Republic of Botswana

REPORT

IMPLEMENTATION OF THE VIENNA PROGRAMME OF ACTION

Date: December 2018
Introduction

Botswana is located at the center of Southern Africa, positioned between South Africa, Namibia, Zambia and Zimbabwe. Due to lack of direct access to the sea Botswana is marginalised from major transportation and services (logistics, information technology) networks. International trade is dependent to transit through other countries. Additionally, long distance to world markets, cumbersome transit procedures and inadequate infrastructure contribute to high transport and trade costs thereby reducing external trade and subsequent economic growth. Access to major markets is one of the biggest constraints to poverty reduction and economic integration for Botswana.

Despite the fact that Botswana is a landlocked country and faces a lot of economic challenges, Botswana has and is still making major strides to overcome these challenges, includes amongst others: development and expansion of efficient transit systems and transport development, enhancement of competitiveness, expansion of trade, structural transformation, regional cooperation to list a few. Botswana has put policies and strategies in place to overcome these challenges.

This report will provide updates on the implementation progress of the six (6) priority areas of the Vienna Programme of Action (VpOA)

Priority 1: Fundamental Transit Policies

It is a necessity for Botswana to have access to and from the sea in order to fully integrate into global trading system. To facilitate free movement of people and goods through her territory, Botswana became party to the following arrangements; The SADC Protocol on Transport, Communications and Meteorology; The SACU MoU on Road Transport; Trans Kalahari Corridor MoU; Bilateral Road Transport Agreements with neighboring countries and a total of twenty-nine (29) Bilateral Air Service Agreements (BASA)/MOUs the latest were signed in 2014 with Swaziland and in 2016 with Malaysia. All these accords are aimed at: Improving intermodal connectivity; Access to the sea and overseas markets; Reduce travel time along the route and time spend at the border.

Botswana Unified Revenue Services (BURS) upgraded from ASYCUDA System to the Customs Management System (CMS). The CMS has improved trade across borders providing real-time collaboration, paperless flow of information and connectivity between customs, business and other border agencies in facilitating legitimate trade and undertaking customs controls. It also provides an opportunity to modernize Customs operations to conform to the latest developments in international trade practices and World Customs Organization (WCO) Standards
and guidelines e.g. pre clearance, online payments, data sharing, centralized processing etc. The complexity and new trade dynamics requires an enabling and appropriate legislation provisions that strengthens enforcement powers and also provides advance information and information sharing. It is on this note that the Customs Legislative was successfully reviewed and came into effect in August 2018.

BURS implemented some modern innovative approaches to customs controls, the introduction of Intelligence driven Risk management and Post clearance audit. These include audit–based controls undertaken way from the border, moving from transaction-based controls alone to using systems-based controls where the level of risk allows, as well as moving away from paper-based systems. This is to reduce delays at border posts and fast tracking compliant clients while only profiling and targeting more risk consignment.

**Priority 2: Infrastructure Development and Maintenance**

Botswana has made significant infrastructure progress in recent years, spanning the transport, water and sanitation, power, and mobile telephone sectors. But the country still faces a number of important infrastructure challenges. The most pressing is in the power sector, where the country is economically and financially exposed to a lack of generation capacity and insufficient power supply, leaving the economy vulnerable to power price shocks and load shedding. Botswana’s international transport connections and Internet connectivity also lag behind those of comparable countries.

**Transport**

As a result of Botswana’s geographical location, its transport infrastructure is put under strenuous condition having to act as the central nerve to transit traffic between her neighbours. Poor quality and gaps in physical infrastructure are still major obstacles to developing viable and predictable transit transport system. Improvement and maintenance of the existing facilities is crucial.

The Ministry of Transport and Communication is currently developing the Road Design Manuals to assist in improving the road infrastructure in the country. The manuals are divided into five (5) volumes covering different specific areas; Geometric Design, Materials, Hydrology, Bridges and Road Furniture. The first three (3) Manual are completed, while the work on the last two (2) is ongoing.
Some of the projects aimed at improving road infrastructure include the construction of the;

**Road Transport**

- **Kazungula Bridge Project:** The Kazungula Bridge Project (KBP) is a bilateral project between Botswana and Zambia on the North-South Corridor (NSC) within the SADC region. The Project includes construction of the bridge and construction of One Stop Boarder Post (OSBP) facilities on both sides of the border between the two countries. All the projects (Bridge and OSBP facilities) are currently under construction. The bridge is at 63.6% completion and envisaged to be completed in March 2019, the Botswana OSBP is at 90% completion, envisaged to be completed in December 2018 while the Zambia OSBP is at 45.4% and planned to be competed in December 2019.

