



Botswana Stock Exchange Limited

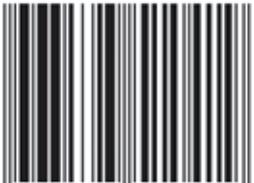
NEWS

ISSUE NO. 15 • JULY - SEPTEMBER 2021

The background of the cover is a large, detailed illustration of an industrial facility, possibly a refinery or a power plant, under construction. The structure is composed of various pipes, towers, and scaffolding, rendered in a textured, almost etched style. The overall color palette is muted, with shades of grey, brown, and blue.

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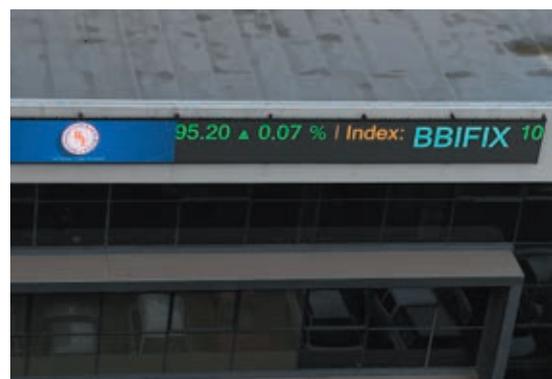
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TRIBUTE



LINAH KELEBOGILE MOHOHLO

BANK OF BOTSWANA FORMER GOVERNOR

The Bank of Botswana Board, Management, and entire staff, both current and retired, join the Mohohlo family and the Nation at large in celebrating the life of a remarkable Motswana woman, Ms Linah Kelebogile Mohohlo, who we affectionately called Mmaagwe-Tumie. Ms Mohohlo was a remarkable person, with a demonstrably strong personality as well as a passion for excellence. She seized opportunities availed to her to rise to the lofty heights of international recognition as well as to be the longest serving Governor in the history of the Bank of Botswana.



► **TRIBUTE**

Ms Mohohlo was truly a “home-grown” central banker, who made a sterling contribution to the establishment and growth of the Bank of Botswana as one of its founding members. She served the Bank of Botswana with exceptional energy and diligence in various capacities and at increasing levels of responsibility, spanning over four decades.

Ms Mohohlo joined the Bank of Botswana on April 20, 1976 as Secretary to the Deputy Governor. During her time in the Bank, Ms Mohohlo worked in the Governor’s Office (as Secretary,

Personal Assistant, Special Assistant and Board

Secretary), Deputy Director in the Human Resources and Research Departments, and, in 1989, established the Foreign Department as its founding Director (the current Financial Markets Department).

From 1994 -1996, Ms Mohohlo was seconded to the International Monetary Fund (IMF) under the Special Appointee Programme where she worked in the African Department and the Monetary & Capital Markets Department. Upon her return she was appointed Deputy Governor and subsequently Governor and Chairman of the Board of the Bank on October 20, 1999, a position she held for 17 years until she retired from the Bank in October 2016. Her meteoric rise to the position of Governor within a period of 23 years, having joined the central bank as a member of the secretarial cadre, without any University education at the time of entry, is a remarkable achievement unparalleled in the central banking community.

The trajectory of former Governor Linah Mohohlo’s career, including being the first woman to occupy the position, is testimony to her perseverance, singular focus and uncompromising leadership that insisted on excellence and command of respect by subordinate staff. She commanded that aura of presence and charisma that she was “feared” yet respected within the Bank and in the broader financial sector, both here at home and internationally. A mention of her name in the corridors of the IMF, for example and other international organisations, always sparked interesting conversations!





Academically, Ms Mohohlo self-developed through part-time training, acquiring a Certificate in Accounting and Business Studies and a Diploma in Accounting and Business Studies from the University of Botswana in 1981 and 1983, respectively. She further acquired, through Bank sponsorship, a Bachelor of Arts degree in Economics and MSc degree in Finance and Investment in 1985 and 1990 from George Washington University (USA) and University of Exeter (UK), respectively. Ms Mohohlo has also received the Executive Management training from Yale University. During her stay in the Bank, she authored, lectured and published several papers and book chapters in economics, finance, investment, reserves management and governance.

Ms Mohohlo commanded professional respect regionally and internationally, evidenced by her involvement in several international engagements. Regionally, she was a respected member of the SADC Committee of Central Bank Governors (CCBG), Association of African Central Banks (AACB) – during which period she was the Chairperson for the Southern Sub-region for 10 years. At the CCBG, together with her committee, she was instrumental in facilitating economic convergence in the region, and establishment of the Real Time Gross Settlement System (RTGS) that provides payments and settlement system in the SADC region. Notably, Ms Mohohlo was appointed as

one of the Eminent Persons by the then Secretary General of the United Nations, Kofi Annan, charged with responsibility of overseeing the evaluation of the UN New Agenda for the Development of Africa. She also served as a member of the Commission for Africa that was chaired by the former UK Prime Minister, Tony Blair. Ms Mohohlo had also been a member of the Melinda & Bill Gate Foundation's Committee on Financial Services for the Poor; the Lancet Commission on Investing in Health chaired by Larry Summers and UN High Level Panel on Humanitarian Financing. She was also a member of the Africa Progress Panel, chaired by former UN Secretary General, Kofi Annan and a member of the Investment Committee of the UN Staff Pension Fund.

Ms Mohohlo was an immensely seasoned and highly experienced central banker, and thus received several national and international awards, including Botswana's highest Public Service Award for efficient and devoted service, the Presidential Order of Honour; the Central Bank Governor of the Year for Africa Awards for the years 2001, 2003 and 2008 bestowed on her by the Financial Times Magazine and the Euromoney publication; the Lifetime Achievement Award in 2011 from the Official Monetary and Financial Institutions Forum; and in 2011 Forbes Africa ranked her among Africa's 10 Women of Note.

“

The trajectory of Governor Mohohlo's career is an example to all central bankers in Africa and perhaps importantly to women in finance. She will serve as an inspiration for many, in decades to come.

Dr Patrick Njoroge

”



Her leadership, professionalism and dedication to the Bank and, indeed, the broader central banking and global community, were exemplary and inspirational. In her 17 years at the helm of the Bank, Ms Mohohlo took the Bank to greater heights, ensuring that the Bank's vision of being a world-class central bank with highest standards of corporate governance and professional excellence was realised. Among the many achievements is the modernisation of the monetary policy framework, where she was instrumental in ensuring that the Bank benefits from the best in setting up the institutional capability for economic modelling, forecasting, policy analysis and communication approaches; hence, the transition to low inflation within the 3 – 6 percent medium-term objective range, or lower since June 2013. Yet, another milestone during her Governorship was the introduction of the new family of banknotes in 2009, where she was intimately involved with exemplary meticulous attention to details; a lasting legacy indeed.

Overall, Ms Mohohlo made a significant impact as a firm, practical, inspirational and visionary leader, inculcating a high-performance culture, loyalty and devotion to duty. She was forthright and took a very hard line on matters she believed in; and would explain her position with clarity and a certain amount of vigour and conviction. Ms Mohohlo would put her neck out to protect the Bank, even at risk to her own personal position. She believed, and held this belief strongly, in an independent, autonomous central bank, as necessary and precondition for sound and durable macroeconomic environment.

Ms Mohohlo paid great attention to detail and had a hands-on approach and clinical interrogation of every plan, proposal, concept or draft one-page letter! Her uncompromising attitude towards perfection was always directed in the very best interests of the Bank; and for the significant contribution to the institutional and personal growth of many at Bank of Botswana. Much concerned about the slow pace in implementation of projects and structural reforms, she would often ponder about, may be, an "enlightened benevolent dictator", citing examples in some parts of the globe (South Asia) being required to raise productivity and work ethic in Botswana.

The Bank also wish to relay messages of condolences from international organisations and other counterparties to the Bank of Botswana including the Executive Directors of the IMF and World Bank Group Africa Group 1 Constituency, Central Bank Governors in the SADC and other regions of the African continent, the Bank's Global Custodian for the foreign exchange reserves, Northern Trust Company, Fund Managers and financial institutions here in Botswana as well as many friends here at home and globally. As the Governor of the Central Bank of Kenya, Dr Patrick Njoroge, succinctly put it "the trajectory of Governor Mmohlo's career is an example to all central bankers in Africa and perhaps importantly to women in finance. She will serve as an inspiration for many, in decades to come".

The Board, Management and entire staff of the Bank, convey heartfelt condolences to the family; and thank her family for allowing Mmaagwe- Tumie to serve the global financial and social communities with loyalty, dedication and excellence. The Bank will forever cherish her contributions; her legacy is immense and will remain engrained in the annals of the Bank's history.

May Her Soul Rest In Eternal Peace.



THE BOTSWANA STOCK EXCHANGE (BSE) CELEBRATES THE LIFE OF FORMER BANK OF BOTSWANA GOVERNOR, MS. LINAH MOHOHLO



Ms. Linah Mohohlo, delivering the Official Remarks during International Women's Day Celebrations facilitated during the BSE March 2021 Opening Bell Ceremony on 8th March, 2021.

On 2nd June 2021, the BSE, along with the rest of the country, was saddened to hear about the passing away of the former Bank of Botswana Governor, Ms. Linah Mohohlo.

As the longest serving Governor of the Central Bank, Ms. Mohohlo was a remarkable and was a revolutionary leader that played a vital role in transforming the banking and financial services sector in Botswana. Her contributions, achievements & distinguished honours tell a profound story of an extraordinary lady that served her country with the utmost dedication and devotion in her professional and personal capacity.

We at the BSE, would like to thank you for your role in the development of Botswana, thank you for promoting inclusion, we celebrate a life well lived!

May your soul rest in eternal peace!

"Whatever the circumstances, there are outstanding women out there discharging their responsibilities diligently & meticulously. They need our support because they deserve it; they are making us proud as they pave the way for younger women to succeed." - Ms. Linah Mohohlo (BSE March 2021 Opening Bell Ceremony on 8th March, 2021)



Hello Readers, and a very warm welcome to the 15th Edition of the BSE News!

The global economy seems to be progressively improving after the unprecedented health and economic crisis caused by the COVID-19 outbreak. This is no doubt largely owed to the exceptional concerted global efforts to develop an effective vaccine, which has subsequently garnered a renewed sense of hope for the second half of 2021.

While the more advanced economies have procured copious vaccine doses to cover their populations recurrently, Sub-Saharan Africa is seemingly still in the grip of a health and economic emergency. Parts of Southern Africa saw the emergence of a more infectious mutation of the disease, the spread of which surpassed and outpaced the first wave across many countries - exacerbating the already inundated healthcare systems and ailing economies. Moreover, with the limited purchasing power of most sub-Saharan economies, many are challenged with inoculating just their essential frontline workers, and according to IMF reports, few will attain widespread availability before 2023. Furthermore, in the context of depleted fiscal and monetary buffers, it is anticipated that African states will continue to face the threat of a more devastating wave. All this considered, we are gravely challenged to take transformative action towards the sustainable revitalisation of our African economies, lest we be left behind as wealthier economies make steady headway in their recovery.

Mobilizing capital through capital markets has always proved to be the best method for financing economic revitalisation and strategic sectors such as infrastructure, corporate and SMEs, because of the significant contribution to economic growth and financial stability. In September last year, the Botswana Parliament approved a BWP30 billion domestic debt issuance programme, a crucial resolve by the government to fund the expected BWP6 billion budget shortfall for this year. It has been unfortunate, however, to observe the low uptake of these bonds by the investment industry in recent months. While government notes are considered the most attractive investment vehicle in the market, longstanding challenges such as liquidity and market-depth continue to hamper the development of the local capital market, which in turn affects the absorption of these government bonds.

