital business management insights on how to implement certain processes that can position SMEs for growth. In the next couple of months, we expect to embark on the ambitious adventure of seeking approval from the BSE to list the Company which would be a testament to the effectiveness of Tshipidi.



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Ticano Group (Ticano) is a 100% Citizen Owned Supply Chain Finance firm, registered in Botswana, regulated by Non - Bank Financial Institutions Regulatory Authority (NBFIRA), and endorsed by the Ministry of Investment, Trade and Industry. Ticano is a rapidly growing, well managed non-bank business lender.

The company provides best-in-class services focusing on delivering funding, business support and market access to start-up and growth enterprises through locally developed capacity. Their main products are **Purchase Order Financing** and **Invoice Discounting** to the SME market, providing much needed structured finance support to various economic growth-oriented industries including, agribusiness supply chain, healthcare, power and infrastructure and education. The nature of the financing is very short term, with most

repayments being fully paid within 30 days, and a maximum tenor being 120 days. Over the next 10 years, Ticano seeks to fund and support 15,000 start-ups as well as existing SMEs which will create more than 75,000 sustainable jobs, and improve an estimated 300,000 livelihoods in the districts across the country. Ticano's financing model is aligned to the Sustainable Development Goals (SDGs), crucial to the Leaving No One Behind principle that is central to the 2030 Agenda 5, support SMEs growth by providing innovative financing



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solutions and systematic entrepreneurship training programmes. The Addis Ababa Action Agenda on Financing for Development underlined the importance of SMEs to job creation and innovation for sustainable development in developing countries. Ticano considers access to finance a basic human right. Every hardworking dreamer with

vision, integrity and great business deserves a chance. That's why the company exists - To be there for the little man and woman. Even in remote villages.

● Market Performance Report

Q1 2021 REPORT FROM BSE

1. EQUITY MARKET PERFORMANCE

1.1. Analysis of Equity Indices

During Quarter 1 of 2021 the Domestic Company Index (DCI) depreciated by 5.1% in comparison to a decrease of 0.1% during the same period in 2020 and the Domestic Company Total Return Index (DCTRI) depreciated by 4.4% in comparison to an increase of 0.6% in the corresponding 2020 period.

The Foreign Company Index (FCI) appreciated by 0.2% on a year to date basis in 2021 compared to a decline of 0.7% over the same period in 2020.

A synopsis of the overall performance of the market is presented in Figure 1.

Figure 1: *Equity Market Performance Statistics*

1 January – 31 March 2021	
Index Performance	
DCI	6,528.39
% Change	(5.1)
DCTRI	1,591.41
% Change	(4.4)
FCI	1,550.93
% Change	0.2
Liquidity	
Turnover (P' Million)	113.7
Average Daily Turnover (P' Million)	1.8
No. of Shares Traded (Million)	87.5
Market Capitalization	
Domestic Companies (P' Million)	33,820.3
Foreign Companies (P' Million)	356,140.9
Total (P' Million)	389,961.2
Market Indicators <small>Note 1</small>	
P/E Ratio (times)	12.3
Dividend Yield (%)	4.3
Price/Book Value (times)	1.5

Note 1: Earnings, Dividends and Book Value based on the last audited financial statements

1.2. Analysis of Equity Turnover

The volume of shares traded during the review period were higher than in the corresponding period in 2020. As at the end of Quarter 1 of 2021, a total equity turnover of P113.7 Million was recorded from traded volumes of 87.5 Million shares compared to P185.0 Million recorded from 81.8 Million shares in 2020.

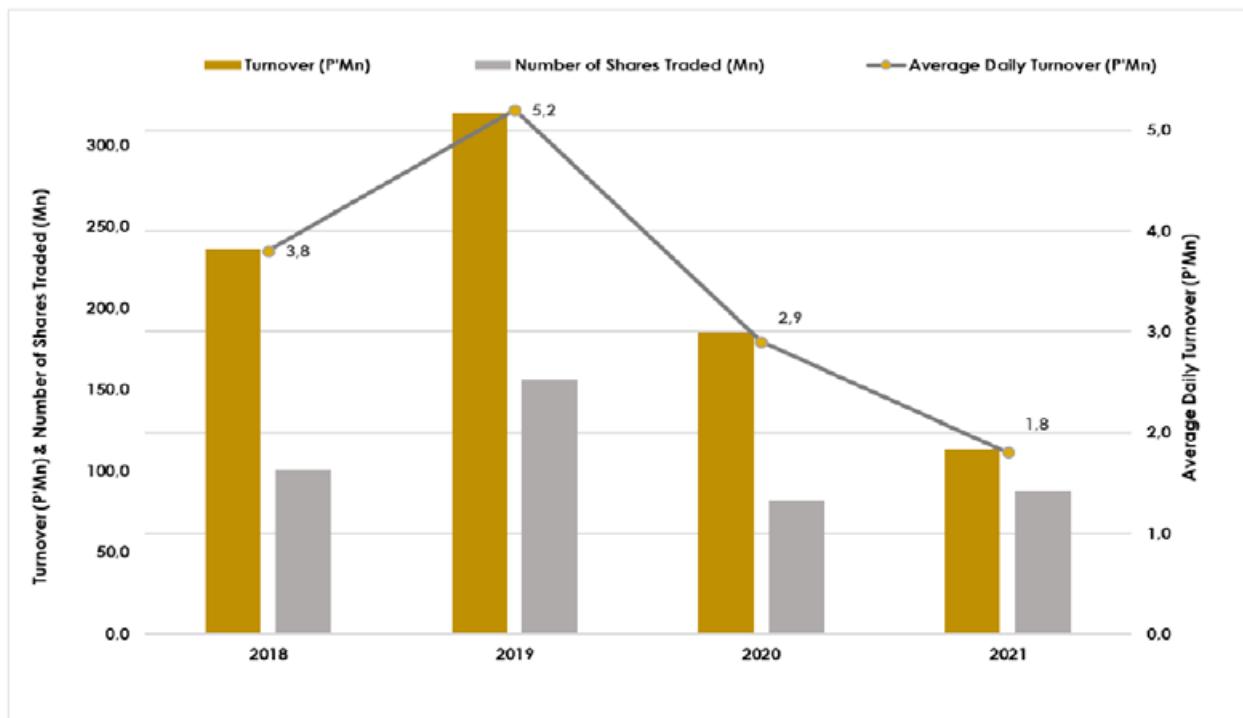
On a monthly basis, the month of March experienced the highest turnover followed by February. Figure 2 and Figure 3 present liquidity trends between 2018 and 2021 on a year-to-date basis.

Figure 2: Liquidity: 2018-2021

Liquidity Note	2018	2019	2020	2021
Equity Turnover (P' Million)	236.2	320.0	185.0	113.7
Average Daily Turnover (P' Million)	3.8	5.2	2.9	1.8
No. of Shares Traded (Million)	100.7	156.1	81.8	87.5

Note: Year to 31 March

Figure 3: Trend in Liquidity, Equities: 2018-2021



The top 3 traded companies during the period under review were Letshego (P40.2 Million), PrimeTime Property (P18.0 Million) and Standard Chartered Bank (P15.5 Million). The total turnover from these 3 companies accounted for 64.8% of total equity turnover, with the leading counter Letshego accounting for 35.3% of total equity turnover. In comparison to the same period in 2020, the top 3 traded companies accounted for 61.2% of total equity turnover with the leading counter Letshego accounting for 22.6% (P41.8 Million) of total equity turnover. The rankings of companies by turnover thus far in 2021 is shown in Figure 4.

● Market Performance Report

Q1 2021 REPORT FROM BSE [Continued]

Figure 4: Companies Ranked by Turnover (BWP): Year-to-31 March 2021

COMPANY	January Turnover	February Turnover	March Turnover	Total Q1 Turnover
LETSHEGO	16 305 362,25	11 227 383,51	12 658 139,82	40 190 885,58
PRIMETIME	37 096,74	963,90	17 988 627,28	18 026 687,92
STANCHART	176 302,60	12 543 289,90	2 756 691,00	15 476 283,50
SEFALANA	5 565 762,70	1 595 790,44	497 026,53	7 658 579,67
TURNSTAR	575 382,50	2 840 820,15	4 168 223,44	7 584 426,09
SECHABA	527 483,60	732 469,15	2 344 679,76	3 604 632,51
FNBB	1 568 118,20	1 003 946,95	848 943,24	3 421 008,39
BTCL	1 130 498,58	1 487 131,80	554 670,67	3 172 301,05
CA SALES	2 142 836,74	966 113,06	15 004,88	3 123 954,68
BIHL	613 795,00	1 451 431,05	927 237,50	2 992 463,55
NAP	1 448 095,20	692 284,65	805 670,01	2 946 049,86
ABSA	242 859,39	273 054,40	1 126 186,80	1 642 100,59
ENGEN	602 618,00	271 066,90	215 491,81	1 089 176,71
LETLOLE	706 219,97	103 120,00	165 960,25	975 300,22
CHOPPIES	482 410,20	14 476,80	112 103,40	608 990,40
CHOBE	251 743,28	49 792,20	3 387,10	304 922,58
OLYMPIA	-	-	253 806,24	253 806,24
MINERGY	13 171,20	178 487,20	21 051,20	212 709,60
FPC	67 387,93	-	31 237,50	98 625,43
TLOU	607,86	6 092,14	70 747,00	77 447,00
SEED Co	2 026,80	44 000,00	23 100,00	69 126,80
G4S	-	-	59 511,00	59 511,00
RDCP	45 526,25	-	-	45 526,25
LUCARA	14 715,03	13 244,00	10 248,00	38 207,03
CRESTA	29 832,40	477,50	-	30 309,90
ABC	-	-	20 825,64	20 825,64
BOD	3 449,52	-	-	3 449,52
ANGLO	-	-	-	-
AFINITAS	-	-	-	-
INVESTEC	-	-	-	-
SHUMBA	-	-	-	-
TOTAL	32 553 301,94	35 495 435,70	45 678 570,07	113 727 307,71