- **Mohembo Bridge:** The Bridge connects the Okavango Delta to Namibia. Construction of the bridge commenced in May 2018. Progress is at 22% against planned target of 65% as at October 2018.

- **One stop Border Post at Mamuno (Botswana/Namibia) Border:** This is intended to make the Trans Kalahari Corridor (TKC) effective. The TKC connects from the Port of Walvis Bay in Namibia in the West, passing through Botswana, up to Johannesburg in South Africa, recently attracted increasing attention as a cost and timely effective route for trades between North America and Europe.

**Rehabilitation/Reconstruction of Roads Using the Road Fund Levy**

- Francistown – Nata (200km); Nata – Maun (300km) and Sehithwa – Mohembo (approximately 300km). The invitation to Tender (ITT) for design is at vetting stage, prior to advertising.
- Kang – Hukuntsi Access Roads: This includes access to Lokgwabe, Lehututu, and Tshane villages. Project commenced on 8th January 2018. Progress is at 36% against 40% planned progress as at May 2018.
- Gaborone – Boatle Road – The project commenced in March 2017. The project progress is at 34.10% against a target 37.70% as at September 2018
- Mamuno (Shoulder reinstatement): The project completed on the 19th January 2018 and is still on defect liability period (DLP).
Botswana Integrated Transport Project (BITP)

The BITP IS a transport improvement project originally planned to run from March 2010 to January 2020. It is con-financed by the World Bank and Government of Botswana at a cost of USD 385 million. BITP has three components and these are capacity Building and Institutional Strengthening; Road Sector Investment and Urban Roads Infrastructure Investment. Under Capacity Building and Institutional Strengthening; the Ministry of Transport and Communication ICT Strategy was completed in May 2018 and the National Multimodal ICT Strategy was completed in May 2018 and the National Multimodal Transport Master Plan have been developed by September 2018.

Rail Transport

Adequate Physical Rail Infrastructure is instrumental to the growth and competitiveness of Botswana given its strategic geographical location at the Centre of Southern Africa. Certain infrastructural projects have been identified to close infrastructure gaps to position Botswana as a Transport and Logistical hub in the region;

- **Mosetse – Kazungula Rail line:** is a BWP 13 billion project, designed as cape gauge, heavy haul at 26 tons/axle (367 Km). The railway line is part of the North South Corridor (NSC) and provide a line from Mosetse in Botswana, connecting to Zambia and beyond, through the Kazungula Bridge. The railway line will be a gate-way to North African markets promoting inter regional trade; reduce haulage traffic on roads; Connect North African region to maritime ports in South Africa.

- **Mmamabula – Lephalele:** BWP 2 billion project, the line connects Mmamabula/Dibete in Botswana to Lephalele in South Africa. The line will be a gate way to South African ports for the coal markets; Project aims to link the Botswana coal deposits to South African heavy haul lines; the line will be the shortest route for North South Corridor if coupled with Mosetse-Kazungula line.

  The Mosetse-Kazungula/ Mmamabula – Lephalele are at study phases, the biggest challenge is financing for the projects.

- **Trans-Kalahari rail line (Planned):** The 1500 km, US$15-billion Trans-Kalahari railway is one huge project that will link Botswana and the Port of Walvis Bay in Namibia.
Energy

Botswana is expected to ramp up the production of coal through coal-fired plants in the near future and attain full independence with respect to generation of electricity by year 2020. The refurbishment of Morupule A and the advent of independent power producers (IPPs) representing private investment will boost thermal power production. The introduction of IPPs in Botswana is a significant milestone and stands to boost future generation potential. It gives the government a window of opportunity to divert scarce resources towards investment in other sectors while at the same time bringing in expertise and efficiency in the private sector.