It is important to underline that the development of the local capital market demands a concerted effort from all market participants. Well-functioning capital markets require incentive structures, and an enabling policy and regulatory framework, all with institutional capacity. Furthermore, innovation and following international best practices are key facets to a thriving capital market. In addition to the BSE's consistent advocacy for policy interventions to ensure the efficacy of capital mobility and the investment ecosystem of Botswana, we plan to attract issuers, enhance market liquidity and improve access to capital through the introduction of global depository receipts (GDRs) and trading in short-term debt instruments. We also appreciate the other financing avenues that exist in our market, such as private equity. Especially with the current trend of reduced investment levels owed to increased risk-

averseness in public investors, private markets have been progressively acknowledged as a credible conduit for channelling capital. When looked at holistically, the development of private markets in Africa and Botswana can complement the growth and sustainability of the public capital markets.

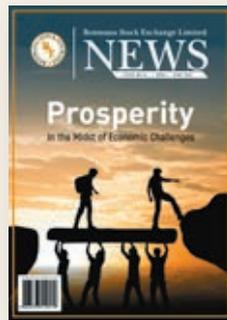
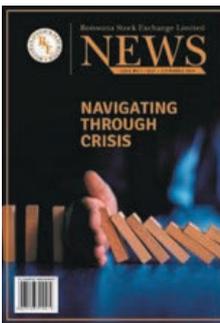
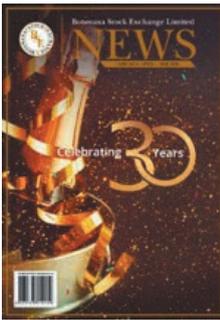
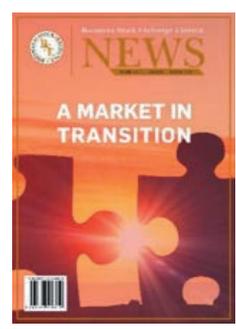
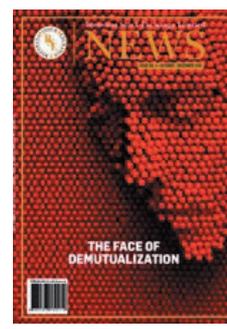
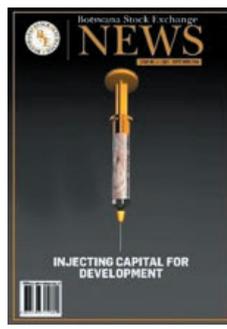
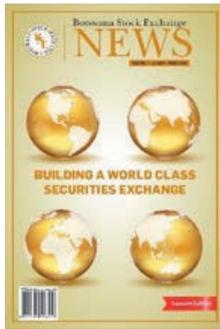
Considering the foregoing and through this edition, we give context to the catalytic role of capital mobilisation in economic recovery and growth. Alongside capital markets as a bridge for capital generation and economic recovery, we discuss the prospects of the newly opened Kazungula Bridge as an efficient trade enabler and capital mobilising tool for the SADC region, as well as the African Continent Free Trade Area Agreement (AfCFTA) in facilitating strategic trade integration for the improvement of economies of scale, productivity, and fostering structural transformation with the ultimate goal for inclusive and sustainable development across the continent.

In closing, let me congratulate the twelve companies enrolled for the 2021 Tshipidi Mentorship Programme (TMP). It gave me great pleasure to witness the enthusiasm with which SMEs applied to be a part of the TMP, following the success of its first cycle in 2019. My gratitude goes out to the listings ecosystem for agreeing once more to participate and contribute their expertise for the fulfilment of the programme. We hope that this initiative will make a long-lasting impression on the SME sector.

Happy Reading.

'Your Partner in Wealth Creation'

Thapelo Tsheole
Chief Executive Officer



Established in 2017

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BSE DONATES 22 COMPUTERS TO BSE ADOPTED SCHOOLS



KNOW YOUR STOCK MARKET TERMS



Free Float – The number of outstanding shares of stock available for trading by the public. It excludes the shares that are owned by company officers, management, and various other insiders.

Hedge – A strategy used to reduce the risk of an investment by making an investment in an asset with different risk and return characteristics.

Index – This is a benchmark against which portfolio performance is measured.

Liquidity – The ease at which a stock or other investment can be sold and converted to cash without having much impact on its value or price.

Long Position – The buying of a security such as stock, commodity or currency, with the expectation that the asset will rise in future.

Market Noise – Price and volume fluctuations in the market that result from insignificant information and may often lead to a distortion of one's interpretation of the direction of the market.

Price Earnings Ratio (P/E) – A valuation ratio of a company's current share price compared to its earnings per share. It is also known as "PE Ratio". In general, a high PE suggests that investors are expecting higher earnings growth in the future compared to companies with a lower PE.

Return on Equity – This is the measurement of the total profits that a company is able to generate with the money (equity) that shareholders have invested.

Tailgating – An unethical practice by a broker of placing an order for the same investment that a client of theirs just placed. The broker hopes to profit from the information that the client had prior to making the investment.

Source: Unpacking Jargon, Fourth Edition

BSE HOSTS FIRST SESSION OF TSHIPIDI MENTORSHIP PROGRAMME 2021

As a strategic initiative, the Botswana Stock Exchange introduced the Tshipidi Mentorship Program (TMP) back in 2019 as a way of grooming companies that could potentially raise capital, improve governance and leverage from increased publicity through the stock market in the short to medium term.

The objective of the TMP is to provide practical training to potential issuers through a comprehensive and interactive program that covers the key themes necessary to position a company to list on the BSE. The program is administered by the experts within the listing ecosystem and seeks to bring the potential issuers closer to the listing's advisers, investors

and leaders of already listed companies. The inception of this program is largely attributed to the fact that SMEs in Botswana do not operate as corporates across various elements and structures. As such, there is an opportunity within the private sector to assist SMEs to "corporatize" thus preparing them to leverage off platforms such as the Exchange for growth. Therefore, as a strategic initiative, the BSE decided to set up this mentorship program in a bid to assist SMEs to strategize, corporatize and acclimatize in order to list to access equity finance and expand operations.

This Program is not only administered by the BSE, it is facilitated with the help of

market participants that play a role in the ecosystem of capital markets in Botswana. These include the licensed Brokers, Legal Advisors, Corporate Finance Advisors, Reporting Accountants, Asset Managers and so forth.

This year's Program, as with the previous instalment, will run for 3 months, with each month hosting a Session in which key concepts are discussed and unpacked. The First Session is held on 25th May, 2021, Second Session on 22nd June 2021 and Final Session on 27th July, 2021. A Graduation Ceremony will be held at the end of the Program and only those companies who attended all the sessions will receive a certificate.



BSE CEO, Mr. Thapelo Tsheole, delivering the Welcome Remarks.



BSE Head of Market Development, Ms. Thapelo Moribame, delivering a presentation on 'The Overview of the Tshipidi Mentorship Program & Role of the BSE in Capital Markets'.



Executive Chairman of RDC Properties Limited, Mr. Guido Giachetti, facilitating a comprehensive discussion on the benefits of listing a company on the BSE.



Master of Ceremonies, BSE Market Development Specialist, Mr. Kgotla Segwe.

► **SME DEVELOPMENT**



Founder of Ticano Group, Mr. Opelo Motswagae, delivering a testimonial as a graduate of the BSE Tshipidi Mentorship Program.



BSE Head of Listings & Trading, Mr. Tsametse Mmolai, delivering a presentation on the 'BSE Equity Listings Requirements'.



Founder of Earth Vitamins, Mr. Thabo Molefe, delivering a testimonial as a graduate of the BSE Tshipidi Mentorship Program.



BSE Head of Product Development, Mr. Kopano Bolokwe, delivering a presentation on the 'BSE Debt Listings Requirements'.



BSE Head of Legal Services & Board Secretary, Ms. Gorata Dibotelo, delivering the Vote of Thanks.



Upskilling: Participants following proceedings at the Tshipidi Mentorship session



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TMP 2021 PARTICIPANTS:

For this year's Program, the BSE admitted 12 companies due to capacity health considerations brought forth by the COVID-19 pandemic. These companies were selected from a pool of 65 applications due to the strength of their proposals. These companies represent a wide array of sectors including hospitality, financial services, property, security, energy and so forth.

The companies are:

| | | |
|---|--|--|
| 01 Sycamon (Property) | 07 Floritec (Medical Consumables) | 09 Lithoflex (Manufacturing) |
| 02 Tempest Gold (Property) | 06 Kalahari Energy (Energy) | 10 VTM Security (Security) |
| 03 Total Eclipse (Investment Advisory) | 07 FIMA Enterprises (Financial Services) | 11 Staywell Hotels (Hospitality) |
| 04 Maison Properties (Property) | 08 Precision Vehicle Tracking & Recovery (Security) | 12 Maxwell Dichi Enterprises (Multimedia) |

SYCAMON

Name of Founder(s)/

Director(s): Nathan Kgabi, Kgomotso Kgabi

Sector: Property
Tel: (+267) 3165265

Sycamon is a 100% Motswana owned Property Development and Management company. They currently manage a mix of commercial and residential properties and mandate is partnering with Batswana who own land and assisting them to develop or build a business. Sycamon specializes in mixed use residential/commercial developments and Retail Brand Architectural Development.



TEMPEST GOLD

Name of Founder(s)/

Director(s): Neltah Tshepiso Mosimanegape

Sector: Property
Tel: (+267) 72196950

Tempest Gold (Pty) Ltd, is an all-inclusive boutique Real Estate company that specializes in real estate development services including feasibility and market researches, project management. We also offer post-development services such as Estate Agency, Facilities Management, Prop-tech, and Advisory Services. The company is currently expanding its footprint to West and East Africa.



TOTAL ECLIPSE

Name of Founder(s)/

Director(s): Lucy Mangisi, Eugene Mbaiwa

Sector: Financial Services
Tel: (+267) 3101013

Licensed and regulated by NBFIRA as an Investment Advisory firm, Total Eclipse provides wealth management services assisting clients set up financial investment portfolios both locally and offshore with stock exchange-listed asset managers and banks. Additionally, we provide corporate finance services.



► SME DEVELOPMENT

MAISON PROPERTIES

Name of Founder(s)/Director(s):
Nameitso B. Maikano

Sector: Property
Tel: (+267) 71418134

Maison Properties is real estate firm that specialises in Local Property Development ahead of the market trends, as well specialising in international property investments and property management.



FIMA ENTERPRISES (PTY) LTD

Name of Founder(s)/Director(s):
Itumeleng Maphongo

Sector: Financial Services
Tel: (+267) 3938981

FIMA is a local company focusing on improving life cycle of small and medium enterprises by offering them financial solutions to execute their projects and goals



MAXWELL DICHI ENTERPRISES

Name of Founder(s)/Director(s):
Maxwell M. Dichi

Sector: Creative Industry
Tel: (+267) 77 992 304

Multimedia Company focusing on creating content for Television, Online marketing, Web Design and Branding. We don't just design, we create solutions with a purpose.



KALAHARI ENERGY (BOTSWANA)

Name of Founder(s)/Director(s):
Julian Scales, Kagiso Mmusi, Chris Scales, Stefan De Villiers, Keith Bonyng

Sector: Energy
Tel: (+267) 72871673

Kalahari Energy Botswana, through its wholly owned subsidiary Sekaname (Pty) Ltd has an independently certified Gas-in-Place Resource of 10,8Tcf at P50. Sekaname is currently negotiating a PPA with GoB for a (&MW CBM-Fuelled Power Generation Plant, as well as preparing a tender for the supply of gas to the Orapa 90MW power station.corporate finance services.



PRECISION VEHICLE AND ASSET TRACKING

Name of Founder(s)/Director(s):
Mothhaleemang Moalosi

Sector: Security
Tel: (+267) 3116168

Precision Vehicle and Asset tracking (Pty) Ltd provides fleet management, vehicle tracking and recovery services across Southern Africa. It is a 100% citizen owned company established in 2017. In just four years of its existence, Precision has established itself as the best car vehicle tracking company in Botswana having over 2,800 cars tracked. Our services are offered to various industries ranging from individuals to corporates. Currently our biggest client is Botswana Power Corporation with 450 cars in our system



STAYWELL HOTELS

Name of Founder(s)/Director(s):
Lesedi Nthobatsang, Kethamile Rakhudu, Ramotlatsi Rakhudu

Sector: Hospitality
Tel: (+267) 3933958

StayWell Hotels (SWH) is located at plot 33175 Mogoditshane Road, in Mogoditshane, Botswana and it is a 100% citizen owned business trading under a 100% citizen owned company, Xhomaha Group (Pty) Ltd, incorporated in Botswana of registration No.CO2009/3707.