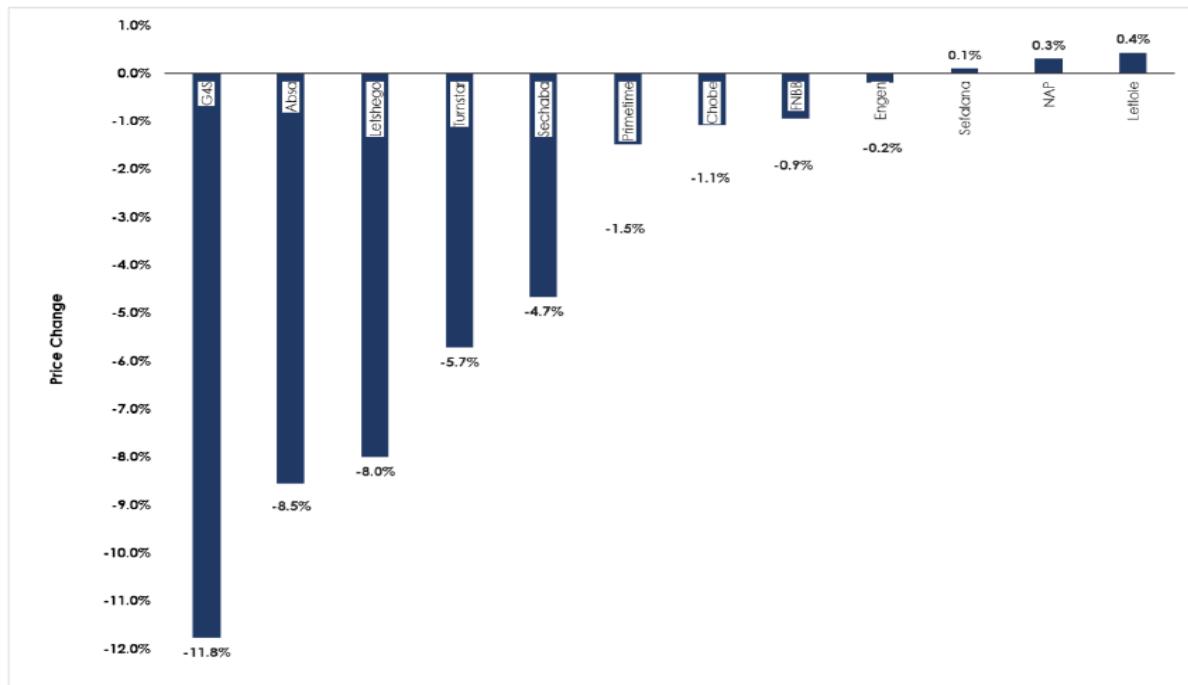
Note 1: Earnings, Dividends and Book Value based on the last audited financial statements

Market Performance Report ●

Figure 5 shows the share price performance of listed companies during the period under review. Of the 31 listed companies, 9 depreciated in share price, 3 appreciated in share price while 19 experienced no share price change.

The top gainer over the month was Letlole with a 0.4% growth in share price, followed by New African Properties (NAP) and Sefalana with gains of 0.3% and 0.1% respectively. G4S experienced the biggest decline in share price of 11.8%.

Figure 5: Share Price Performance: 1 January – 31 March 2021



Note: Companies that did not experience share price movement are excluded from graph

1.3. Investor Contribution to Equity Turnover

As can be observed in Figure 6, local companies contributed 49.2% to total equity turnover or P33.5 Million in monetary terms while local individuals contributed 6.8% during the year to 28 February or P4.6 Million in monetary terms. Foreign companies contributed 26.7% or P18.1 Million to total equity turnover while foreign individuals and brokers contributed 17.2% (P11.7 Million) and 0.1% (P0.7 Million) to equity turnover respectively.

Figure 6: Investor Contribution to Turnover: 1 January – 28 February 2021

Investor Category	Turnover (Pula)	Equity Turnover Contribution
Foreign Companies	18,138,977.83	26.7%
Foreign Individuals	11,734,446.14	17.2%
Local Individuals	4,615,371.67	6.8%
Local Companies	33,488,813.31	49.2%
Brokers	71,128.70	0.1%
Total	68,048,737.64	100.0%

● Market Performance Report

Q1 2021 REPORT FROM BSE [Continued]

2. COMPARATIVE PERFORMANCE OF THE BSE WITH SELECTED MARKETS

Figure 7: Comparative Performance with other Indices: 1 January to 31 March 2021

Index	Index Change (%)	
	Local Currency	US Dollar Terms
JSE ALSI	11.9	11.3
SEMDEX	-2.9	-5.2
DCI	-5.1	-7.7
MSCI EM	1.9	1.9

As can be observed in Figure 7 above, compared to the SEMDEX which lost 2.9% of its value, the DCI declined by 5.1% so far in 2021 in local currency terms. The index tracking Emerging Markets equities (MSCI EM) appreciated by 1.9% while the JSE All Share Index (JSE ALSI) increased by 11.9% over the period.

In US Dollar terms, the SEMDEX and the DCI lost 5.2% and 7.7% respectively due to the strengthening of the US Dollar against the local currencies in the period under review. The JSE ALSI on the other hand appreciated by 11.3%.

Source: Bloomberg, BSE

3. PERFORMANCE OF EXCHANGE TRADED FUNDS (ETFs)

ETFs turnover thus far in 2021 amounted to P25.1 Million in comparison to P93.2 Million generated during the same period in 2020. In terms of volume, ETFs traded 165,341 units in 2021.

The NewPlat ETF price gained 37.0% while NewFunds and NewGold ETF prices declined by 4.3% and 5.1% respectively so far in 2021.

Figure 8 summarises the comparable ETF performance for 2020 and 2021 on a year-to-date basis

Figure 8: Performance of ETFs: Year-to-31 March 2021

Indicator	1 Jan – 31 Mar 2020			1 Jan – 31 Mar 2021		
	NewGold	NewPlat	NewFunds	NewGold	NewPlat	NewFunds
Turnover (P'Million)	54.2	39.0	0.0018	14.6	10.5	0.0003
Units Traded	317,974	374,015	35	78,075	87,260	6
Price Change	21.2%	3 .2%	4.4%	-5.1%	37.0%	-4.3%

4. BOND MARKET PERFORMANCE

As can be observed in Figure 9 the value of bonds traded during the period under review was P527.5 Million compared to P162.5 Million traded during the same period in 2020.

Figure 9: Analysis of the Bond Market Performance

	1 Jan – 31 Mar 2020	1 Jan – 31 Mar 2021
Value Traded (P'Mn)		
Corporate Bond Turnover (P' Mn)	1.3	4.9
Government Bond Turnover (P' Mn)	161.2	522.6
TOTAL	162.5	527.5
Market Capitalisation (P' Bn)		
Corporate Bond Market Cap (P' Bn)	5.5	5.5
Government Bond Market Cap (P' Bn)	12.7	16.1
TOTAL	18.2	21.6
Number of Bonds Listed		
Government Bonds	7	6
Corporate Bonds	40	38
TOTAL	47	44



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E DIRILWENG MO LEFELONG LE LE TLHATLHOBILWENG,
E DIRILWENG KE BATHO BA BA TLHATLHOBILWENG,
RE TSAYA BOTSGOGO JWA GAGO KA TLHWAFALO ”**

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5 x 100g Burger patties @ BWP10
4 x 125g Steak Ribs @ BWP50

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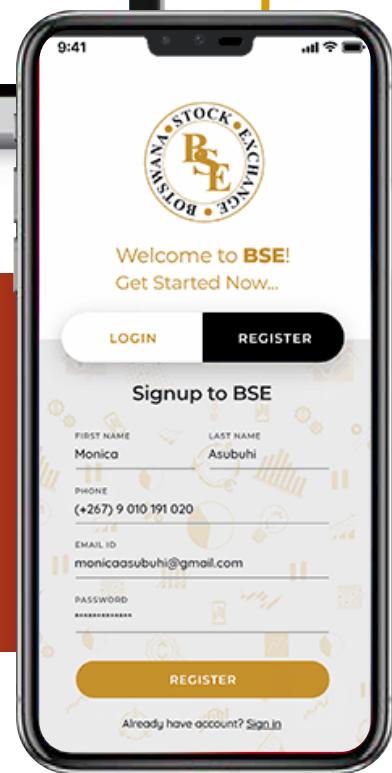
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GLOBAL DEPOSITORY RECEIPTS (GDRs) AND COMMERCIAL PAPER (CP)

The BSE hosted the first instalment of the GDRs and CP workshop, on the 9th of February 2021. This initiative follows the concerted efforts by the BSE to establish the frameworks necessary to enable the listing of depository receipts and commercial paper.

The concept of depository receipts dates back to the 1920s. Before then, American investors who wanted to invest in foreign companies not listed in America had the impractical and arduous option of doing so through international exchanges. Although we live in an era full of digital solutions to facilitate trades across borders more seamlessly, there still exists obstacles that could potentially be daunting to an investor wishing to invest

internationally. The prominent ones are currency-exchange restrictions and regulatory dissimilarities between the domestic and foreign stock exchanges.

Most Exchanges across the globe and a few in Africa have succeeded in making depository receipts a mainstream investment instrument, whereas in the Botswana market, it is a novel notion. To clarify, GDRs are transferable securities (debt or equity) issued through a depository bank in the form of a certificate representing ownership of a given number of shares of a foreign listed company. The security is registered in the name of the depository bank who then issues the DRs to investors. Essentially, a local company listed on the BSE can have its shares traded in foreign markets by issuing a GDR in foreign stock exchanges, representing the shares on

the BSE. Similarly, a foreign company listed on the New York Stock Exchange (NYSE), as an example, can have its shares traded on the BSE by issuing a GDR on the BSE representing the shares listed on the NYSE.

In a bid to deepen the capital markets through product diversification, we have submitted our draft Botswana Depository Receipts Listings Requirements to our regulators for approval. When DRs are listed outside of their home country, they are called by the local country's name, hence the name Botswana Depository Receipts (BDRs). BDRs in this instance are defined as securities which are listed and traded on the BSE which confer ownership of a specified number of the underlying securities issued by a foreign underlying entity.

● Feature

GLOBAL DEPOSITORY RECEIPTS (GDRs) AND COMMERCIAL PAPER (CP)

[Continued]

Available literature and practical examples from developed Stock Exchanges show that DRs play a significant role in expediting the international growth and visibility of their issuers, and that of the Exchanges in which they are listed and traded. Furthermore, persuasive case studies are evidencing the instrumental position of DRs in different types of cross-border transactions, such as privatisations, mergers and acquisitions, corporate actions, and strategic objectives.

It has been found that DR issuances are the most appealing and responsible for a considerable number of successful privatisations, compared to the other methods used in the privatisation process all over the world. Another benefit is that companies that partake in DRs can inspire foreign investment exclusive of barriers to entry that investors might typically face such as variances in currency, language barriers and unstable regulations.

DRs also enlarge the market for issuers' shares, potentially increasing liquidity. Moreover, availing BDRs to the local market provides the investor (institutional and retail) an opportunity to diversify their investment portfolios, access to some of the most profitable listed companies in leading stock exchanges, as well as dividend earnings in hard currency.

Once approval of the BDR Listings Requirements is granted, the BSE will begin the implementation process and embark on a robust marketing and sensitisation campaign, including refresher workshops, perpetual

public education and regular market reviews to progressively improve the investment environment. Interactions with the market participants that attended the workshop in February 2021 indicated palpable interest and excitement for the prospect of issuing and investing in BDRs.



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- Financial instruments offered by the BSE
- The process of investing in Bonds in Botswana.

July - September

- Listing process and the various players that are associated with the listing value chain.
- Registered Advisors.
- The advisor's role in the listing process.

April - June

- Breakdown of the products offered by the BSE:
 - Bonds
 - Equities
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THE VALUE OF PUBLIC PARTNERSHIPS IN BOL PROSPERITY

By Mr. Koobonye Ramokopelwa

Business Journalist

Sustained economic growth in the face of adversities depends in part on the proper execution of Public Private Partnerships (PPPs). PPPs hold the key to the country's sustained economic growth amid challenges which have been worsened by the current COVID-19 pandemic. The need for government to partner with the private sector to deliver important national projects is critical especially when the public coffers have almost run dry as seen from the 2021/2022 Budget delivered early February 2021.

In Botswana, PPPs are largely defined as a contractual arrangement between a government institution and a private sector entity whereby the private sector entity provides public infrastructure and/or infrastructure related services and where the provision of such is based on measurable input, governed by a payment mechanism that provides payment only on delivery of services at required standards. The PPPs model has been in existence locally for over two decades with a handful of projects delivered. In a paper titled 'Financing Public Private Partnerships in Botswana through the Capital Market', published in March 2020, a Botswana Institute for Development Policy Analysis (BIDPA) report indicates that there have been some notable achievements in promoting PPPs in the country. Most PPPs achievements relate to policy formulation. In addition, the private sector entities have previously made clear their readiness to partner with government for the

delivery of projects which can help grow and diversify the country.

In the same report, it noted that policy documents reviewed demonstrate government's acknowledgement of the important role PPPs in infrastructure development play. However, it appears implementation has been the main challenge. So far what is in place for the country as far as policy formulation and framework for PPPs are concerned include the Privatisation Policy (2000), PPP Policy and Implementation Framework (2009), establishment of the PPPs unit and Financial Sector Development Strategy. The PPPs policy is aimed at providing an optimal balance between the public and the private sector contributions to achieve sustainable economic growth. On the other side, the Privatisation Policy has acknowledged PPPs as one of the strategies to engage the private sector in providing public infrastructure and related services.

In Botswana, publicly-known achievements of PPPs include the Ombudsman and Land Tribunal Office Accommodation project and Southern African Development Community (SADC) Head Quarters in Gaborone. Lately, government has updated that it is amending certain procurement laws to accommodate PPPs as a procurement method and will also be putting out a draft PPP law for consultation, which are the appropriate steps in creating an enabling environment PPPs to thrive.

In recent times, government has shown eagerness to implement projects under PPPs. Finance and Economic Development Minister, Dr. Thapelo Matsheka stressed the need for PPPs to take centre stage in the socio-economic development of the country when delivering the 2021/2022 Budget Speech, highlighting that, "to alleviate pressure on the Government budget in the short to medium term, other forms of projects delivery such as the Public Private Partnerships continued to be pursued on planned projects," adding that several ministries have already identified suitable projects for implementation under PPPs model. For example, the Ministry of Land Management and Sanitation has already invited the private sector for partnership in relation to the reclamation and treatment of the waste water project in Glen Valley, near Gaborone. The Ministry of Mineral

PRIVATE PLSTERING ECONOMIC



Resources, Green Technology and Energy Security has also pre-qualified bidders for the coal to liquid project. The overseer of the above project is Botswana Oil Limited, the national oil company.

When it comes to PPPs implementation, it is quite safe to state that Botswana is a greenhorn. This basically means it can learn a lot from others, especially from mature economies and from neighbouring economies such as South Africa. BIDPA is of the view that the country can take a leaf from countries such as Australia, Netherlands and Scotland as far as PPPs implementations is concerned. In Australia, as a result of PPPs, there has been reduced congestions in Melbourne, especially on road leading to the city centre. The project was a concession based on user fees and government provided no additional subsidies. "Another lesson

is that the project financing techniques can be adapted to seasons when there are changes in traffic flows that can affect fees charged. Botswana's major cities suffer from traffic jams just as Melbourne did. Therefore, benchmarking from this model may help Botswana," said the BIDPA report. The project was a Build, Own, Operate and Transfer.

On the flipside, PPPs are not always perfect as seen in the case of the Netherlands. In 1993 the Netherlands completed what was called The Wijker Tunnel Project. The project was a concession guaranteed by government. "The risk transferred to the private sector was limited by a government guarantee in relation to traffic flows. The guarantee resulted in the public sector providing much greater funding than was originally anticipated and the project became regarded as a failure as it did not offer value for money," said the BIDPA report.

South Africa delivered two successful PPP projects that can serve to inspire implementation in Botswana, being the Gautrain under the Bombela Concession Company and the N1, N4 roads under the Bakwena Platinum Corridor Concession. Common to these two, some of the capital was raised on the stock exchange through infrastructure bonds to complement shareholder capital. Given the abundance of capital in Botswana vis-à-vis the availability of investment instruments, parties to PPPs in Botswana should similarly explore Botswana's deeper pools of long term capital to support PPP projects, using the BSE as the platform for capital raising.

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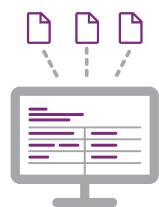
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SPECIAL ECONOMIC ZONES OFFER HOPE DESPITE ECONOMIC UNCERTAINTIES



For decades, the domestic legislative environment and the comparative advantages have positioned Botswana competitively to attract foreign direct investment. Investors have been keen to invest in sustainable projects that are contributing to the economic transformation and diversification as we see in recent times.

Undoubtedly, Botswana has always been competing aggressively with peers and more developed countries for global investors as capital is borderless. To remain competitive, the country found it fitting to establish the Special Economic Zones (SEZs) to help the country remain relevant and attractive to investors both locally and internationally. SEZs are designated geographical spaces within the national economic space that are governed by special administrative, regulatory and fiscal regimes which are different from those applied in the rest of the domestic economy. In Botswana, the SEZs model was first mooted by the then Business and Economic Advisory Council (BEAC) in 2005. Just more than 15 years later, the investment landscape

has changed dramatically owing to the current business climate which has been affected by weak economic growth and the COVID-19 pandemic. This scenario has presented an even challenging environment which has made investor attraction and retention more difficult.

Nonetheless, those tasked with establishing and running the SEZs are of the strong view that the SEZs can help drive economic growth amid adversities which the country finds itself in now. In an interview with BSE News publication, Director: Investor Attraction at Special Economic Zones Authority Botswana (SEZA), Mr. Joel Ramaphoi explained that SEZs can help boost government's current efforts of stimulating industrialisation and structural transformation, a process which can help drive sustainable economic development. "In particular, their importance can be viewed in terms of the role they can play in reinforcing and supporting manufacturing development and employment creation in Botswana," stated Ramaphoi.

● Feature

SPECIAL ECONOMIC ZONES OFFER HOPE DESPITE ECONOMIC UNCERTAINTIES [Continued]

Botswana currently has 8 SEZs which cover an array of areas, ranging from horticulture, aviation, energy to fintech services, just to name a few. Some of the centres that have been selected to house SEZs include Pandamatenga, Sir Seretse Khama International Airport, Selebi Phikwe, and Francistown, among others. Sir Seretse Khama International Airport and Pandamatenga SEZs were the first to be developed. To this end, P100 million access roads tender has been awarded and work has already started at Sir Seretse Khama International Airport SEZ.

Ramaphoi, who is also a former banker, told this publication that the time was ripe for SEZs to play a critical role in the country's economic and developmental agenda. "In today's context, where the country has to continue to strike a balance between strengthening COVID-19 health response and undertaking a massive development programme, the government requires huge amount of funds. Government, thus, has to look for potential partners to help carry out the programme. For setting up SEZs, the government works with private partners who are willing to invest in the country. The government provides capital required to establish infrastructure and the associated expertise.

The private investors have an opportunity to set up within the SEZs and thrive in an incentivized environment, thus a win-win for both," he said.

Finance and Economic Development Minister, Dr. Thapelo Matsheka has already explained that Cabinet has approved a comprehensive and internationally competitive incentive package, which SEZA will use to attract Foreign Direct Investment (FDI). These incentives include, among others, provision of fully serviced land, fast tracking of land allocation, and providing single window and streamlined investor facilitation processes. Meanwhile, President Dr. Mokgweetsi Masisi has announced that the SEZA currently has fifteen potential investors, with an estimated investment value exceeding P10 billion.

He disclosed that the first company was licensed in June 2020 and will begin to operate as a brownfield investment company from Sir Seretse Khama International Airport (SSKIA) to help expand its operations in Botswana. Three others are at licensing stage. In addition, the detailed design and land servicing of the SSKIA Special Economic Zone Phase 1, which measures approximately one hundred hectares (100ha) has commenced and it is planned to be completed in May 2021. Furthermore, the design and construction of twelve (12) steel

grain silos with an overall storage capacity of sixty thousand 15 (60 000) metric tonnes is underway at the Pandamatenga Special Economic Zone and will be completed by August 2021.

Ramaphoi noted that, globally, SEZs have helped upscale most economies. "A number of countries have successfully implemented the SEZs as an instrument to grow their economies. These include China, Korea, Vietnam, Taiwan, Mauritius and Dubai (Jebel Ali), among others. Lessons drawn from these countries suggest that no universal formula exists to measure the SEZs success. This success depends on whether it (success) meets the objectives defined when it was established. But generally, it is in a time horizon of 10 to 15 years. Given that SEZs take time to generate impact, one should not declare their "success" or "failure" too early to avoid killing SEZ programme prematurely," he said.

SEZA wants to be counted among the best hence it has also benchmarked against countries which adopted and implemented SEZs as an instrument to develop their economies. "This is both within and outside Africa. Many SEZs in Africa are still in the early stages of establishment and implementation. But generally, the success of African SEZs particularly in Sub-Saharan Africa is limited to only a few countries such as Mauritius and Kenya," he said.

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MOVING BEYOND BUSINESS-AS-USUAL: PLANNING AND BUDGETING POST COVID-19

By Dr Onkokame Mothobi - Lecturer at University of Botswana, Department of Economics and an Associate Researcher at Research ICT Africa, Cape Town



Introduction

On the 3rd February 2021, the Minister of Finance and Development, Dr. Thapelo Matsheka delivered the 2020/2021 budget speech to the National Assembly.

The Minister emphasized the Government commitment to transforming the economy through ICT, creating sustainable jobs, fighting corruption, attracting local and international investors, improving education and training and quality

health care in order to create an inclusive economy with greater citizen participation. The most noticeable thing about the budget is that it aligns and builds on the 2019/2020 budget with a common objective of transforming Botswana economy from a middle-income status to high-income status by year 2036. In continuing the transformational agenda, the budget is largely guided by the national priority areas, as encapsulated in the National Development Plan 11 (NDP 11), of promoting export led growth, ensuring

more efficient government spending and financing, building human capital and provision of appropriate infrastructure.

As reported by the Minister, the current objectives were set under the auspices of positive global and domestic economic outlook at that time but the coronavirus pandemic has thrown everything into disarray forcing countries to channel financial resources towards the fight and attainment of COVID-19. Due to

COVID-19, Botswana growth rate is reported to have been 24% lower in the second quarter of 2020 as compared to the same period in 2019, with the economy expected to shrink by 7.7%. Most sectors in the economy recorded negative growth as a result of strict social distancing measures. Amongst the hardest hit being the Mining, Trade, Hotels and Restaurant, Construction, and Manufacturing. It reported that the mineral revenues in 2020 dropped by P13.46 billion, 67.2%, from P20.02 billion to P6.56 billion. On the other hand, VAT decreased from P8.55 billion to P7.1 billion while the non-mineral income tax also declined. Given the current health and economic crisis the country would neither ascend to a high-income status nor be able to generate enough jobs.