SWH has been in operation since 2009 and provides high quality personalized lodging and catering services to an array of clients within government (central and local government), private and parastatal institutions as well as local and international business and leisure travelers.

SWH comprises of:

- 】 2 restaurants (the second one has just been completed in October 2020),
- 】 Public bar
- 】 Conference facilities
- 】 30 rooms

SWH has also earned its position as the preferred caterer of choice among companies, both private and non-private as evidenced by the growing database of its clients.



FLORITEC INVESTMENTS

Name of Founder(s)/Director(s):
Sylvia Mthimkhulu

Sector: Manufacturing & Supplies
Tel: (+267) 3957649

Floritech is a Mtswana owned company that was founded by Sylvia Mthimkhulu. It began operations in June 2015 and its main sole objective was to procure and supply medical and laboratory equipment throughout Botswana and Africa as a whole. It has since broadened its operations to also manufacture different kinds of medical and laboratory equipment to address the demand for health supplies and reduce dependency in sourcing medical supplies from European and Asian markets.

Floritech aims to become a leader in the manufacturing, procurement and supply of medical and laboratory equipment and products. The mainstay of its strategy is to offer level of client focus that is superior to that offered by our competitors. Floritech has over the years managed to procure and supply medical and laboratory equipment and products to different government hospitals, private hospitals, clinics, medical agencies and institutions successfully. To help achieve its objective the company seeks to attract highly motivated individuals that want to work as a team and share the commitment, responsibility, risk taking, and discipline required to achieve the vision. Part of attracting these individuals will be to build a culture that promotes both uniqueness and a bias for action. While we are realistic in settling goals and expectations, we will also be aggressive in reaching objectives.



VTM SECURITY SERVICES

Name of Founder(s)/Director(s):
Vincent Goabaone Mafuta

Sector: Security
Tel: (+267) 3104794

VTM Security Services is a subsidiary of Mafter Holdings (PTY) LTD a 100% citizen owned company which specialize in providing professional guards, mobile patrolling event management/event stewards, retail security, Cable Monitoring, CCTV and alarm monitoring, dog patrols cash transit, access control, conduct criminal and civil investigations and detect fraud.

The company provides services for government departments, schools, ministries, private sectors, parastatals, NGOs, insurance companies to investigate suspicious claims, fraud, syndicate tracking, arson/fire investigations, corruption and mismanagement and any other mal practices. We use many different surveillance methods and search methods to find out important facts in many different matters. We carry confidential investigations. We function within the parameters of the law when making investigations without intimidation or mistreatment. We have employed people with capability and who have previous experience in law enforcement agencies in Botswana.



LITHOFLEX

Name of Founder(s)/Director(s):
Pelonomi Bantsi

Sector: Manufacturing
Tel: (+267) 3119990

Lithoflex Proprietary Limited was incorporated on 26 February 2009 under the laws of Botswana whose registration number is BW00001187320. The vision was to fill a local gap in Botswana as there was no ink manufacturing company in Botswana at that point and to date Lithoflex is the sole manufacturer of high quality Flexographic and Lithographic inks in Botswana.

In 2019, Lithoflex diversified its portfolio into the manufacturing of household detergents, sanitizers and disinfectants as well as personal care products. These new products are manufactured under the Spring Clean brand. We also manufacture for various in-house brands. We exist for our customers and our aim is to be the consistent solution to every printing need. Our product range also extends to the manufacture of sundries such as fountain solution, damper cleaners, spray powders, rollerwash and ink driers to mention a few. We are driven by a zeal for high quality standards which has led to the company attaining the Botswana Bureau of Standards (BOBS) ISO 9001 – 2015 certification for quality management. Our products are certified by their relevant regulatory bodies for compliance.

Lithoflex Proprietary Limited is a proud member of the Botswana Investment and Trade Centre (BITC) and the local Enterprise Authority (LEA). Our technical team has a combined 60 years of experience in SADC, with our management team comprising of accomplished financial and business administration experts with a total experience of over 100 years.



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World Bank Financing for COVID-19 Vaccine Rollout Reaches \$US2 Billion



WORLD BANK GROUP
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The World Bank announced on the 20th of April 2021, that it had reached \$US2 billion in approved financing for the purchase and distribution of COVID-19 vaccines for 17 developing countries. This financing is part of the \$US12 billion envelope over 24 months for developing countries to acquire and deploy vaccines and strengthen their vaccination systems. For poorer countries financing is on grant or highly concessional terms. The Bank expects to support 50 countries with \$US4 billion financing for COVID-19 vaccines by mid-year.

The \$US2 billion funding is supporting COVID-19 vaccination in Afghanistan, Bangladesh, Cabo Verde, Cote d'Ivoire, Ecuador, El Salvador, Eswatini, Ethiopia, The Gambia, Honduras, Lebanon, Mongolia, Nepal, Philippines, Rwanda, Tajikistan, and Tunisia.

“Access to vaccines is key to altering the course of the pandemic and helping countries move toward a resilient recovery,” said World Bank Group President David Malpass. “Our programs are helping developing countries respond to the health emergency and have financing available for vaccines. As the world attempts to carry out the largest vaccination effort in history, we have stressed the need for countries with excess vaccine supplies to release them as soon as possible, and for financing commitments to COVAX to be encashed.”

The Bank’s vaccine finance package is designed to be flexible. It can be used by countries to procure doses through COVAX or other sources. It can also finance other key deployment and health

system strengthening activities, such as medical supplies, personal protective equipment, vaccine cold-chains, training health workers, data- and information systems and communications and outreach campaigns to key stakeholders which are key to ensure vaccination acceptance. The Bank has aligned its eligibility criteria of COVID 19 vaccines with the revised eligibility criteria of COVAX and other Multilateral partners.

Additionally, IFC, the Bank’s private sector development arm, has a \$US4 billion health platform to increase the supply and local production of personal protective equipment in developing countries and unlock medical supply bottlenecks in emerging markets, particularly in medical equipment and vaccines.

The Bank is working with governments and partners (UNICEF, the Global Fund, WHO, and GAVI) to assess the readiness of over 140 developing countries to deploy vaccines. Initial findings show that while 85% of countries have developed national vaccination plans, only 30% have plans to train the number of vaccinators needed and 27% have put public engagement strategies in place to address vaccine hesitancy.

“To get a vaccine into someone’s arm, there is a whole system of interdependent actions that needs to function properly,” said Axel van Trotsenburg, World Bank Managing Director of Operations.

► FEATURE

"We are working together with the international community and partners to accelerate the rollout of COVID-19 vaccines. Vaccines are a key element in how we return to school, to work, and to growth."

Since the beginning of the crisis, the World Bank Group approved \$US108.6 billion to help countries fight the health, economic and social consequences of the pandemic. The Bank is assisting over 100 countries with COVID-19 health emergency projects reaching 70% of the world population

World Bank Group Response to COVID-19

The World Bank, one of the largest sources of funding and knowledge for developing countries, is taking broad, fast action to help developing countries respond to the health, social and economic impacts of COVID-19. This includes \$US12 billion to help low- and middle-income countries purchase and distribute COVID-19 vaccines, tests, and treatments, and strengthen vaccination systems. The financing builds on the broader World Bank Group COVID-19 response, which is helping more than 100 countries strengthen health systems, support the poorest households, and create supportive conditions to maintain livelihoods and jobs for those hit hardest.

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KAZUNGULA - SADC'S BRIDGE TO AFRICA'S FREE TRADE ASPIRATIONS

BY VICTOR BAATWENG



A road trip across the African continent can be a sobering experience, characterised mainly by delays, inefficiency and overzealous bureaucracy. This is a common sentiment and a striking feature for tourists and traders alike across the continent.

To date, many African countries are grappling to undo a legacy dominated by trade with their former colonial masters rather than with each other. For example, Botswana – a big player in the beef sector – lists the United Kingdom as its top trading partner. Even her shining stones – the diamonds end up in western and East Asian countries, but Africa. Another example in West Africa; while Senegal surrounds Gambia, trade between the two neighbours is minimal as the former trade more with France.

Despite all these negatives and abnormalities, the spirit of free trade has recently been alive at public forums across the continent. The African Continental Free Trade Area (AfCFTA) – a strategic framework for delivering on Africa's goal for inclusive and sustainable development agenda – has been put in place.

The inadequacy of basic infrastructure, however, continues

to put a dent in this momentum. The dearth of infrastructure is a significant hindrance to the competitiveness of the African economy and intra-trade. Compared to the other regions of the world, both developed and developing, the impediment to production and trade arising from the underdevelopment of infrastructure is more severe in Africa. The inadequate networks of road, rail, air and waterways render transport costs in the continent among the highest in the world. Available literature shows that for landlocked countries like Botswana, transport costs account for as much as 70 percent of the value of the exports. Transport irrevocably remains critical for moving goods, services and people across African borders. Even so, the low quality of transport networks in the continent poses a limitation to interconnectivity. Consequently, this has affected the amount of trade that African countries can do with each other.

Development of key infrastructure

Given that regional integration has been prioritised to address the difficulties faced by a continent with many small national markets and landlocked countries, several infrastructural projects have emerged from many African countries. Since the last two decades, regional bodies on the continent have implemented initiatives aimed at developing and upgrading the much-needed infrastructure for intra-trade. These include the African Union (AU) Programme for Infrastructural Development in Africa (PIDA); Transport Corridors such as the Trans Kalahari Corridor which links Botswana, South Africa and Namibia; as well as the Northern Corridor linking the landlocked Great Lakes countries of Burundi, Rwanda, Uganda and Eastern DRC to the Kenya Seaport of Mombasa. The latest addition for the southern African bloc

► FEATURE

– otherwise known as the South African Development Community (SADC) is the Kazungula Bridge.

The new bridge was commissioned in May 2021 by dignitaries such as the Chairperson of the African Union and President of the Democratic Republic of Congo – Felix Tshisekedi; the Chairperson of SADC and Mozambique President – Filipe Nyusi; the President of Zimbabwe – Emmerson Mnangagwa; Vice President of Namibia – Dr Nangolo Mbumba; the Executive Secretary of SADC – Dr Stergomena Lawrence Tax, the Secretary-General of the Common Market for Eastern and Southern Africa (COMESA) – Chileshe Kapwepwe; as well as the host Presidents – Dr. Mokgweetsi Masisi of Botswana and Edgar Lungu of Zambia.

As part of bridging SADC to the rest of the continent, the Kazungula Bridge is expected to link the port of Durban in South Africa to the DRC and Tanzania through the North-South Corridor. This project is instrumental in facilitating the seamless and efficient movement of goods and persons, curtailing the cost of doing business, contributing to industrialisation, and enhancing trade and SADC regional integration.

Capital Mobility and Economic Recovery

Economic pundits agree that the demand for replacement and new infrastructure in most African countries exceeds the financial capacity of most governments. In Botswana, the construction of the Kazungula Bridge and its associated infrastructure began in December 2014 and was paid for on a 50-50 basis by the Botswana and Zambian government but with the aid of co-financiers being the African Development Bank (AfDB) and Japan International Cooperation Agency (JICA).



The financing of the Kazungula Bridge by international agencies is just one example of how infrastructure forms part of a complex supply chain and requires long-term planning and financing strategies. The prevailing challenge for many African governments is meeting the growing demand for services using a combination of traditional and alternative financing methods. However, for countries like Botswana with a national bourse (Botswana Stock Exchange), raising capital through the stock exchange remains optional and advantageous.