Same pattern of spending

Despite the advent of coronavirus pandemic and a significant reduction in the traditional sources of revenue, the expenditure pattern does not reflect any deviations from previous budgets. Just like in the year 2020/2021, the bulk (73.2%) of the proposed budget is allocated to the to the Ministries of Basic Education (18.8%), Defence Justice and Security (16.6%), Health and Wellness (15.6%), Local Government and Rural Development (14.1) and Tertiary Education Research Science and Technology (9.1). The allocations for these Ministries show an overall increase in expenditure from 61.8% to 73.2%. the revised current year's expenditures.

The government of Botswana seems to have taken a bold step of continuing with the 2020/2021 plan of prioritizing water supply and major transport infrastructure projects disregarding the potential pressures of the COVID-19 on the already poor health infrastructure. Botswana's health infrastructure has been strained and overwhelmed by the rising cases of coronavirus and the budget should have prioritized this sector, with the larger share of the developmental budget allocated to maintenance, development of the health infrastructure. However, the Ministry of Land Management, Water and Sanitation takes the largest share of the proposed development budget at P3.4 billion, representing 23.06% of the total development budget. The second largest share at P1.85 billion or 12.51% is allocated to the Ministry of Transport and Communications. The third largest goes to the Ministry of Defence, Justice and Security (11.15%) while the fourth goes to the Ministry of Basic Education (10.91%). Clearly, more than 70% of the proposed development will mainly be for continued implementation of projects that were planned before the COVID-19 pandemic and the proposed budget does not in any way respond to the current situation that Botswana finds itself in. Moreover, the current budget does not in any way talk to the core priorities of transforming Botswana into a high-income economy, creating inclusive opportunities, creation of jobs and establishing Botswana as an export led economy. On the other hand, there is nothing new in terms of

what the budget wants to achieve but its only coming with better strategy of implementing policies that were developed before the current health pandemic and economic uncertainty.

Fiscal crisis

As reported by the Minister, the country's fiscal position is on an unsustainable trajectory. The country has been running deficit for the past four consecutive year. According to the 2020 BSP, in 2020 Botswana recorded a cumulative budget deficit of about P16.11 billion. The 2021/2022 proposed revenues and expenditure are expected to result in a budget deficit of P6.03 billion, representing about 2.87% of GDP. However, the government experienced large deficit in the beginning of NDP 11 which have resulted in the depletion of Government Investment Account, which has declined from an opening balance of P18.5 billion at the end of 2019/20 Financial Year to P5.6 billion as at November 2020, a decline of 72 percent. More concerning is that the proposed deficit is hinged upon the recovery of diamonds.

In order to attain sustainable fiscal stance, the government proposes a number, one of which include right sizing the public sector. The dominance of the government in economic activities has over time lead to an unsustainable public sector wage bill. This has led attracted criticism from a number of quarters including the International Monetary Fund (IMF).

● Feature

MOVING BEYOND BUSINESS-AS-USUAL: PLANNING AND BUDGETING POST COVID-19 [Continued]

When delivering his 2020/21 budget speech, the Minister acknowledged this concern and reported that the public sector wage bill, which stood at P12 billion in 2012/2013, have grown substantially and stands at P2 billion per month (24 billion per year). Of course, the current wage bill has also been ballooned by restructuring of the defence forces salaries, and the 10% and 6% wage increase. The Minister reported that the current wages, salaries and pension contribution paid by the government stands at 15% of GDP (see Figure 1), way above the estimated sustainable level of 10% of GDP. While this is a welcome policy, if not implemented well it might lead to unsustainable unemployment rate. Other than stating that the Government will abolish 50% of vacant positions, there is no clear strategy on how this is going to be achieved.

Given the high unemployment rates and more specifically among the youth, the Government need to take careful consideration when implementing this policy (resizing the public sector) such that it does not accelerate the current unemployment levels. As a matter of fact, the government might consider shaving out some services to the private sector. This might be implemented in such a way that those who are retrenched are provided with entrepreneurial training and given first preference when outsourcing such services. On the other hand, the government might consider, giving out business loans through CEDA to those who are willing to leave the public sector.

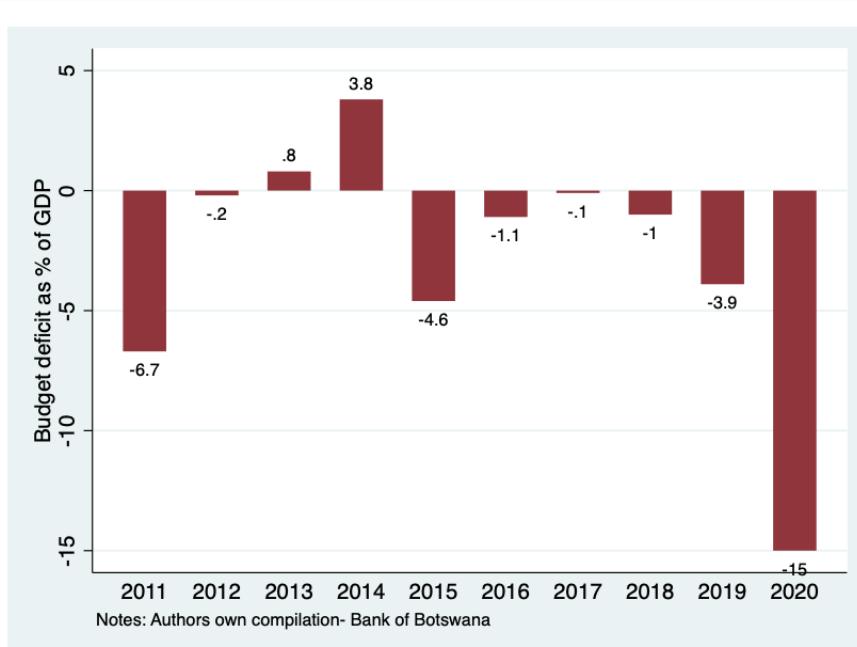
The government has also proposed to broaden its revenue base via increased and new taxes. This includes an increase from 12% to 14% of VAT, increased rate of fuel levy by P1 per

litre, withholding tax on dividend income increased from 7.5% to 10%. As already stated this budget is simply implementing old policies. How do we reconcile the COVID-19 economic response package with the current budget proposal? As a matter of fact, people have lost jobs during the COVID-19 and for the most part of the year, majority of the unemployed who could not be employed by the formal sector and earn their living in the informal sector will be without income due to closer of the entertainment sector. Other proposed taxes include levy on sweetened beverages and levy on imported second hand vehicles. Individuals earning less than P4,000 will not pay income tax.

Should we be worried?

One of the interesting questions that academicians and policymakers always ask themselves is - is a budget deficit a problem? There is clearly no straight answer to this question and in most cases an obvious answer will be "it depends". Of course, it depends on what the deficit was financing. If it was financing investment projects, no worries but for the case of Botswana and more specifically since the beginning of the NDP 11, we should be worried. On the revenue side, deficit is caused by slower growth of government revenue, largely due to a downward trend in mineral revenue more specifically diamond. For instance, in the first and second quarter of 2020, the diamond revenue was almost zero forcing the government to draw down and almost deplete the Government Investment Account (GIA). However, the money seems to have mostly financed wage

Figure 1: Botswana budget deficit 2011-2020



bill and not spent on high value projects that have the potential to contribute to more government revenue. On the spending side, the deficit is caused by absorptive capacity constraint both at the preparation and implementation stage of development projects as evidenced by delays in completion of projects resulting in cost overruns and poorly constructed projects.

Strategic interventions

Numerous strategic interventions are proposed some of which build on the national priority areas and some which intend to bring the fiscal space to sustainable levels. Clearly, there is a growing appetite of letting the economy to be driven by the private sector by letting the private sector to deliver major investment projects. This intervention has a potential to address a number of challenges currently faced by the economy, mainly unemployment and high import bill. Hence, the need for the government to promote or ensure local beneficiation. On the other hand, through the special economic zones there is a need to focus of companies that will lead to the attainment of the export-led economy and at the same time take advantage of the African Continental Free Trade Area (AFTCA). Botswana has so far made heavy investment in the Kazungula and Mohembo bridges which are meant to facilitate trade among SADC countries. However, at the current state, Botswana is more likely to find itself at the receiving end, only facilitating the importation of goods from Zambia, Angola and Namibia into Botswana while none is exported to these countries. Hence the need

for the private sector driven economy policy to have direction and specific strategy on how this is going to be achieved. Botswana, however, have a lot of potential on the agricultural sector. There is a need to facilitate value addition on most of agricultural outputs, that is the government should not only prioritize the development of the agricultural sector but also processing and value addition.

The budget proposes that allocation of resources should be based on a more rigorous process of project appraisal or evaluation. The budget also proposes the use of digital technologies in schools and in provision of services. This will require the government to invest in ICT infrastructure and ensure that those who live in rural areas or a student in rural areas are not disadvantaged.

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For more information on any of the major 3 BSE listing boards or the Serala OTC Board, please contact the Listings & Trading Department on (+267) 3674400 or e-mail on listings@bse.co.bw.



COMPANIES AND YEAR OF LISTING ON THE BSE



1989



1989



1989



1989



1989



1990



1991



1991



1996



1999



2002



2002



2007



2010



2011



2011



2011



2011



Great value for your money!

2012



2013



2015



2016



2016



2017



2017



2017



2018



2018



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● Feature

BOTSWANA STOCK MARKET COINTEGRATION WITH MARKETS OF ITS MAJOR TRADING PARTNERS

By Kago A. Mathaku
Finance PhD candidate

Botswana is heavily dependent on both exports & imports and by transitivity this means that its trading partners could have an impact on the financial markets of the economy. Therefore, it is imperative to appreciate how Botswana's major trading partners directly, or otherwise, affect the Botswana Stock Exchange (BSE) market returns in both the short and the long run. This could be achieved by way of investigating the extent to which the BSE is cointegrated with the main stock markets of its major trading partners. The importance of this investigation is to determine if there are any diversifiable opportunities within these partners and if the local bourse is immune from contagion from the associated markets. In carrying this out, first identify some of the most important partners and use empirical analysis to understand and try to develop a theory using the results.

Botswana recent trade trends

Some of the biggest trading partners with Botswana are listed below, in no particular order. We also list the associated major stock market indices we use in this analysis. For Botswana, we use the Domestic Company Index (DCI). It must also be noted that this list is not exhaustive and some countries have been left out purely because of the brevity of this analysis. Table 1 below shows the list.