The Botswana Stock Exchange provides a platform for multinational companies for raising funds with the objectives of developing infrastructure that could generate economic benefit to their shareholders and host nations. Over time, the growth of the BSE listed companies has contributed to

the national economic diversification agenda. Perhaps this explains why some sectors of society see listed companies as potential partners to the Botswana government on her Public-Private-Partnership (PPP) projects. Hitherto, BSE boasts of many listed property companies, some with assets both within the borders of Botswana and as far as East Africa. As the government looks for potential partners to revive the local economy through infrastructure, it may prove worthwhile to look even on the local bourse for such. PPPs are indeed essential, as think tanks like the World Economic Forum insist that an extensive and efficient infrastructure such as the Kazungula Bridge is critical for ensuring the effective functioning of any economy. Economists have proclaimed the Kazungula Bridge as an economic bridge for SADC, given its role in linking Botswana and the SADC region to the rest of the continent.

MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 MAY 2021

1. EQUITY MARKET PERFORMANCE

1.1. Analysis of Equity Market Indices

During the period 1 January to 31 May 2021 the Domestic Company Index (DCI) depreciated by 4.2% in comparison to a decrease of 2.3% during the same period in 2020 and the Domestic Company Total Return Index (DCTRI) depreciated by 1.1% in comparison to an increase of 0.7% 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 Jan-31 Mar (Q1 2021) | 1 Apr-31 May (Q2 2021) ^{Note 1} | 1 Jan- 31 May (YTD 2021) |
|--|---------------------------|---|-----------------------------|
| Index Performance | | | |
| DCI | 6,528.39 | 6,589.19 | 6,589.19 |
| % Change | (5.1) | 0.9 | (4.2) |
| DCTRI | 1,591.41 | 1,646.54 | 1,646.54 |
| % Change | (4.4) | 3.5 | (1.1) |
| FCI | 1,550.93 | 1,550.85 | 1,550.85 |
| % Change | 0.2 | (0.005) | 0.2 |
| Liquidity | | | |
| Turnover (P' Million) | 113.7 | 95.8 | 209.5 |
| Average Daily Turnover (P' Million) | 1.8 | 2.5 | 2.1 |
| No. of Shares Traded (Million) | 87.5 | 129.0 | 216.5 |
| Market Capitalization | | | |
| Domestic Companies (P' Million) | 33,820.3 | 34,100.8 | 34,100.8 |
| Foreign Companies (P' Million) | 356,140.9 | 356,153.2 | 356,153.2 |
| Total (P' Million) | 389,961.2 | 390,254.0 | 390,254.0 |
| Market Indicators ^{Note 2} | | | |
| P/E Ratio (times) | 12.3 | 12.7 | 12.7 |
| Dividend Yield (%) | 4.3 | 4.3 | 4.3 |
| Price/Book Value (times) | 1.5 | 1.3 | 1.3 |

Note 1: Quarter 2 as at 31 May 2021

Note 2: Earnings, Dividends and Book Value based on the last audited financial statements

▶ MARKET PERFORMANCE

1.2. Analysis of Equity Turnover

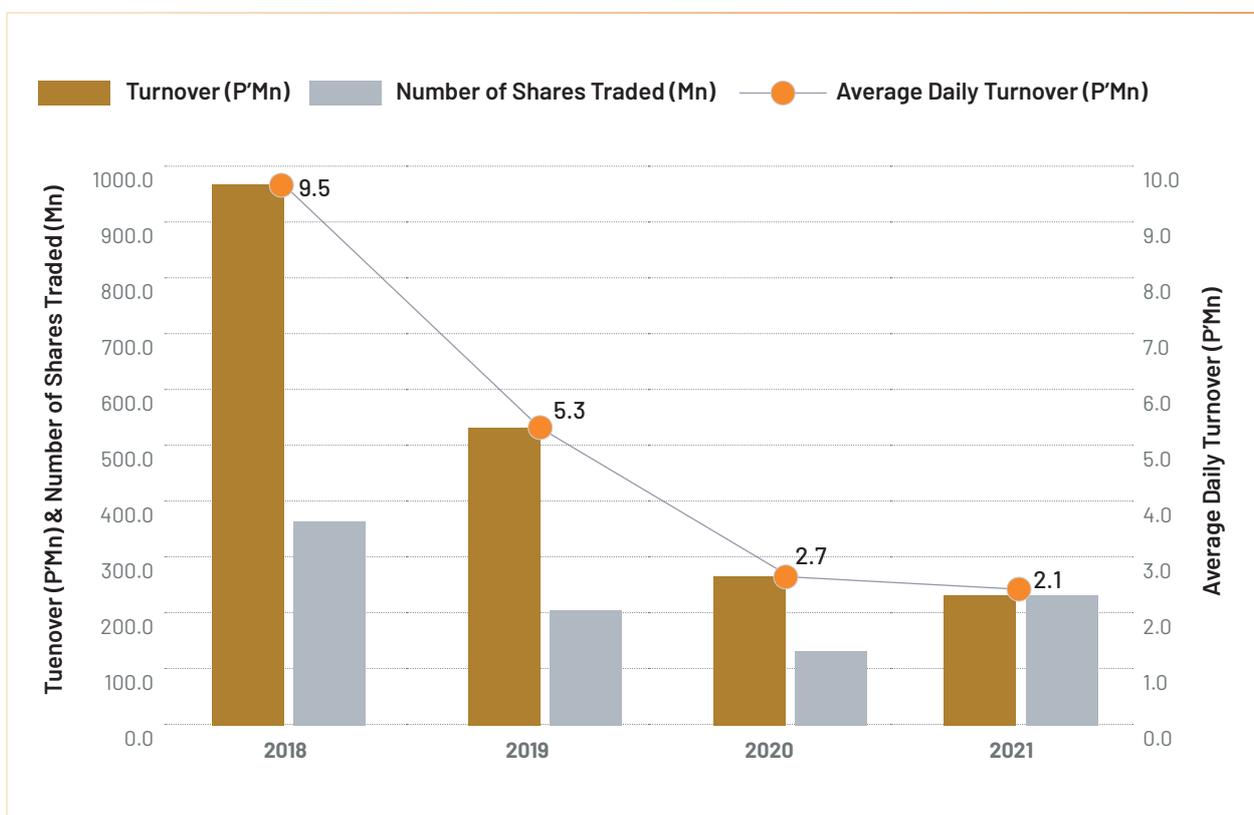
As at the end of May 2021, a total equity turnover of P209.5 Million was recorded from traded volumes of 216.5 Million shares compared to P273.9 Million recorded from 119.6 Million shares in 2020. On a monthly basis, April experienced the highest turnover followed by March. Figure 2 and Figure 3 present 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) | 968.9 | 542.8 | 273.9 | 209.5 |
| Average Daily Turnover (P' Million) | 9.5 | 5.3 | 2.7 | 2.1 |
| No. of Shares Traded (Million) | 359.4 | 196.9 | 119.6 | 216.5 |

Note: Year to 31st May

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



The top 3 traded companies during the period under review were Letshego Holdings (P50.0 Million), PrimeTime Property (P19.1 Million) and Absa (P17.9 Million). The total turnover from these 3 companies accounted for 41.5% of total equity turnover, with the leading counter Letshego Holdings accounting for 23.9% of total equity turnover. In comparison to the same period in 2020, the top 3 traded companies accounted for 50.9% of total equity turnover with the leading counter First National Bank accounting for 17.8% (P48.8 Million) of total equity turnover. The rankings of companies by turnover thus far in 2021 is shown in Figure 4.

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

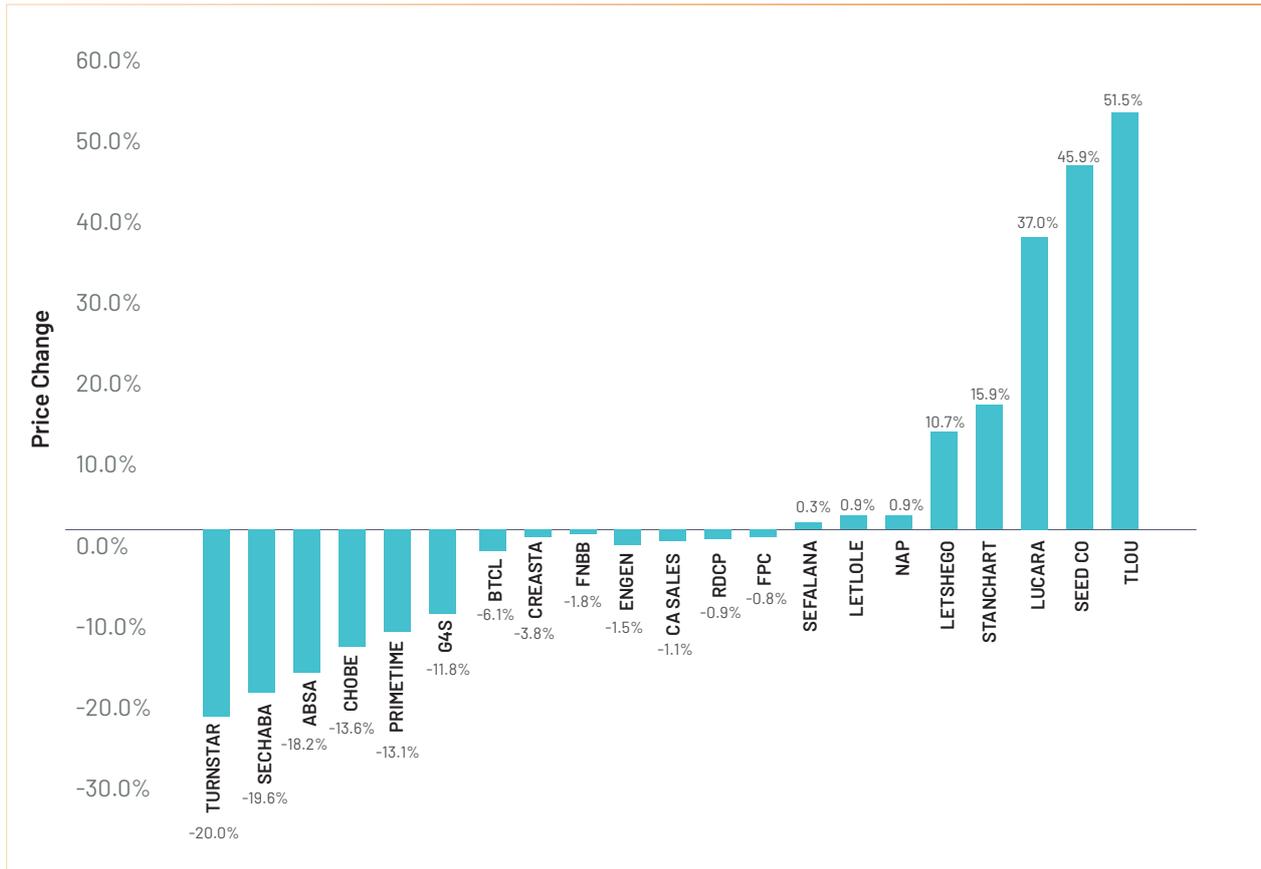
| | Q1 | April | May | Total |
|--------------|-----------------------|----------------------|----------------------|-----------------------|
| COMPANY | Turnover | Turnover | Turnover | Turnover |
| LETSHEGO | 40,190,885.58 | 4,986,909.35 | 4,818,543.03 | 49,996,337.96 |
| PRIMETIME | 18,026,687.92 | 1,048,497.87 | 74,632.88 | 19,149,818.67 |
| ABSA | 1,642,100.59 | 2,397,466.32 | 13,840,305.60 | 17,879,872.51 |
| BIHL | 2,992,463.55 | 7,564,112.50 | 5,171,495.00 | 15,728,071.05 |
| STANCHART | 15,476,283.50 | 1,550.00 | 36,926.10 | 15,514,759.60 |
| AFINITAS | - | 14,637,026.08 | - | 14,637,026.08 |
| SECHABA | 3,604,632.51 | 10,552,188.40 | 19,471.80 | 14,176,292.71 |
| TURNSTAR | 7,584,426.09 | 223,753.86 | 2,804,381.17 | 10,612,561.12 |
| SEFALANA | 7,658,579.67 | 2,696,376.79 | 213,973.32 | 10,568,929.78 |
| NAP | 2,946,049.86 | 6,532,054.50 | 140,087.07 | 9,618,191.43 |
| FNBB | 3,421,008.39 | 3,951,346.37 | 69,252.41 | 7,441,607.17 |
| BTCL | 3,172,301.05 | 2,441,514.32 | 911,867.14 | 6,525,682.51 |
| CHOPPIES | 608,990.40 | 2,247,850.80 | 1,636,514.40 | 4,493,355.60 |
| RDCP | 45,526.25 | 4,375,286.52 | - | 4,420,812.77 |
| CA SALES | 3,123,954.68 | - | 244,755.00 | 3,368,709.68 |
| ENGEN | 1,089,176.71 | 326,854.58 | 17,109.57 | 1,433,140.86 |
| CHOBE | 304,922.58 | 5,915.60 | 993,145.11 | 1,303,983.29 |
| LETLOLE | 975,300.22 | 62,822.43 | 44,412.06 | 1,082,534.71 |
| ABC | 20,825.64 | 19,800.00 | 338,974.02 | 379,599.66 |
| SEED Co | 69,126.80 | 104,950.00 | 89,216.10 | 263,292.90 |
| OLYMPIA | 253,806.24 | 973.68 | - | 254,779.92 |
| MINERGY | 212,709.60 | 608.00 | 2,458.40 | 215,776.00 |
| FPC | 98,625.43 | - | 81,403.70 | 180,029.13 |
| TLOU | 77,447.00 | - | - | 77,447.00 |
| LUCARA | 38,207.03 | 32,683.00 | 2,317.00 | 73,207.03 |
| G4S | 59,511.00 | - | - | 59,511.00 |
| CRESTA | 30,309.90 | - | - | 30,309.90 |
| BOD | 3,449.52 | - | - | 3,449.52 |
| A-CAP | - | - | - | - |
| ANGLO | - | - | - | - |
| INVESTEC | - | - | - | - |
| SHUMBA | - | - | - | - |
| TOTAL | 113,727,307.71 | 64,210,540.97 | 31,551,240.88 | 209,489,089.56 |