Table 1: Country List and Major Indices

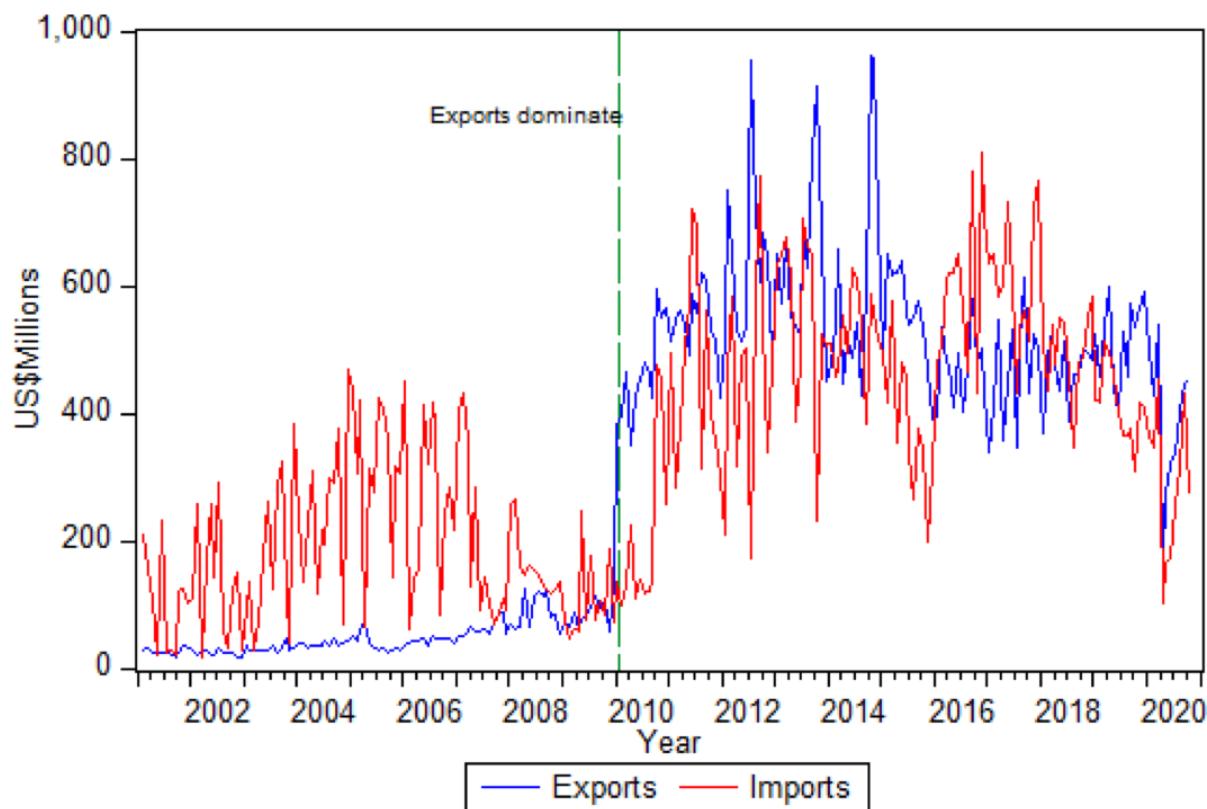
Country	Main Index
Belgium	Bel 20 Index
China	SSE
Japan	TOPIX
India	S&P BSE Sensex Index
South Africa(ZA)	Allshare
United Kingdom(UK)	FTSE100UK
United States of America(USA)	S&P500

Source: World Integrated Trade Solutions

The International Merchandise Trade Statistics of November 2020 from Statistics Botswana tell us that during the month under review total exports amounted to BWP4,949.2 million which was a major decline of around 16.5 percent in the previous month. Also, imports were BWP6,881.1 million, showing a similar decline in magnitude to exports at 16.6 percent from the previous month. As it is the norm the leading import commodity were Diamonds (32.8 percent); Food, Beverages & Tobacco (13.3 percent) and Machinery & Electrical components (11.5 percent) while Diamond took the lion's share of exports at 89.4 percent.

In the same period, Botswana's leading export destination was Asia with a market share of 63.5 percent. On a detailed scale, United Arab Emirates received 24.4 percent while India took 23.9 percent and these were mainly Diamond exports. At 23.6 percent Belgium received Botswana's export exclusively being Diamonds.

Unsurprisingly, we imported 67.1 percent worth of merchandise from South Africa with Belgium contributing 8.9 percent and UAE at 6.2 percent. The graph below shows trade value of imports and exports of Botswana in USD since 2001 to the world.

Figure 1: Exports and Imports to the World

The above figure (1) shows the value of Botswana exports expressed as free on board (FOB) while imports are calculated at cost, insurance and freight (CIF). The data was taken from Direction of Trade Statistics (DOTS) and in our analysis we observe that both exports and imports have grown tremendously since 2001. A paradigm shift occurred after the 2008 global financial crisis (GFC) as we observe that our exports started to exceed the country's imports. This was clearly a form of an economic "Wake-Up Call" that there are benefits in being self-sufficient and no gains in being a net importer after the recession. We also anticipate that after the COVID-19 pandemic, exports will surpass imports as we look for more opportunities in the agricultural and manufacturing space. Difficult times have proven to be a good lesson for innovation. Since we have digested the trade patterns and identified the important players how does all this now tie in with financial markets? It has been shown that trade partners are more likely to have their stock market performances cointegrated in the long run. It will be interesting to test this hypothesis with the local bourse to see if the same applies in this context. To do this we will use the Autoregressive Distributed Lag (ARDL) model for the analysis, however our aim is not to be overly technical for easy readability.

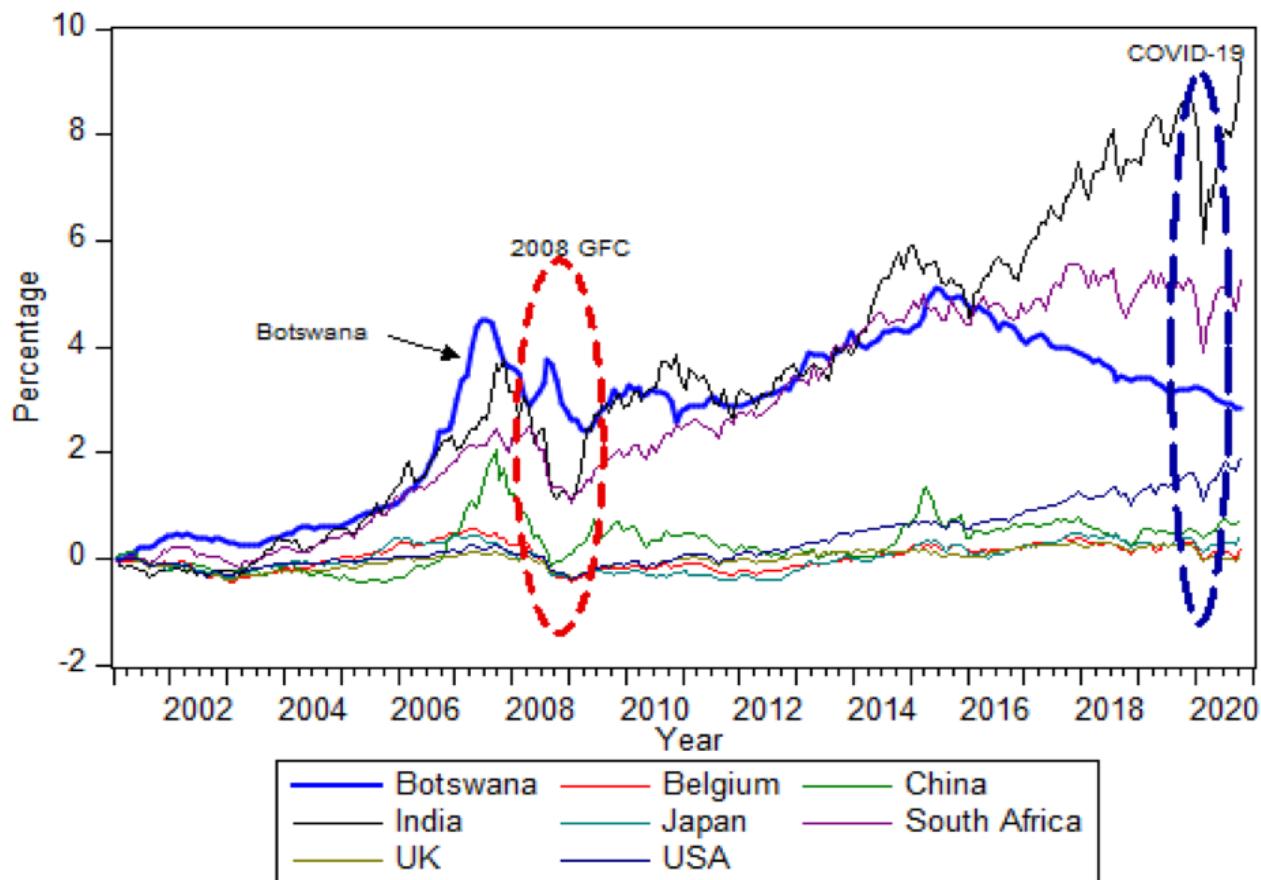
Stock market dynamics

Of the mentioned countries above, we take monthly returns of their major indices on Datastream along with the BSE returns (represented by the Domestic Company Index or DCI). We also incorporate the monthly export and import data of Botswana to the world from 2001 to 2020 to avoid issues of non-synchrony of trading days.

● Feature

BOTSWANA STOCK MARKET COINTEGRATION WITH MARKETS OF ITS MAJOR TRADING PARTNERS [Continued]

Figure 2: Year-on-Year returns



In figure (2) above we observe that from 2001, the market performance was upbeat especially for the burgeoning BSE until the GFC around 2008 which resulted from the mortgage crises. However, after that period we continue to see India's phenomenal growth along with South Africa - it is worth noting that these are major BRICS partners so trade probably sustained their growth. The rest of the countries in our analysis were flat in growth, with China and USA engaging in trade negotiations which might be the reason why growth in those nations was stagnant. In early 2019, we experienced a major corona virus outbreak which was literally contagious to financial markets due to persistent lockdowns. However, most nations have since recovered from that dip on the back of governments and central banks rolling out economic recovery plans at a lightning pace to buttress the situation. Some countries have been left out purely because of the brevity of this analysis. Table 1 below shows the list.