▶ MARKET PERFORMANCE

Figure 5 shows the share price performance of listed companies during the review period. Of the 30 listed companies, 13 depreciated in share price, 8 appreciated in share price while 9 experienced no share price change.

The top gainer was Tlou Energy with a 51.5% growth in share price, followed by Seed Co and Lucara Diamond with gains of 45.9% and 37.0% respectively. Turnstar Holdings experienced the biggest decline in share price of 20.0% followed by Sechaba Brewery Holdings and Absa with declines of 19.6% and 18.2% respectively.

Figure 5: Share Price Performance: 1 January – 31 May 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 52.7% to total equity turnover or P110.3 Million in monetary terms while local individuals contributed 8.4% or P17.6 Million in monetary terms during the period under review. Foreign companies contributed 30.9% or P64.7 Million to total equity turnover while foreign individuals and brokers contributed 8.0% (P16.7 Million) and 0.1% (P0.2 Million) to equity turnover respectively.

Figure 6: Investor Contribution to Turnover: 1 January – 31 May 2021

| Investor Category | Turnover (Pula) | Equity Turnover Contribution |
|---------------------|-----------------------|------------------------------|
| Foreign Companies | 64,725,003.24 | 30.9% |
| Foreign Individuals | 16,729,755.86 | 8.0% |
| Local Individuals | 17,558,589.55 | 8.4% |
| Local Companies | 110,313,451.64 | 52.7% |
| Brokers | 162,289.29 | 0.1% |
| Total | 209,489,089.56 | 100.0% |

2. COMPARATIVE PERFORMANCE OF THE BSE WITH SELECTED MARKETS

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

| Index | Index Change (%) | |
|----------|------------------|-----------------|
| | Local Currency | US Dollar Terms |
| JSE ALSI | 14.4 | 22.4 |
| SEMDEX | 3.9 | 0.3 |
| DCI | -4.2 | -2.9 |
| MSCI EM | 6.6 | 6.6 |

Source: Bloomberg, BSE

As can be observed in Figure 7 above, the DCI declined by 4.2% so far in 2021 compared to the SEMDEX, the index tracking Emerging Markets equities (MSCI EM) and the JSE All Share Index (JSE ALSI) which appreciated by 3.9%, 6.6% and 14.4% respectively.

In US Dollar terms, the DCI lost 2.9% due to the strengthening of the US Dollar against the local currency. The SEMDEX and JSE ALSI on other hand appreciated by 0.3% and 22.4% respectively.

3. PERFORMANCE OF EXCHANGE TRADED FUNDS (ETFs)

ETFs turnover thus far in 2021 amounted to P68.3 Million in comparison to P96.2 Million generated during the same period in 2020. In terms of volume, ETFs traded 392,811 units in 2021.

The NewPlat ETF price gained 32.3% while NewGold and NewFunds ETF prices declined by 0.3% and 4.3% 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 May 2021

| Indicator | 1 Jan – 31 May 2020 | | | 1 Jan – 31 May 2021 | | |
|----------------------|---------------------|---------|----------|---------------------|---------|----------|
| | NewGold | NewPlat | NewFunds | NewGold | NewPlat | NewFunds |
| Turnover (P'Million) | 56.5 | 39.7 | 0.0018 | 57.8 | 10.5 | 0.0003 |
| Units Traded | 329,872 | 381,866 | 35 | 305,535 | 87,270 | 6 |
| Price Change | 34.7% | -7.9% | 4.4% | -0.3% | 32.3% | -4.3% |

▶ MARKET PERFORMANCE

4. BOND MARKET PERFORMANCE

As can be observed in Figure 9 the value of bonds traded during the period under review was P843.9 Million compared to P343.3 Million traded during the same period in 2020.

Figure 9: Analysis of the Bond Market Performance

| | 1 Jan – 31 May 2020 | 1 Jan – 31 May 2021 |
|---------------------------------------|------------------------|------------------------|
| Value Traded (P'Mn) | | |
| Corporate Bond Turnover (P' Mn) | 1.6 | 133.7 |
| Government Bond Turnover (P' Mn) | 341.7 | 710.2 |
| TOTAL | 343.3 | 843.9 |
| Market Capitalisation (P' Bn) | | |
| Corporate Bond Market Cap (P' Bn) | 5.6 | 5.4 |
| Government Bond Market Cap (P' Bn) | 12.7 | 16.2 |
| TOTAL | 18.3 | 21.6 |
| Number of Bonds Listed | | |
| Government Bonds | 7 | 7 |
| Corporate Bonds | 40 | 38 |
| TOTAL | 47 | 45 |

As at end of May 2021, the market capitalisation of listed bonds stood at P21.6 Billion.

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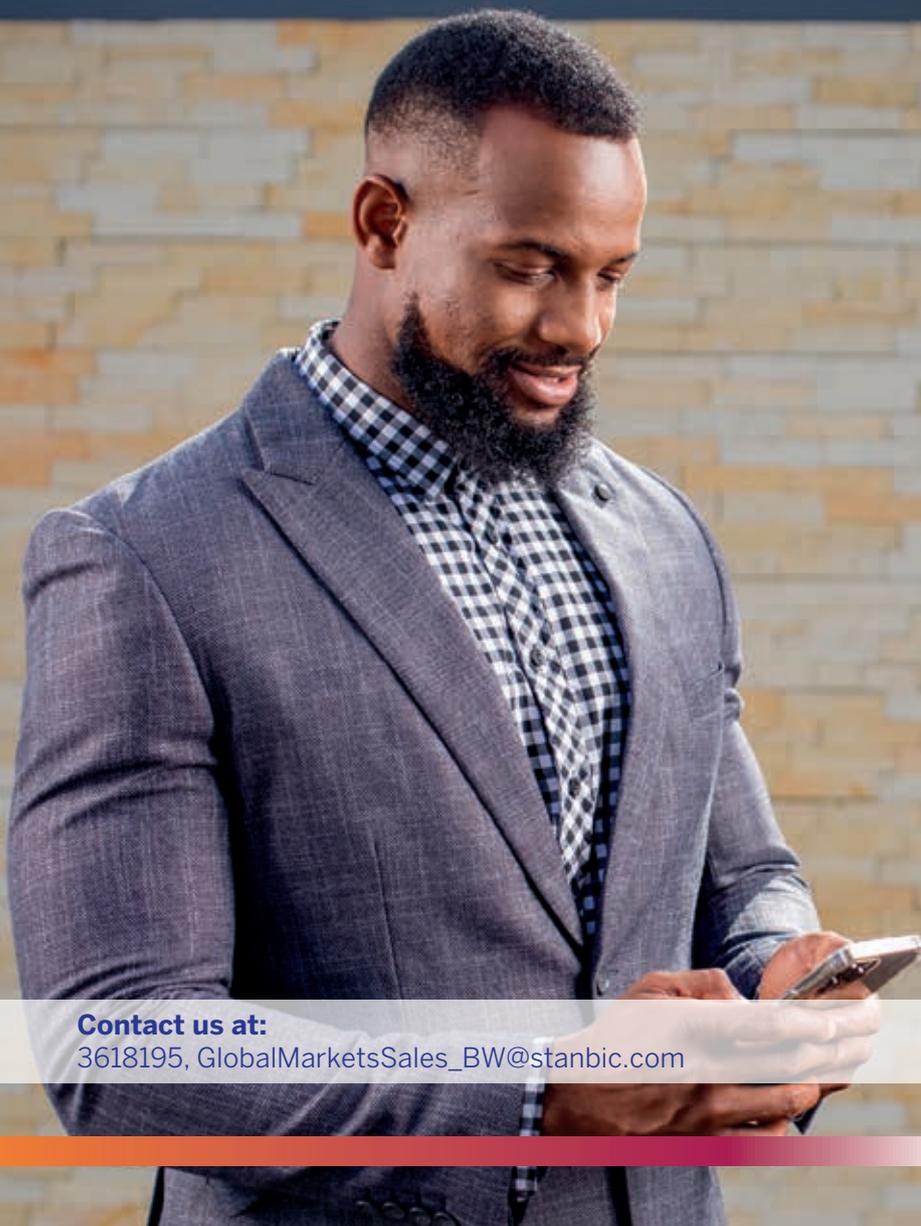
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Bank of Botswana

July 5, 2021

PUBLIC NOTICE

AUCTION CALENDAR FOR GOVERNMENT SECURITIES

FISCAL YEAR 2021/22

The Auction Calendar for the Fiscal Year 2021/22 is presented below:

| Auction Date | Papers for Auction |
|---------------------|--|
| July 2, 2021 | 3-month and 6-month T-Bills Bonds offered at the auction will be published |
| July 30, 2021 | 3-month, 6-month and 12-month T-Bills |
| August 27, 2021 | 3-month and 6-month T-Bills Bonds offered at the auction will be published |
| September 29, 2021 | 3-month and 6-month T-Bills Bonds offered at the auction will be published |
| October 29, 2021 | 3-month, 6-month and 12-month T-Bills Bonds offered at the auction will be published |
| November 26, 2021 | 3-month and 6-month T-Bills Bonds offered at the auction will be published |
| December 31, 2021 | 3-month and 6-month T-Bills |
| January 28, 2022 | 3-month, 6-month and 12-month T-Bills Bonds offered at the auction will be published |
| February 25, 2022 | 3-month and 6-month T-Bills Bonds offered at the auction will be published |
| March 25, 2022 | Bonds offered at the auction will be published. |

Note: The Ministry of Finance and Economic Development reserves the right to amend the issuance plan. Actual Bonds and amounts to be auctioned will be published on announcement dates. T-bills and Bond Switches and Buybacks will also be accommodated through the auction programme.

For further information, please contact, Dr. Seamogano Mosanako. Head of Communications and Information Services, on mosanakos@bob.bw or telephone at +267 360 6083 or +267 360 6277/3181 323 or 360 6277/3181 323 or www.bankofbotswana.bw

ACCELERATING GROWTH THROUGH PRIVATE EQUITY

BY KEABETSWE NEWEL

According to respectable capital market experts in Botswana, the best way to develop the Small, Medium and Micro Enterprises (SMMEs) and turn them into ripe institutions that are ready to list on stock exchanges is through Private Equity (PE) financing.

There are fewer listings on African stock exchanges, chiefly because there are limited private equity partnerships. This has been asserted by Bame Pule, who is not only a private equity expert but also the Founder and Chief Executive Officer (CEO) of Africa LightHouse Capital (Pty) Ltd, a reputable fund management firm in Botswana.

Pule believes that private equity is the future in terms of financing smaller companies to accelerate economic growth. Currently, Botswana, just like other countries globally, is feeling the effects of the COVID-19 pandemic, which saw many companies collapse, banks tightening their purse because of operational risks and other COVID-19 related challenges. All this led to the rising need for capital to spike economic growth. Pule believes private equity is the answer.

He strikes a familiar chord with Tshogofatso Tlhong, Portfolio Manager at Kgori Capital, another respected fund management firm in Botswana.

According to Tlhong, many companies in Botswana are successful because of private equity funds. She mentions specifically PE funds created by large pension funds like the Botswana Public officers Pension Fund (BPOPF), Debswana Pension Fund (DPF), the University of Botswana Staff Pension Fund and others alike.

“Through the large pension funds in Botswana, which usually set up private equity funds, financing more companies to expand, create employment and enhance economic growth/recovery especially during the COVID-19 pandemic is an increasing capability,” she notes.

Private equity investment, according to Tlhong, comes primarily from institutional investors and accredited investors, who can dedicate substantial sums of money for extended periods.

“In most cases, considerably long holding periods are often required for private equity investments to ensure a turnaround for distressed companies or to enable liquidity events such as an initial public offering (IPO) or a sale to a public company,” she explains. She further adds that distressed companies as a result of COVID-19 can be re-built through private equity financing.



She also says that Venture capital, Angel Investors and Private Equity firms are all part of an entrepreneurial eco-system as they all fit in at different parts of the journey and serve specific purposes. The risk and reward dynamics for each type of funding is also different.

“There is a place where these asset classes fit within the broader asset allocation for a pension fund, but because of the risk profile of that type of fund, allocations to these alternative asset classes do not form a substantial portion due to the risk of capital loss. Institutional funding does however help institutionalize such asset classes and forms a base from which other forms of private capital can participate,” she elaborates.

like the United States (US), Japan and Europe, smaller companies that require capital, strategic growth and business know-how seek financing from venture capitalists and private equity firms.

Furthermore, they add that these forms of financing do not only provide capital and skills; but also compel the companies to comply with corporate governance, thereby preparing them for listing on stock exchanges.

The two say that when the equity partners exit, the shares are sold to the public through an Initial Public Offering (IPO), which will provide stock exchanges with a pipeline of companies that are ripe for listing. Pule further expresses that in African exchanges where rates of listings are low, there is probably not enough private equity. To him, private equity grooms and prepares companies for listing, which makes private equity firms valuable partners to stock exchanges. "Note that these firms employ people and spike economic growth at the same time," he chips in.

In private equity, Pule states that they not only finance SMMEs but also partner with them to provide strategic direction. Traditionally around Africa and especially here in Botswana, concerns have been that SMMEs have been reluctant to have equity partners. In private equity, he observes that they help SMMEs adhere to corporate governance, have a functioning board of directors and qualified management teams. He opines further that they also help companies grow and expand into new markets. Equity partnership, he says, provides not only money but a valuable and strategic partnership.

"Alternative financing, like private equity and venture capital, is on the rise. So in comparison to public equity, these funding methods will play a bigger role in future. They can help advance economic growth even during the COVID-19 pandemic," Tlhong also explains.

In addition, Pule pronounces private equity as a growing means of funding, especially here in Botswana.

"The challenge is about exposure and education; a lot of SMMEs may not know the products available and how they work. There is a need to educate SMMEs about available funding methods. They do not know how to prepare themselves to be recipients of such funding. They need to be taught that preparing financial statements, auditing their books and enhancing their corporate governance readies them for private equity funding". He further emphasises that now is the time for small companies to consider private equity for growth.

Pule's company, Africa LightHouse is one of the three private equity companies which benefitted (P500 million) from Botswana Public Officers Pension Fund (BPOPf)'s P1.5 billion private-equity incubation programme. The fund, which is the single largest investor in Botswana's capital markets, launched a P1.5 billion private equity incubation programme in November 2016 in a bid to facilitate the involvement of more Botswana into the lucrative investment management business. Pule's company was awarded a P500 million mandate. His company has operations in South Africa as well. Kgori Capital, where Tlhong is a portfolio manager, is a 100 percent citizen owned asset management firm with assets exceeding P4 billion.

Pule is worried by SMMEs' reluctance to seek funding from the private equity financiers because they either do not want to relinquish some shareholding or conform to the required corporate governance principles.

The BSE established SMME boards like the Tshipidi Board, meant to have flexible listings rules to accommodate SMMEs. The BSE's decision was aimed at coaching the SMMEs on how to be compliant with corporate governance principles making it easy for them to seek financing from either Private Equity or through IPOs.

Pule believes that SMMEs need to be handheld towards having proper corporate governance structures.

Traditionally across the globe, private equity firms exist to provide investors with profits, manage investments, invest in existing or new companies and generally specialise in portfolio management in fund management.

Pule shares a sad narrative that the Botswana economy has not been as dynamic as it might have been and that it had no features of job creation as "we would like it to".

Sharing insights, he opines that private equity is meant to bring growth and innovation to the economy by helping Botswana managers increase ownership in the entities they lead.

According to the PE expert, investments bring shareholder alignment, "and this is one of the many Botswana investment(s) we want to do," he said.

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



2012



2013



2015



2016



2016



2017



2017



2017



2018



2018

KILLING TWO BIRDS WITH ONE STONE- PPPs AND CAPITAL MARKETS

BY OBONYE MODIAKGOTLA

Botswana's fiscal position has been compromised by years of budget deficits amid a sluggish economy that has been made worse by the ongoing Covid-19 pandemic. The economy is in recession, so is the diamond industry, and government savings are at an all-time low while unemployment continues to soar.

The scene is reminiscent of the 2008 financial crisis. The latest external shock has once again brought to light Botswana's long running problems: an economy hugely dependent on diamond revenues and large government expenditure, which most of the time is not efficiently allocated to projects that are able to spur the economy to grow at a rate enough to churn the jobs needed by the country's productive population.

In the past five decades, the world's top diamond producer by value, managed to transform its economy from the world's poorest to an upper middle-income country. Revenue from diamond exports have been used to finance social investments and developmental infrastructures. However, still in the same period, the country has failed to wean itself from diamonds, and with years of diversification efforts yet to bore fruit.

From 2017 to 2019, the Botswana government has racked P21.8 billion in budget deficits, while projections for 2020/2021 financial year points to an all-time high budget deficit of P21 billion. In the past, budget deficits were largely financed by drawing down on accumulated savings held in the Government Investment Account (GIA), which is the government's portion of the foreign exchange reserves held at the central bank.

"This option is no longer available, as the GIA has been depleted by past drawdowns and the revenue shortfall in the 2020/2021 fiscal year. The level of the GIA has drastically 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 72.0 percent," said former Finance Minister Dr Thapelo Matsheka when delivering the 2021/2022 budget speech in February this year.

Dr. Matsheka warned that future deficits will have to be funded through debt. This creates a conundrum for the government which plans to spend as much as P14.5 billion on the Economic Recovery and Transformation Plan (ERTP). Fortunately, the change in government's financing alternatives is ready to be supported by the country's capital markets.

The Botswana Stock Exchange has expressed its delight over the government's decision to increase the bond issuance programme from P15 billion to P30 billion, along with increased frequency of auctions. The increased borrowing locally will not only broaden and deepen the domestic capital markets but will also lessen the currency exchange risk and higher interest rates. Furthermore, with money circulating in the domestic market, it can be channelled to investments that boost job creation and economic growth.

Besides, debt financing through the increased bond issuance, the Botswana government has long identified Public Private Partnerships (PPP) as an alternative form of funding mega projects, lessening the burden from government which usually incurs all costs of major infrastructure developments.

"To alleviate pressure on the government budget in the short to medium term, other forms of project delivery, such as Public Private Partnerships (PPPs), continue to be pursued to deliver on planned projects," the finance minister said during the 2021/2022 financial budget speech.

The idea of PPP as alternative financing method started getting hold in Botswana in the late 90s, resulting in the mooted of the Privatisation Policy of Botswana which was only approved in 2009. The delay in the approval of the policy set a stage for the low uptake of PPP projects in the country. Almost a decade later, there has not been any major public private partnership that has been successfully executed.

With the government chips now down and forced to consider alternative financing methods, the use of PPPs is more enticing than ever before as government seeks to efficiently allocate capital. Dr Matsheka revealed during the February budget speech that an assessment of Public



Investment Management by the International Monetary Fund (IMF) in 2017 revealed that 37 percent of public expenditure on infrastructure goes to waste in Botswana.

Project delays and cost overruns have been a common feature of major projects undertaken by government agencies. The P500 million glass project spectacularly failed before it could even begin operations. The 600MW Morupule B Power Plant is currently undergoing comprehensive remedial works to address deficiencies, which are scheduled for completion by 2023, despite the plant gobbling P11 billion since its commission in 2016.

Emmanuel Botlhale, a professor in the Political and Administrative Studies, in a 2016 theoretical paper titled "Financing Development Through Public Partnerships in Botswana," attributed Botswana's chequered history of project implementation to poor project monitoring and controlling. Still, he argued that despite few PPPs projects undertaken in the country, there is a strong case for the increased use of PPPs to finance economic development. Among the successful PPPs executed in Botswana, there has been a common denominator. One of the top shopping malls in the country, Rail Park Mall, was delivered through a public private partnership between state-owned Botswana Railways and Botswana Insurance Fund Management (BIFM) in 2012. The

Mongala Mall opened in 2014 was the result of a PPP venture between Southern District Council and Time Projects.

The common denominator is that the successful PPPs ventures involved companies linked to the stock market. BIFM is a wholly owned subsidiary of Botswana Insurance Holdings Limited (BIHL), which is one of the blue-chip companies listed on the BSE. Time Projects is also a subsidiary of the BSE listed property outfit PrimeTime Property Holdings.

This is not by coincidence. Listed Companies are more likely to raise capital for major projects cheaply through issuing of shares and getting preferential interest rates from lenders due to the credibility of being a listed company. Moreover, listed companies pool together a broad range of investors who are able to provide strategic directions for the company. Investors usually sit on the boards of companies to protect their investments. By bringing people of different skillset, the company benefits from diversity of thoughts.

With its many ailing and loss-making state-owned enterprises, the government expenditure can be eased through privatisation, which also forms part of PPP financing. In fact, the BSE provides another instructive example of privatisation done well. The Botswana Telecommunications Limited (BTCL) was partly privatised through an initial public Offering (IPO)

in 2016 that ushered in more than 50,000 citizen investors, prior to that there were only 28,122 registered Central Securities Depository Accounts (CSD).

The BSE's chief executive officer, Thapelo Tsheole, recently advised government to overhaul the existing privatisation policy and privatised state owned enterprises through a robust privatisation plan that has clear timelines that will be implemented to promote efficiencies and promote private sector led growth. He also implored the government to overhaul the asset management industry especially pension funds, which are currently allowed by the law to invest over 60 percent of their billions of pulas offshore.

In conclusion, as government seeks ways to cut its costs and reduce expenditure by tapping on domestic borrowing and public private partnership models, many economic opportunities may be unlocked through delivery of projects on time and within budget. Even more importantly, it will grow and strengthen the domestic capital markets through improved activity, either from listed companies raising funds to partner with government, or from private companies opening up to the stock market to access various securities instruments, and even the privatisation of some parastatals that could benefit from being listed on the BSE.

BSE DONATES 22 COMPUTERS TO BSE ADOPTED SCHOOLS

Botswana Stock Exchange (BSE) in alignment with their Dipolelo Programme, have resourced their two adopted schools, Kareng Primary School & Metsimantsho Primary Schools, with a total of twenty-two high-performance computers. The programme underpinned by the BSE CSI Policy focuses on education, entrepreneurship, community development and environmental/sustainability issues.