Table 1: Country List and Major Indices

STATISTICS	BOTSWANA	BELGIUM	CHINA	INDIA	JAPAN	ZA	UK	USA
Mean	0.005709	6.14E-05	0.002111	0.009462	0.00102	0.007361	-0.000251	0.004109
Median	0.002739	0.009136	0.00517	0.010775	0.005274	0.009808	0.007581	0.010527
Maximum	0.138433	0.135145	0.242528	0.248851	0.118711	0.131317	0.082998	0.119421
Minimum	-0.106975	-0.240879	-0.282783	-0.272992	-0.226377	-0.150311	-0.148593	-0.185636
Std. Dev.	0.03158	0.050018	0.076324	0.066057	0.050735	0.047673	0.040162	0.043299
Skewness	0.346389	-1.344404	-0.498542	-0.711615	-0.614906	-0.30066	-0.804192	-0.808513
Kurtosis	6.355032	6.545644	4.881782	5.762552	4.176555	3.758147	4.178773	4.731056
Jarque-Bera	115.4058	194.7126	44.59691	94.96319	28.48441	9.207659	39.10132	55.17807
Probability	0	0	0	0	0.000001	0.010013	0	0
Sum	1.347313	0.014483	0.498262	2.232962	0.240696	1.737156	-0.059279	0.969715
Sum Sq. Dev.	0.234359	0.587913	1.368964	1.025417	0.604903	0.53408	0.379052	0.440584
Observations	236	236	236	236	236	236	236	236
USA	USA	USA	USA	USA	USA	USA	USA	S&P500

The table 2 above shows the monthly stock market return statistics for all the countries. The highest average return is India at 0.9 percent per month while UK realizes an average decline of 0.025 percent for each month of the period under review. Our own BSE is in-between those numbers with monthly gains of about 0.5 percent per month since 2001 until 2020. An interesting phenomenon we can observe is that all the monthly returns are negatively skewed except for Botswana. Our interpretation is that investors in other markets can expect frequent small gains and few large losses however the same is not true for Botswana and in fact the opposite is highly probable.

In the next table we shall see how these monthly market returns are correlated together. As we can see BSE is negatively correlated with most of the Asian markets including China, India and Japan. It is however positively correlated with its biggest diamond buyer Belgium followed by USA and its major import partner South Africa and then United Kingdom. However, it must be noted that the Pearson correlation analysis is static and does not really explain the much dynamic nature of stock markets, hence the need for more robust empirical analysis tools like the ARDL.

Table 3: Correlation Triangle

CORRELATION	BOTSWANA	BELGIUM	CHINA	INDIA	JAPAN	ZA	UK	USA
BOTSWANA	1							
BELGIUM	0.08708	1						
CHINA	-0.000693	0.296107	1					
INDIA	-0.0254	0.599424	0.328797	1				
JAPAN	-0.025493	0.590399	0.316725	0.473653	1			
ZA	0.044936	0.608146	0.328913	0.595488	0.465932	1		
UK	0.005628	0.80292	0.260133	0.581808	0.577582	0.659208	1	
USA	0.050232	0.784301	0.344396	0.606141	0.623914	0.640179	0.813832	1

Source: World Integrated Trade Solutions

● Feature

BOTSWANA STOCK MARKET COINTEGRATION WITH MARKETS OF ITS MAJOR TRADING PARTNERS [Continued]

Empirical Analysis

When dealing with any auto regressive model we first need to establish that the time series are stationary meaning that the mean and auto-covariance do not depend on time and hence are stable. We do this by testing the Unit Root and in our case use the Augmented Dickey-Fuller (ADF) test for simplicity. The results are shown below in table 3 for all the series.

Table 4: Unit Root test results table (ADF)

At Level												
		BOTSWANA	BELGIUM	CHINA	INDIA	JAPAN	ZA	UK	USA	EXP	IMP	
With Const.	t-Stat	-2.6027*	-1.9876	-1.5421	-0.9737	-1.6271	-1.5075	-1.68	0.1801	-1.3147	-2.4188	
	Prob.	0.0938	0.2923	0.5106	0.7628	0.4671	0.5283	0.4401	0.9709	0.6231	0.1377	
With Const. & Trend	t-Stat	-1.017	-2.1382	-2.1205	-1.825	-2.0435	-1.1889	-2.5399	-2.2969	-1.6351	-2.6114	
	Prob.	0.9386	0.5214	0.5313	0.6896	0.574	0.9098	0.3087	0.4335	0.7762	0.2757	
Without Const. & Trend	t-Stat	1.485	0.0118	0.353	2.1127	0.1465	2.2714	-0.1315	1.4652	0.8064	0.2764	
	Prob.	0.966	0.6855	0.786	0.9919	0.7276	0.9947	0.6374	0.9646	0.8857	0.7653	
At first difference												
		d(BOT-SWANA)	d(BEL-GIUM)	d(CHINA)	d(INDIA)	d(JAPAN)	d(ZA)	d(UK)	d(USA)	d(EXP)	d(IMP)	
With Const.	t-Stat	-9.2792***	-12.268***	-13.720***	-14.603***	-12.519***	-16.040***	-14.925***	-13.974***	-14.878***	-12.029***	
	Prob.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
With Const. & Trend	t-Stat	-9.6984***	-12.239***	-13.696***	-14.599***	-12.515***	-16.149***	-14.892***	-14.024***	-14.870***	-12.056***	
	Prob.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Without ConsT. & Trend	t-Stat	-9.0999***	-12.294***	-13.743***	-14.308***	-12.544***	-15.638***	-14.957***	-13.871***	-14.821***	-12.035***	
	Prob.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Notes: (*) Significance at 10%, (**) significance at 5% and (***) significance at 1%

In table 4 above we observe that time series at level (price) for all the country indices and both the export and imports of Botswana fail the unit root test and therefore are not stationary. This applies to all models with constant, constant & trend and finally without constant & trend. However, at first difference (returns) we notice that the all the time series pass the unit root test and are strongly stationary at a 1 percent significance level. This implies that the market returns of the indices are strongly stationary and that the average returns and auto-covariance remain stable during the period under analysis. In other words, the country market indices along with the trade time series are all integrated of order one. We have our first result that the returns of the local Index are integrated with that of those of its major trading partners.

Next we need to determine how many ways or how many models are available for cointegration to test if there exists a long-run equilibrium relationship between the time-series. Therefore, we present the Johansen cointegration test results in the table below

Table 5: Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of cointegrating equations	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob**
Statistic	0.05	-2.6027*	-1.9876	-1.5421
Critical Value	Prob.**	0.0938	0.2923	0.5106
None *	0.227865	264.8588	239.2354	0.002
At most 1 *	0.17823	204.8646	197.3709	0.0201
At most 2	0.165255	159.3241	159.5297	0.0513
At most 3	0.133178	117.4183	125.6154	0.1417
At most 4	0.104604	84.26039	95.75366	0.2368
At most 5	0.078769	58.62683	69.81889	0.28
At most 6	0.064321	39.59241	47.85613	0.2374
At most 7	0.059342	24.16838	29.79707	0.1934
At most 8	0.040091	9.975596	15.49471	0.2826
At most 9	0.002079	0.482915	3.841466	0.4871

NB: Trace test indicates 2 cointegrating equations at the 5% significance level while (*) denotes rejection of the hypothesis at the 5% significance level.

From table 5 above we reject the null hypothesis that there are no cointegrating equations at the 5 percent significance level. In fact, there is strong evidence suggesting that there might be at least 1 cointegrating equation for our time series'. What this means is that the BSE's DCI is cointegrated with its trading partners' stock exchanges and there exists a long-run relationship between them. We therefore proceed to see in detail how this relationship is like using the ARDL and the Error correction model (EC).

Since we have 10 variables in total comprising of monthly data the optimal lag structure has to be calculated in a robust way since it can span anything from 6 to 18 months or more making the analysis a bit complex. We therefore test the optimal lag structure for each variable time series individually and use that as our model as shown in the results below.

Table 6: Optimal lag length structure

Variable	Botswana	Belgium	China	India	Japan	ZA	UK	USA	Exports	Imports
Lag	3	2	3	1	2	1	1	2	3	4

We then proceed to use this lag structure to construct our ARDL model of which the results are given below.

● Feature

BOTSWANA STOCK MARKET COINTEGRATION WITH MARKETS OF ITS MAJOR TRADING PARTNERS [Continued]

Table 7: ARDL Model for Botswana

Lag	Coefficient	P>t	Lag	Coefficient	P>t
Botswana					UK
L1.	1.237059***	0.000	.	-0.11753	0.202
L2.	-0.1879362*	0.074	L1.	0.113481	0.214
L3.	-0.13115**	0.045			USA
Belgium					0.159012* 0.055
.	0.0404723	0.572	L1.	-0.30402***	0.003
L1.	0.0866084	0.368	L2.	0.053953	0.459
L2.	-0.1186105	0.053			Exports
China					-0.0034 0.653
.	-0.0333775	0.196	L1.	0.008217	0.332
L1.	0.0697065*	0.054	L2.	0.001325	0.876
L2.	0.0375856	0.285	L3.	-0.00621	0.416
L3.	-0.0613817**	0.013			Imports
India					0.003673 0.275
.	-0.0718571*	0.052	L1.	0.001514	0.643
L1.	0.0669787*	0.071	L2.	-0.00142	0.660
Japan					L3. 0.001769 0.595
.	-0.0660186	0.177	L4.	0.00308	0.341
L1.	0.1066562	0.107	_cons	0.098911	0.570
L2.	-0.0029712	0.951			
South Africa					
.	0.0395444	0.481			
L1.	0.0470676	0.403			

NB: (***) is strongly significant at 1%, (**) is significant at 5% while (*) is weakly significant at 10%.

From the ARDL model above in table 7 we observe that the stock prices are mostly not significant in determining the prices on the BSE. We do see however that the one month lagged prices of Botswana onto itself are strongly significant implying that a 1% increase in the previous month prices will increase the current prices by 1.24% for the BSE all things constant. China's SSE is also strongly negatively tied to the BSE at three month lagged prices meaning that a 1% increase on the past three months of the SSE will result in a 0.06% decline on the BSE. However, at a month's lag the two move slightly in union. The Indian market also shows the same dynamics as well as USA. Oddly enough, South Africa and Botswana do not show any relationship at the price level even though the two are major trading partners. It also seems that the value of imports & exports are not tied to the value of the BSE. Therefore, in light of this we need to see if there exists any other short run or long run relationship between Botswana and the rest of the variables by applying the error correction model.

Below we show the cointegration bounds test to determine if there even exists an error correction model to determine how the BSE fairs against its partners in the long run.

Table 8: Cointegration bounds test

	10%		5%		1%		p-value	
	I(0)	I(1)	I(0)	I(1)	I(0)	I(1)	I(0)	I(1)
F	1.859	3.044	2.12	3.384	2.676	4.092	0.003	0.091
t	-2.51	-4.447	2.82	-4.806	3.422	-5.48	0.01	0.393

F statistic = 3.090 | T statistic=-3.438

The table 8 above shows that the F statistics at 3.090 is greater than the first order integration I (1) of the 10% significance which is 3.044. This implies that there exists a long run relationship between the BSE's DCI and the rest of the variables even though it is weakly significant at the 10% level. We then proceed to give the results for the long run relationship in the table below.