These computers will facilitate various objectives such as printing educational material and improving the computer literacy levels of the learners. Furthermore,

with the assistance of the internet, the learners will now have access to global libraries such as online video tutorials, free e-books, and FAQ forums where they can gain valuable, intricate information. Such efforts are imperative in improving the delivery of quality education, especially in under-resourced schools through the necessary educational equipment.

The adoption partnerships between Kareng Primary School & Metsimantsho Primary School commenced effective 1st January, 2021 & will run for three years.

KARENG PRIMARY SCHOOL DONATION CEREMONY – 14TH JUNE, 2021



(Left to Right) Kareng Primary School Deputy Head, Mr. Ngande & BSE Head of Market Development, Ms. Thapelo Moribame.



Local Community at Kareng Village attending the Donation Ceremony.



Kareng Primary School Deputy School Head, Mr. Ngande, delivering the Welcome Remarks.



BSE Head of Market Development, Ms. Thapelo Moribame addressing members of the local community during the Donation Ceremony at Kareng Primary School.



BSE Network & IT Security Graduate Trainee, Mr. Mogolodi George, setting up the computers for the school.



Kareng Primary School Students enjoying their time with the computers.



Kareng Primary School Students enjoying their time with the computers.



BSE Head of Market Development, Ms. Thapelo Moribame mingling with the students.



Kareng Primary School Deputy School Head, Mr. Ngande, showing a student how to operate the computer.



Group Picture - BSE Team with Kareng Primary School Management & Students.

METSIMANTSHO PRIMARY SCHOOL DONATION CEREMONY – 15TH JUNE, 2021



Local Community at Metsimantsho Village attending the Donation Ceremony.



Master of Ceremony, Ms. Maikano Madikwe.



Metsimantsho Primary School Deputy School Head, Mrs. Tony Mothibi, delivering the Welcome Remarks.



BSE Head of Market Development, Ms. Thapelo Moribame addressing members of the local community during the Donation Ceremony at Metsimantsho Primary School.



VDC Chairperson, Mr. Tshotlo Seitsang, addressing members of the local community during the Donation Ceremony at Metsimantsho Primary School.



Left to Right) Metsimantsho Primary School Deputy School Head, Mrs. Tony Mothibi, Event MC, Ms. Maikano Madikwe, BSE Head of Market Development, Ms. Thapelo Moribame & Metsimantsho Primary School Head, Mrs. Tuelo Aedige.



Unpacking of Donations.



(Left to Right) Handover - Metsimantsho School Head, Mrs. Tuelo Aedige with BSE Head of Market Development, Ms. Thapelo Moribame.



School Management receiving the donated computers from the BSE.



Staff Room Setup.



(Left to Right) BSE Team - BSE Network & IT Security Graduate Trainee, Mr. Mogolodi George, BSE Head of Market Development, Ms. Thapelo Moribame & BSE Market Development Specialist, Mr. Kgotla Segwe



BSE Team tours the classroom



Young learners getting acquainted with the class computer.

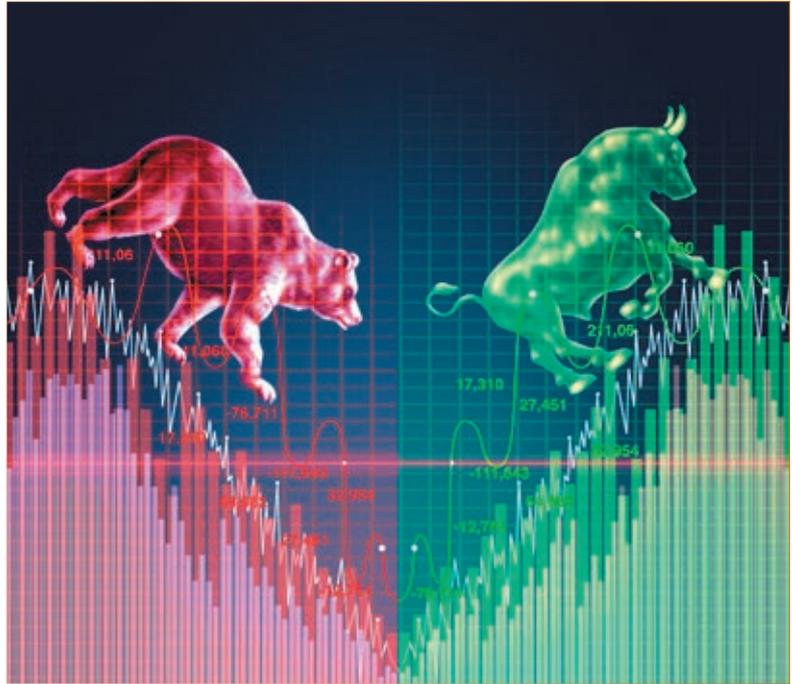


Metsimantsho Primary School.

ECONOMIC REBOUND: LET THE GOOD TIMES ROLL

BY BAKANG TIRO

Botswana's economy that was vulnerable and devastated by the shockwaves of the novel coronavirus is poised for a strong rebound in 2021, driven by a strong recovery in the country's key sectors. With good prospects across the major sectors from mining, agriculture, construction and tax, to mention a few, sectoral analysts foresee the Gross Domestic Product (GDP) expanding.



GOVT TRANSFORMATION PLAN

The estimated cost of the Economic Recovery and Transformation Plan (ERTP) is USD1.3 billion (7.6% of GDP) over two and a half years. Because of its low debt levels, Botswana can fund the plan from both domestic and foreign resources. On the domestic side, the government has increased its bond issuances from BWP15 billion to BWP30 billion. The proposal by the government to increase domestic borrowing comes as a response to the COVID-19 induced economic recession. Other mitigations include increasing domestic revenue mobilisation and reprioritising the public expenditure and the fiscal space to borrow externally to boost funds.

The International Monetary Fund (IMF) envisages the local economy to rebound by 7.5% this year from a 7.9%

contraction in 2020 - a forecast lower than the government's predictions of an 8.8% rebound. Domestic economic sectors have based their higher expectations of an 8.8% rebound on the implementation of the BWP14.5 billion ERTP combined with the warming up of the mining industry led by a strong recovery in diamond production.

MINING SECTOR REBOUNDS

One of the main contributors to Botswana's economy, the mining sector, is poised for significant growth driven by a surge in diamond sales and production capacity. Sales of rough diamonds mined by Debswana reached approximately USD1.7 billion (BWP18.2 billion) in the three auctions it has held earlier in the year. This is compared to an accrued USD931 million (BWP10 billion) over the same period in the year 2020.

Blue-chip diamond company De Beers Group is buoyant that its business will return to resilience this year compared to 2020, due to the promising demand for diamonds since the beginning of 2021.

De Beers Group Executive Vice-President Paul Rowley disclosed that the company targets to produce between 32- and 35 million carats as the demand for diamonds grows this year. "The global pandemic was an unprecedented challenge for the diamond industry globally. Containment measures such as lockdowns impacted negatively on our business operations," said Rowley. He optimistically said that De Beers anticipates recovery at all Debswana mines in Botswana in 2021.

AGRICULTURE BEGINS TO BLOSSOM

Following the deep contraction in the mining and tourism sectors last year, the agriculture sector has been singled out as the potential leading sector to be the shock absorber that saves the economy. Botswana's economy contracted by an estimated 8.9% in 2020, after growing by 3.0% in 2019, as the COVID-19 lockdowns and other movement restrictions constrained economic activity.

The pandemic came as a blessing in disguise for the agriculture sector, which has been dormant.

The pandemic hit Botswana last year in April during the harvesting season, while the government closed our borders and banned the importation of certain agricultural products. Mbiganyi Taka, president of Botswana Agricultural Sciences Professional Association (BASPA), said that the agriculture sector has been blossoming as more business opportunities emerge. He noted that more people ventured into the agriculture business to supply the market with produce following the government's importation ban. According to the recently published Statistics Botswana (SB)'s food-imports figures for January 2021, Botswana spent BWP782 million on food bought outside the country. Economist, Dr Mosimane Rammika, opined that as Botswana's food import bill is very high, the government should approach local food manufacturing aggressively with action plans that can swiftly cut down the import bill. "Government must work towards empowering local businesses by helping them to identify viable opportunities that will result in increased production. The government has introduced supportive interventions and subsidies, and if implemented properly, they stand to elevate many businesses," he said.

BURS MUCH BUOYANT

Tax revenues play a fundamental role in financing the developments that spur economic growth.

BURS Acting Commissioner General, Segolo Lekau, says that the agency targets to collect BWP43 billion in 2021\22 financial year after exceeding its collection target by BWP2 billion amid the Covid-19 strain.

Lekau disclosed that BURS did exceptionally well in 2020 by raking in BWP39 billion, thus exceeding the initial target of BWP37 billion, which was revised due to Covid-19 and anticipates the iconic Kazungula Bridge to boost tax collection. He revealed that BURS aims to collect BWP 43 billion this year, more so with the help of the Tax Administration Diagnostic Assessment Tool. BURS is also in a BWP500billion expansion at the Pioneer Border.

THE CENTRAL BANK

Bank of Botswana (BoB) also forecasts a positive economic upswing in 2021. Since the outbreak of the COVID-19 pandemic, monetary policy was accommodative to support economic activity by reducing the bank rate to 3.75%, so taking advantage of the prevailing low inflation. The fiscal deficit was estimated to widen to 8.7% of GDP in 2020 from 4.2% in 2019, as Covid-19-related spending rose and tax revenues fell due to reduced economic activity and imports. The deficit is being financed mainly through domestic and external borrowing and Botswana's foreign reserves, as public debt estimated at 17% of GDP in 2020 is low and sustainable.

Governor, Moses Pelaelo, indicated during the bank's latest Monetary Policy Committee (MPC) meeting for April that the prospects of a successful economic recovery are dependent on the effective rollout of

vaccines and cautioned an inflation surge due to Value Added Tax increase. According to BoB, overall, risks to the inflation outlook are assessed to be skewed to the upside. "Upside risks include the potential increase in international commodity prices beyond current forecasts, aggressive action by governments (e.g. Economic Recovery and Transformation Plan) and major central banks to bolster aggregate demand including the successful rollout of vaccines. Persistence of supply constraints due to possible travel restrictions and lockdowns could also lead to higher prices," said BoB.

STRATEGIC MAKEOVER FOR TOURISM

Tourism remains one of Botswana's most cardinal industries responsible for export and vital for employment and poverty reduction, but the sector is yet to recover due to restrictions in movement. Tourism in Botswana is based mainly around the country's natural resources, although it has the potential to grow beyond this through tourism-focused product development.

2020 was supposed to have been the return to glorious times, especially in the Okavango Delta region. The 2018/19 drought that led to the drying of Lake Ngami and rivers such as Boro, Thamalakane, and Boteti was over, but the pandemic outbreak put the industry in a coma. In a country where tourism contributes an annual total of 15.3% directly and indirectly to the GDP, suspension of tourism activities meant that 10.2% of the total workforce was in danger of being unemployed. The industry players call for the strategic transformation of the sector, with its fortunes of recovery pinned on the successful rollout of vaccination prioritizing frontline workers including tourism sector workers.



PUBLIC NOTICE

INTRODUCTION OF THE NEW BSE MEMBERS RULES

FOR IMMEDIATE RELEASE ON 1ST JUNE 2021: The public is informed that the Botswana Stock Exchange Limited (BSEL) is introducing new Members Rules (the Rules). The Rules have been approved by the Non-Bank Financial Institutions Regulatory Authority.

The new Rules were drafted to align with the changes in governance structure of BSEL following demutualization in 2018 and also to adhere to international best practice.

The new Rules seek to achieve the objects of BSEL as set out in its Constitution by providing procedures necessary to establish and regulate a fair and efficient capital market and to ensure that the business of BSEL is carried out in an orderly manner.

An important highlight in the new Rules is that membership to the Exchange is no longer restricted and there is now

provision for special membership to trade specific securities.

The new Rules will become effective on the 1st of July 2021.

A Refresher Workshop covering these Rules will be conducted for the benefit of Brokers and market participants. The date of the Workshop will be communicated to the public in due course.