Table 9: Error Correction Model Long Run Relationship

	Difference Botswana	Coefficient	P>t
Adjustment			
Botswana			
Lag 1.		-0.0820269***	0.001
Long Run			
Belgium		0.1032614	0.776
China		0.1527889	0.206
India		-0.0594734	0.694
Japan		0.4591947	0.148
South Africa		1.055898***	0.000
UK		-0.0493023	0.918
USA		-1.11006***	0.000
Exports		-0.000776	0.992
Imports		0.1050856	0.153

NB (***) Means a long run relationship at 1% significance

The table 9 above shows that the previous errors of the BSE returns will be corrected in the current period as shown in the adjustment of the lagged period of Botswana. Notice also that the coefficient is strongly significant at 1%. Finally, we see that the returns of South Africa are significant at the 1% level. This means that in the long run if the returns of South Africa increase by 1% then the returns on the BSE will also increase by 1.05% ceteris paribus. On the other hand, if the S&P500 increases by 1% then the BSE will decline by 1.11% in the long run all things equal at the 1% significance level. In the table below we show the short run relationship between the BSE and the rest of the variables.

● Feature

BOTSWANA STOCK MARKET COINTEGRATION WITH MARKETS OF ITS MAJOR TRADING PARTNERS [Continued]

Table 10: Short Run relationship

D.Botswana	Coefficient	P>t		D.Botswana	Coefficient	P>t
Lag order diff				Lag order diff		
Botswana			South Africa			
LD.	0.3190862***	0.000		D1.	-0.04707	0.403
L2D.	0.13115**	0.045			UK	
Belgium				D1.	-0.11348	0.214
D1.	0.0320021	0.642			USA	
LD.	0.1186105*	0.053		D1.	0.250067***	0.003
China				LD.	-0.05395	0.459
D1.	-0.0459103*	0.071			Exports	
LD.	0.0237962	0.352		D1.	-0.00333	0.697
L2D.	0.0613817**	0.013		LD.	0.004883	0.552
India				L2D.	0.006208	0.416
D1.	-0.0669787*	0.071			Imports	
Japan				D1.	-0.00495	0.359
D1.	-0.1036849**	0.034		LD.	-0.00343	0.482
LD.	0.0029712	0.951		L2D.	-0.00485	0.257
				L3D.	-0.00308	0.341
				Constant	0.098911	0.570

NB: (***) Is significant at 1%, (**) is significant at 5% while (*) is significant at 10%..

For the short run dynamics, we see that the BSE market return is positively significant at least at a two month lag all things equal. This means we can predict the current BSE market returns with the previous two months returns in the short run. All the Asian countries in our model are negatively associated with the BSE at first difference (returns) in the same month for the short run period except China which is positively associated at the second lag. As we can expect USA is also strongly and positively associated with the Botswana stock market at a 1% significance level in the short run. While South African, Exports and Imports have no relationship with the local market in the short run.

Conclusion

Trade plays a major role in the Botswana economy yet little is known about the impact it has on the performance of the local stock exchange vis-a-vis its major trading partners. In the article we highlight how the Botswana stock market is cointegrated with the stock markets of its major trading partners along with export & import values using an ARDL model. Our findings suggest that the prices are not cointegrated at level but are integrated at order 1, i.e. the returns are cointegrated. Further investigation reveals that this cointegration is weakly significant at 10 percent and that the BSE is positively associated with the JSE All Share Index in the long run. It is however negatively associated with the S&P500 in the long run. Other interesting findings are that in the short run the Asian markets which are major consumers of Botswana's exports are negatively associated with the BSE in the short run ceteris paribus. This means there are diversification opportunities in the short run in those Asian markets. Finally, we observed that both the values of neither exports nor imports are of little relevance in determining the direction of the BSE. this could be an indication of the limited extent of the domestic listed companies' integration in global trade or that of Botswana's major trading partners, an observation that further buttresses the conclusion that there are diversification opportunities into Botswana for investors in stock markets of Botswana's major trading partners.



BOARD OF DIRECTORS & KEY PERSONS-2021 LISTINGS REQUIREMENTS REFRESHER VIRTUAL WORKSHOP



0845hrs to 1300hrs



Virtual (Microsoft Teams)

Overview:

The Annual Listings Requirements Refresher Workshop is aimed at developing the listed Capital Markets through educating market participants. The workshop provides guidance on what listed companies are expected to comply with and provides an opportunity for these entities or those considering listing on the BSE to understand the fundamentals of financial markets regulation and corporate governance implications

Who Should Participate?

- ❯ Listed Companies Board of Directors
- ❯ Listed Companies Executive Management
- ❯ Board of Directors of Prospective Issuers

What will you learn?

- ❯ A general overview of BSE Listings Requirements and general principles
- ❯ The BSE's powers, discretion, censure and penalties
- ❯ Cautionary announcements, material price sensitive information
- ❯ Continuous obligations
- ❯ Directors' and associates' dealings
- ❯ Corporate Governance
- ❯ Transactions and Related Party Transactions
- ❯ X-News & Publications
- ❯ ESG Reporting

Per Delegate – **BWP 1,344.00**

2 Delegates – **BWP 2,464.00**

4 Delegates – **BWP4,256.00**

5 Delegates – **BWP5,040.00**

The fees are VAT inclusive



To download the Booking Form, [click HERE](#). Space is limited. Please book at the earliest opportunity.
For more information, contact listings@bse.co.bw or call +267 3674428



Facilitators:



Tsametse Mmolai
BSE Head of Listings & Trading

Mr. Mmolai has over 15 years of experience in the Financial Services and Capital Markets Industry in Botswana. At the BSE, he oversees the listing and trading operations of the Exchange.

He has attended Compliance and Financial Regulation programs at institutions such as the U.S. Securities and Exchange Commission, the International Centre for Parliamentary Studies in London, England, as well as the University of Cape Town.

He has graduated from the George Washington University School of Business with a Capital Markets Post Graduate Certificate under the IFC Milken Institute Capital Markets Program which included a four months attachment at Varde Partners in New York in the Capital Markets division of the Global Alternative Asset Management Firm.



Gorata Dibotelo
BSE Head of Legal Services & Board Secretary

Miss Dibotelo has experience and practical understanding of the commercial legal and regulatory regime in Botswana. She has adapted well to immaculate dispensation of corporate governance duties and is equipped with strong analytical and research skills gained from my experience working in one of Botswana's leading corporate commercial firms and from the national stock exchange.

She is well versed with the operation Botswana legal regime enabling her to acclimatize to any legal, compliance and regulatory environment and also has a keen interest and passion for academia and development in regulatory aspects of commercial law. Miss Dibotelo was involved in the Demutualization of the BSE and the implementation of transition. She greatly contributed to Rules and Policies which are expected to enhance regulation of Capital Markets in Botswana.



Kopano Bolokwe
BSE Head of Product Development

Mr. Bolokwe is tasked with developing and promoting the introduction of new products to deepen the capital markets and improve liquidity.

Mr. Bolokwe has undertaken internship at Market Axess Corporation in New York focusing on emerging and frontier debt markets as part of his training during the IFC-Milken Institute Capital Markets Program. He is a CAIA charterholder and holds an MBA.



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BSE SOCIAL MEDIA ICONS

By virtue of being a disclosure-based entity, the Botswana Stock Exchange (BSE) advocates for open channels of communication and information dissemination with all our stakeholders. As such, the BSE is active on the following social media platforms to engage with followers around the world at all times;

Botswana Stock Exchange

Botswana Stock Exchange

@TheOfficialBSE

Botswana Stock Exchange

Botswana Stock Exchange

- For more information on our social media presence, please contact the Market Development Department on (+267) 3674400 or e-mail on marketdev@bse.co.bw.

• www.bse.co.bw. •

BSE HOSTS ADOPTION CEREMONIES FOR KARENG PRIMARY SCHOOL & METSIMANTSHO PRIMARY SCHOOL

On 8th December 2020, the BSE announced that in line with its CSI Policy, The Dipoelo Program, it had taken the decision to adopt Kareng Primary School in the Ngamiland District and Metsimantsho Primary School in the Ghanzi District for a period of 3 years under the Government-driven “**Adopt-a-School**” initiative effective 1st January, 2021. This was after a thorough evaluation process following an Expression of Interest that was floated earlier in 2020, inviting all Government Primary Schools to submit proposals requesting for adoption.

From this exercise, the BSE received 60 proposals from Government Primary Schools across the country. Subsequently, a thorough needs assessment of each school was facilitated based on the number of students, pass rate, location and school priorities and identified 2 schools. In commencing this partnership, the

BSE held 2 adoption ceremonies for both Kareng Primary School & Metsimantsho Primary School on 16th and 17th February, 2021 respectively. In doing so, the BSE took the opportunity to present the schools with 4-in-1 printers to assist with printing educational material and textbooks to ease the pressure of sharing amongst the learners.

In line with the health restrictions surrounding the COVID-19 pandemic, both schools in their districts and the BSE agreed to invite a few people that included representation from the Ministry of Education, Local Council Office, Tribal Administration office, Parent-Teacher Association and the media. In a welcomed development, the Member of Parliament for the Ghanzi South Constituency attended the Metsimantsho Primary School Adoption Ceremony and delivered remarks to thank the BSE for their efforts in resourcing the school with necessities to improve the delivery of quality education.

Kareng Primary School Adoption Ceremony Pictures



BSE HOSTS ADOPTION CEREMONIES FOR KARENG PRIMARY SCHOOL & METSIMANTSHO PRIMARY SCHOOL



(Left to Right) BSE Market Development Specialist, Mr. Kgotsa Segwe, BSE Head of Market Development, Ms. Thapelo Moribame and BSE CEO, Mr. Thapelo Tsheole



Kareng Primary School Head, Mr. Sephatonyane, delivering the Welcome Remarks



BSE CEO, Mr. Thapelo Tsheole delivering the Official Remarks



Kareng Primary School Head, Mr. Sephatonyane and PTA representative receiving the printer and books.



BSE Head of Market Development, Ms. Thapelo Moribame, handing over the 4-in-1 printer and textbooks



Students' Group Picture

Metsimantsho Primary School Adoption in Pictures:



(Left to Right) BSE Head of Market Development, Ms. Thapelo Moribame, BSE CEO, Mr. Thapelo Tsheole and Member of Parliament for the Ghanzi South Constituency, Hon. Motsoai



Metsimantsho Primary School Head, Mrs. Aedige delivering the Welcome Remarks



BSE CEO, Mr. Thapelo Tsheole delivering the Official Remarks



Presentation of textbooks & printer



Member of Parliament for the Ghanzi South Constituency, Hon. Motsoai addressing members of the community



Group Picture



Members of the Community

● Feature

BSE CEO, MR. THAPELO TSHEOLE, PARTICIPATES IN THE VIRTUAL AFRICA FINANCIAL INDUSTRY SUMMIT 2021

On 11th March, 2021, the BSE CEO, Mr. Thapelo Tsheole, participated in the first-ever virtual Africa Financial Industry Summit 2021 organised by the Africa CEO Forum in partnership with the International Finance Corporation (IFC), a member of the World Bank Group.

This first-ever continental, virtual summit brought African financial industry leaders together to open up dialogue on the challenges affecting the recovery of the financial services industry across the region.

The CEO participated in a panel discussion themed, “Currency: What if We Listened to Financiers?”. On this panel, he was joined by the moderator, Business Correspondent from CNN, Ms. Eleni Giokos, and fellow speakers Managing Director, Chief Economist, Africa and Middle East, Global Research for Standard Chartered Bank, Ms. Razia Khan and Global Subsidiaries Group Sub-Saharan Africa Head for Citibank, Ms. Joyce-Ann Wainaina.

Currency: what if we listened to financiers?

Moderator
Eleni Giokos
Business Correspondent
CNN

Thapelo Tsheole
Chief Executive Officer
Botswana Stock Exchange

Joyce-Ann Wainaina
Global Subsidiaries Group
Sub-Saharan Africa Head
Citibank

Razia Khan
Managing Director, Chief Economist,
Africa and Middle East, Global
Research
Standard Chartered Bank

Africa CEO Forum
INTERNATIONAL FINANCE CORPORATION



CoSSE PARTNERS WITH FSD AFRICA TO DEVELOP THE SADC GREEN BOND MARKET AND EFFECT CLIMATE CHANGE

The Committee of SADC Stock Exchanges (CoSSE) and FSD Africa on the 11th March 2021 jointly signed a Cooperation Agreement to support the development of a green bond market in the SADC region. This partnership will support the 16 member countries in SADC to leverage domestic and international capital markets for investment in green investment products and projects.

The FSD Africa-CoSSE partnership programme will support member countries and both private and public sectors to issue green bonds, creating a favourable ecosystem and improving knowledge and capacity for sustainable investments. The programme will also help SADC countries to develop listing guidelines and regulations for green bonds, build a pipeline of potential green bonds issuers, tap into the countries' institutional investment community for investment in green bonds, train stakeholders on climate finance and support the adoption of climate-related financial reporting and disclosure.

Recently, South Africa, Namibia, Seychelles and Mauritius have successfully issued green bonds. The partnership builds on the increasing appetite and momentum for the

uptake of green bonds in the SADC region. It will be implemented through CoSSE's Secretariat currently based at the Botswana Stock Exchange. The Secretariat provides a central coordination mechanism which links together the Member Stock Exchanges in SADC, and has close access to other regional stakeholders.

Over the last three years, FSD Africa has supported two green bond programmes in Kenya and Nigeria in collaboration with implementing partners and helped channel approximately \$185 million into sustainable investments in the two countries. On the other hand, CoSSE continuously works to improve the operational, regulatory and technical underpinnings and capabilities of SADC Exchanges. This has been pursued through advocating for the removal of obstructive regulations, organising several capacity building webinars, and exploring opportunities to advance interconnectivity, among other initiatives. Going forward, the FSD Africa-CoSSE partnership programme aims to expand its scope to include support for issuing sustainability and social bonds. FSD Africa will provide technical assistance in engaging consultants and service providers to facilitate the programme.

Commenting on this milestone, CoSSE Chairperson, Mr. Thapelo Tsheole

said, "CoSSE is pleased to consistently deliver on its objective to encourage the transfer of securities markets' intellectual capital and technical expertise of member countries of CoSSE. This milestone Co-operation Agreement with FSD Africa to support the development of a green bond market in the SADC region represents the hard work and commitment to the development of African capital markets by both parties. As CoSSE, we usher in this new chapter with pride and we are committed to promoting the uptake of this programme by the SADC region. We extend gratitude to FSD Africa for this partnership and we remain committed to the development of the region".

The 58th Bi-Annual Meeting of CoSSE Members will take place virtually on the 8th of April 2021. Some of the capital market topical issues to be deliberated on include the impact of the COVID-19 pandemic on capital market performance, financial inclusion, macroeconomic stability and financial integration among others.

For more information about CoSSE, visit the website at www.cosse-africa.org or contact the Secretariat via telephone at (+267) 3674421 or email at cossesecretariat@bse.co.bw.

BSE ADVOCATES FOR



Leading up to International Women's Day that was held on 8th March, 2021 under the global theme, "Women in Leadership: Achieving an Equal Future in a COVID-19 World", the BSE showed their support in solidarity with the global community by promoting Gender Equality.



My name is **Duduetsang Babitseng** and I support Gender Equality



My name is **Ludo Matebesi** and I support Gender Equality



My name is **Thapelo Moribame** and I support Gender Equality



My name is **Dineo Maroba** and I support Gender Equality



My name is **Tsametse Mmola** and I support Gender Equality



My name is **Kopano Bolokwe** and I support Gender Equality



My name is **Kopano Mogorosi** and I support Gender Equality



My name is **Thapelo Tsheole** and I support Gender Equality



My name is **Ambrosia Khupe** and I support Gender Equality



My name is **Otsile Pilane** and I support Gender Equality



My name is **Tsaoené Jacob** and I support Gender Equality



My name is **Refilwe Ponatshego** and I support Gender Equality



My name is **Masego Sekoboane** and I support Gender Equality



My name is **Nonofo Phalatse** and I support Gender Equality



My name is **Mogolodi George** and I support Gender Equality



My name is **Gaone Reboeleng** and I support Gender Equality



My name is **Rhea Masasa** and I support Gender Equality



My name is **Sebelle Tlhabane** and I support Gender Equality



My name is **Billy Kgati** and I support Gender Equality



My name is **Rosinah Tshoganetso** and I support Gender Equality



GENDER EQUALITY



My name is **Masego Photo-Lentswe** and I support Gender Equality



My name is **Tebogo Lehabitsa** and I support Gender Equality



My name is **Kgotla Segwe** and I support Gender Equality



My name is **Gorata Dibotelo** and I support Gender Equality



My name is **Mpho Mogasha** and I support Gender Equality



My name is **Lt. Gen. Tebogo C. Masire** and I support Gender Equality



My name is **Basimane Bogopa** and I support Gender Equality



My name is **Davis Tele** and I support Gender Equality



My name is **Sethunya Makepe-Garebatho** and I support Gender Equality



My name is **Itumeleng Mareko** and I support Gender Equality



My name is **Vincent Baituti** and I support Gender Equality



My name is **Lame Gare** and I support Gender Equality



My name is **Pascaline Sefawe** and I support Gender Equality



My name is **Professor Onkutlwile Othata** and I support Gender Equality



My name is **Ogone Motshoagae** and I support Gender Equality



My name is **Kelebogile Kewagamang** and I support Gender Equality



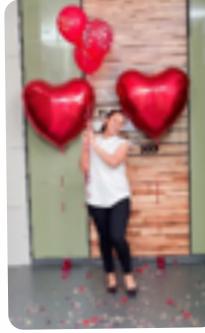
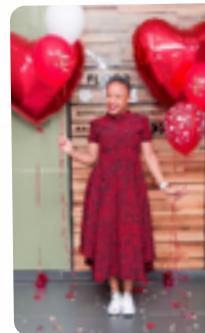
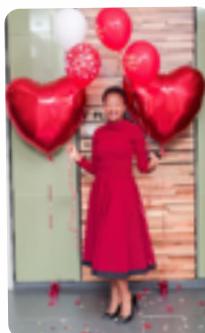
My name is **Norman Molalele** and I support Gender Equality

BSE & CSDB
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BSE SHOWS APPRECIATION
AND LOVE TO STAFF FOR

*Valentine's
Day*





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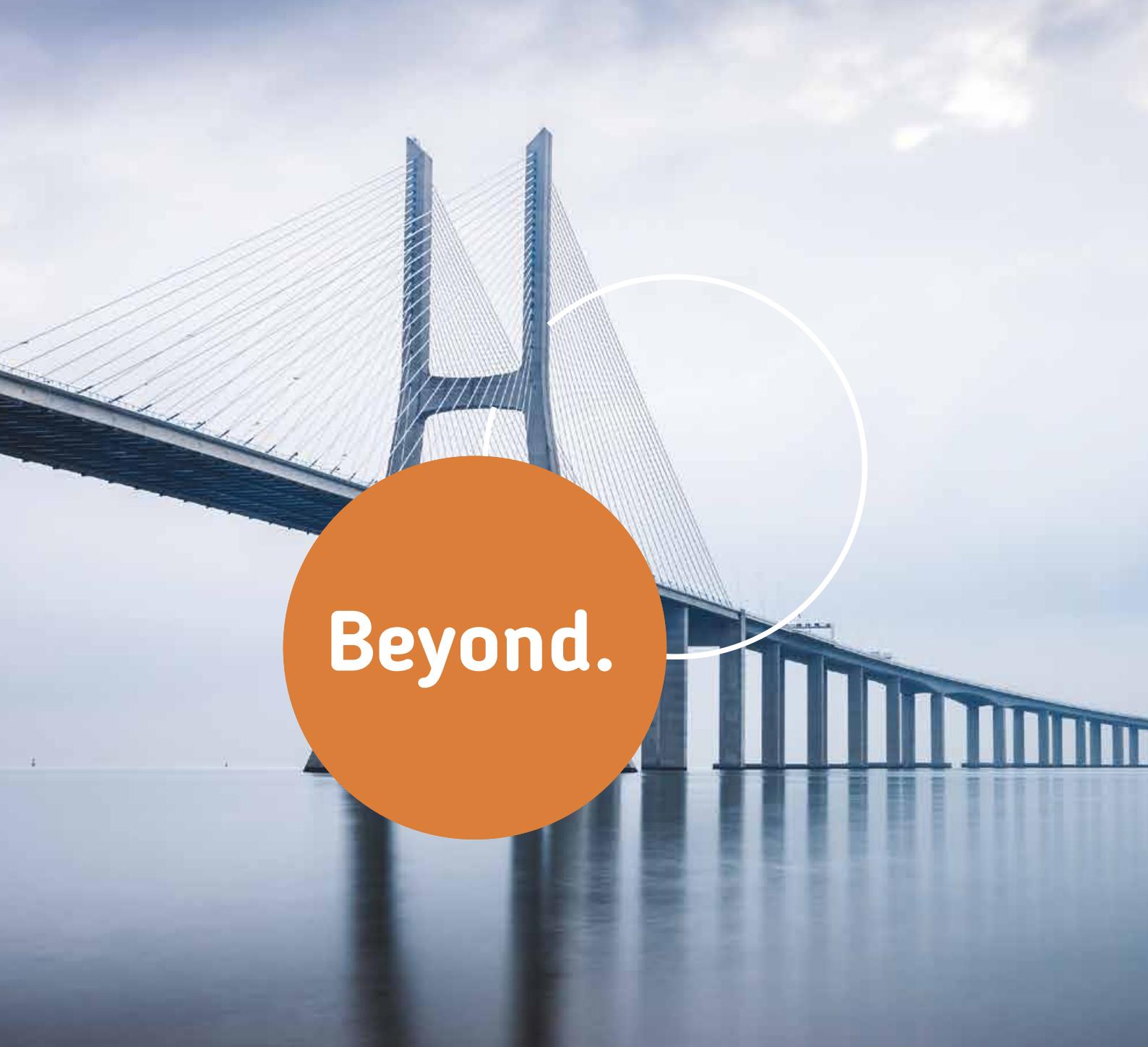
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Beyond.

We transcend...

Our transition reflects an endearing effort to go beyond industry norms by ushering a new order anchored on ambition, imagination, and unshakable tenets of governance for sustainability.