The Rules may be accessed on our website www.bse.co.bw

Should you require any clarity please contact the Legal Services and Board Secretary Department at corporate@bse.co.bw or **3674403**.

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THE RISE OF CROWD FUNDING IN BOTSWANA

BY BAKANG TIRO

Small businesses, especially young and innovative firms that may not be suited to traditional financing methods, often have difficulty getting the funding they need to invest in their growth and create new jobs. During these strenuous times of the COVID-19 pandemic, crowdfunding can be used to finance small businesses and accelerate economic growth and recovery. These are enterprises that can be grown enough to end up trading on stock exchanges, says Tshегоfatso Tlhong, Portfolio Manager at Kgori Capital, a local Fund Management Firm. Crowdfunding is the use of small amounts of capital from a group of individuals to finance a new business venture. People fund entities individually on a platform that pools those funds together; to fund businesses or people (emergencies/special causes etc.).



Crowdfunding makes use of the easy accessibility of vast networks of people through social media and crowdfunding websites to bring investors and entrepreneurs together, with the potential to increase entrepreneurship by expanding the pool of investors beyond the traditional circle of owners, relatives, and venture capitalist, according to Investopedia.

“There are different types of Crowdfunding models and platforms that exist, each with a distinct purpose. When funding start-ups, crowdfunding is a way of financing companies that are still in infancy phases of their journey, where they burn more money than they make if they are making any revenue at all,” Tlhong explains. However, she stresses that the risk of capital loss from this form of investment can be very high, hence small amounts of money are

invested by many people, limiting the effects of the loss on any one individual.

In some instances, Tlhong adds that certain types of crowdfunding, for equity in most instances, are reserved for high-net-worth individuals who can afford to lose money. “It is an important source of capital to fund new/uncommon/disruptive ideas and technologies that wouldn’t otherwise qualify for institutional funding,” she asserts. Another type of crowdfunding includes investment-based crowdfunding. Tlhong says this is where companies issue equity or debt instruments to a crowd of investors through a platform.

Further to that, there is what is called Lending-based Crowdfunding (also known as crowdlending, peer-to-peer or marketplace lending), where companies or individuals seek to

obtain funds from the public through platforms in the form of a loan agreement. Tlhong also mentions invoice-trading crowdfunding, a form of asset-based financing whereby businesses sell unpaid invoices or receivables, individually or in a bundle, to a pool of investors through an online platform.

There is also reward-based crowdfunding, where individuals donate to a project or business with expectations of receiving in return a non-financial reward, such as goods or services, at a later stage in exchange for their contribution. Under donation-based crowdfunding, individuals donate amounts to meet the larger funding aim of a specific charitable project while receiving no financial or material return.

► FEATURE

Like any other form of financing, Tlhong says crowdfunding has the potential to build industries and enterprises that can grow up to make an impact in the capital markets. While crowdfunding is nascent in Botswana, it plays a bigger role in financing enterprises in other African markets like Nigeria and South Africa, as well as abroad.

According to a research document by the European Union (EU) titled 'Crowdfunding in the EU Capital Markets Union', crowdfunding has been developing rapidly in some Member States. It is estimated that EUR 4.2 billion was successfully raised through crowdfunding platforms in 2015/16 across the EU, of which EUR 4.1 billion were raised through crowdfunding models entailing a financial return.

According to the African Crowd Funding Association (ACFA), COVID-19 has affected African countries on many fronts, be it personal, health, businesses as well as general economic growth. According to the Association through an article published on their website in March 2020, crowdfunding can be a useful tool in the pooling of resources to accelerate recovery and economic growth. In Africa, countries like Kenya are already advanced through M-Changa, a crowdfunding platform for individuals and businesses.

ADVANTAGES OF CROWDFUNDING

The most obvious advantage of crowdfunding according to Tlhong, for a start-up company or individual, is its ability to provide access to a larger and more diverse group of investors/supporters. With the ubiquity of social media, crowdfunding platforms are an incredible way for businesses and individuals to simultaneously grow their audience and receive the funding they need. Further, equity-based crowdfunding is growing in popularity because it allows startup companies to raise money without giving up control to venture capital investors. In some cases, it also offers investors the opportunity to earn an equity position in the venture.

RISKS OF CROWDFUNDING

As with all investments, crowdfunding also entails several risks (such as project and liquidity risks, platform failure, cyber-attack) and concerns (for instance investors' inexperience, reliability of the investment, lack of regulation or different regulatory regimes) for retail investors and microenterprises, according to Tlhong. But with appropriate safeguards concerning investor protection, crowdfunding can be an important source of non-bank financing in support of job creation, economic growth and competitiveness.



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BSE CUSTOMER SATISFACTION SURVEY

On 3rd June 2021, the Botswana Stock Exchange (BSE) commenced its 2021 Customer Satisfaction Survey to solicit feedback from various stakeholders and gauge the overall levels of customer satisfaction from all customer segments engaging with the BSE.

The survey will focus on the value, relevance and quality of the relationship and engagement extended by BSE through different platforms, projects, programs and initiatives. The subsequent feedback will be crucial in assessing the critical areas in which the Exchange needs to improve in terms of products, services, regulation and communication.

Currently facilitated on all the BSE platforms, the exercise will run for eight weeks from 3rd June, 2021 to 3rd August, 2021. For more information on the survey, stakeholders are encouraged to reach the BSE Market Development Department via e-mail at marketdev@bse.co.bw.



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 always active on the following social media platforms to engage with followers around the world;

-  Botswana Stock Exchange
-  @TheOfficialBSE
-  Botswana Stock Exchange
-  Botswana Stock Exchange
-  Botswana Stock Exchange



BancABC Botswana Wins Duo of Awards

It's more than the awards, it's how we show our commitment to our customers.

- › Best Payment Solution Provider in Botswana 2021
- › Decade of Excellence Retail Banking Botswana 2021

Global Banking & Finance Review's 11th Annual Awards Program, 2021



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ACCESS BANK TAKEOVER OF BANCABC BOTSWANA OPTIMISES SHAREHOLDER VALUE

BY MBONGENI MGUNI



The country's banking sector has come full circle from its early years when it had just two players and a handful of branches around the country.

Today, the commercial banking sector has eight highly competitive participants, with countrywide network infrastructure including ATMs and branches, through which an ever-deepening range of financial products and solutions are offered.

As at April 2021, local commercial banks had P104.4 billion in assets and monthly net profits of P170 million, reflecting the resilience of the sector despite the difficult operating conditions brought on by COVID-19.

In fact, over the decades, the banking sector has been one of the country's most profitable, with steady growth despite crises such as the global financial crisis in 2009 and the economic recession of 2015.

This performance by the commercial banking sector has made it a target for investors, particularly for those banks which are listed on the Botswana Stock Exchange (BSE), where a listing means frequently public reporting of financials, daily

tracking of market value and adhering to other regulatory disclosures and commitments.

The attractiveness of the local banking sector was seen recently when Access Bank took over controlling equity in BancABC Botswana from ABC Holdings. Access Bank, a major Nigerian financier, is among the continent's success stories in the banking sector, with more than 40 million customers across Africa and assets of US\$18 billion (P198 billion) as at 2019.

BSE News engaged BancABC Botswana officials on the latest developments, as reflected in the Question and Answer below.

Q: BancABC Botswana recently finalised an equity takeover by Access Bank. What does this mean for BancABC Botswana's competitive edge in the local market?

A: BancABC Botswana is the fifth largest bank in Botswana and is a very well - capitalised banking institution poised for growth and success in its local market.

With Access Bank onboard, the combined bank will give way to many

opportunities, some of which will be a larger customer base, significantly higher asset base and be well positioned to service the growing Botswana market. In addition, increased scale will improve the Bank's operating leverage, enabling it to deliver combined offerings to a wider base of customers, rivalling some of the biggest banks in the market.

Botswana's achievements in digital banking adoption also provide an opportunity for Access Bank to optimise its best-in-class digital platforms and product suites to the benefit of BancABC Botswana's customers.

Q: Can customers expect any change in BancABC's outlook in terms of the sector it invests in or extends credit to?

A: BancABC Botswana has always deemed it imperative to financially support its clients in various sectors. Mining, agriculture, manufacturing, tourism, telecommunications, and the internet services industry are some of the biggest industries in Botswana and there remains scope for the bank to diversify its loan book by investing in these sectors.

► INTERVIEW

Q: What is the impact of BancABC Botswana becoming part of a major continental player like Access Bank?

A: *Becoming part of Access Bank presents an opportunity for us to be part of one of the largest banking groups in Africa and benefit from Access Bank's strong corporate banking franchise, digital banking capabilities, innovative product offering, as well as trade finance and international banking that leverages Access Bank's footprint across Sub-Saharan Africa.*

Q: What advantages did BancABC's listing on the Botswana Stock Exchange bring in terms of attractiveness to Access Bank, profile and easier valuation?

A: *Botswana is one of the most well-run countries in Africa with strong institutions and a sound financial sector. The listing on one of the strongest stock exchanges in Africa as well as a sound macro financial environment presents an opportunity*

for foreign investors to operate in a stable market. BancABC listing profile and the profitability of the business over the years has proven to be attractive platform for Access Bank.

Q: For BancABC's investors on the BSE, how do you expect this transaction to impact them and the faith they have shown in the stock over the years?

A: *Access Bank is building a strong, sustainable Africa-based international bank to support economic prosperity, encourage intra-Africa and inter-Africa trade, and provide the power of banking to millions of people who don't yet have the financial tools to achieve their dreams. Together with existing operations this transaction will build on Access Bank's success in previous integrations and deliver a pan- African banking franchise as well as creating further opportunity to optimise returns to shareholders.*

Q: When can we expect the rebranding of BancABC Botswana to Access Bank?

A: *According to the plan set out shortly after the initial announcement, we are scheduled to launch "Legal Day 1" on or around 30 June 2021. This phase of the transition will mark the conclusion of the acquisition and the beginning of our new journey as all internal collateral and branding will switch to Access Bank Botswana. The next phase of the transition and rebrand will be the external launch when we introduce our new brand to our customers, investors, regulators and the general public. This means, by around 30th September 2021 the public will experience Access Bank Botswana for the first time.*

INTRODUCTION OF THE SETTLEMENT GUARANTEE FUND

FOR IMMEDIATE RELEASE ON 17 MAY

2021: The public is hereby informed that Botswana Stock Exchange Limited, through its subsidiary, the Central Securities Depository Company of Botswana (CSDB), is in the process of introducing a Settlement Guarantee Fund (SGF) in terms of the Settlement Guarantee Fund Rules (the Rules). The Rules have been approved by the Non-Bank Financial Institutions Regulatory Authority.

SGF is a fund maintained by an exchange or a depository that will be used to settle any settlement defaults in the market.

The SGF process will operate like a selfinsurance mechanism where participants themselves contribute to the fund.

The primary objective of the SGF is to guarantee the settlement of trades executed on the exchange trading platform thus reducing and/or eliminating counterparty risk. In the event of a settlement participant failing to honor their obligations, the SGF will be used

to fund the obligations and complete settlement without affecting the normal settlement process.

All settlement participants will be required to contribute to the SGF in the form of cash and/or securities from amongst a list of eligible securities as advised by the CSDB Board from time to time.

The SGF is beneficial for the following main reasons:

- a. It provides confidence that settlement shall take place on time and completed irrespective of default by some members;
- b. It ensures stability and control of the market.

An implementation date of the SGF will be communicated in due course. The Rules may be accessed on our website **www.bse.co.bw**

Should you require any further clarity please contact the Clearing and Settlement Department at **csd@bse.co.bw** or **3674400**



BOOSTING LIQUIDITY ON THE BSE

Meet Our Speakers



Mr. Thapelo Tsheole
BSE CEO



Ms. Olebile Makhupe
Rand Merchant Bank
Botswana Director



Mr. Fergus Ferguson
Letshego Financial Services
Botswana Country CEO

The Broadcast will be on
CNBC AFRICA DSTV Channel 410



1st JULY 2021

1400hrs to 1500hrs CAT

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