Some of the Energy Infrastructure prioritized by Government of Botswana includes;

- **Expansion of Morupule B Power plant:** A US$800-million contract have been secured by a joint venture between the Japanese giant Marubeni and the South Korean Pasco Energy. This is expected to ramp up production from the current 600 MW by an additional 300 MW. Additional plans include a possible further expansion by 300 MW, to produce 1200 MW thereafter.

- **Development of a solar power station:** This is expected to generate 200 MW earmarked for the Kalahari copper belt.

ICT

As of 2014 Botswana had fiber coverage in excess of 6000 Km countrywide covering cities, major towns and villages. The backbone fiber ring termed the Trans-Kalahari fiber ring connecting Botswana to all neighboring countries is a 48 core underground fiber and constitutes 80% of the entire fiber build. The remaining 20% is overhead connecting the regional network.

Since 2015/16, 205 localities (villages, sub-urban and urban centres) have been connected to the national fiber backbone network. In addition to the fiber backbone infrastructure, 19 villages have been connected through a high capacity microwave radios. Fiber-To-The-Premises (FTTx) infrastructure has been provided in 11 localities, in line with the National Development Plan (NDP) 11 target of 38 localities. Deployment of FTTx under Phase 1 was completed in Gaborone, Francistown, Maun, and Kasane/Kazungula. Phase 2 covered Selebi-Phikwe, Serowe, Palapye, Mogoditshane, Tsabong, Bobonong and Lobatse, paving way to customer connections. To complement the costly FTTX roll-out, broadband wireless infrastructure has been deployed to 47 localities around the country. Through this infrastructure 1045 business customers have been provided with broadband services. Overall, 5643 services have been provided.
Priority 3: International Trade and Trade Facilitation

To improve market access and facilitate trade better, Botswana is currently reviewing the National Trade Policy of 2009. The revised Policy reflects a further attempt by the Government to capitalize on the country's strengths while reducing its inherent challenges. Such challenges include Botswana's land-locked status, dependence on a limited number of commodity exports and a few export markets, a small industrial base and a relatively small market, as well as challenges relating to supply-side constraints. These and related issues are being addressed in the Policy with a view to placing Botswana in the world economic arena as an equal trading partner and beneficiary in world trade. The Policy also echoes the diversity and complexity as well as the cross-cutting nature of trade. To this end, Trade Policy formulation and implementation is the responsibility of all stakeholders in the economy. Government sets the broad policy framework for all stakeholders, who individually and collectively play their respective parts in the economy. For instance, the private sector and parastatal institutions play the role of implementers while civil society are the voice of the poor and the general public are beneficiaries of the Policy as traders and consumers. Therefore, Botswana's Trade Policy is grounded upon participatory, inclusive and supportive processes.

The National Trade Policy is aligned with the emerging trends and best practices in the "21st Century" trade policy frameworks. The Policy focuses on negotiating mutually-beneficial trade agreements as well as integrating the economy into global supply chains.

Furthermore, the country is reviewing the National Export Strategy (NES). The new NES is designed to increase Botswana's global competitiveness by diversifying the export base. The NES ambitions include making the non-mineral export sector a major engine of economic growth; maximising the non-mineral export sector's contribution to employment creation as well as, increasing production and productivity and the level of value addition within the identified non-mineral export sectors.

These two (2) reforms are complemented by the following policies and strategies:
- Industrial Development Policy
- Special Economic Zones Policy
- Competition Policy
- Economic Diversification Drive Strategy and
- Private Sector Development Strategy.
Development of Apex bodies for implementation of International Trade

Botswana notified indicative dates for implementation of Category B and C of the WTO Trade Facilitation Agreement in 2017 and definitive dates in 2018, as well as information on the arrangements made with donor agencies on technical and financial assistance for the implementation of Category C measures. The Ministry of Investment, Trade and Industry is currently working closely with stakeholders to ensure implementation of the aforementioned obligations.

Botswana still faces many challenges when it comes to Trade Facilitation. The lack of implementation capacity, the public perception of customs being viewed as a revenue generating agency, legal impediments, and other agencies lagging behind technologically all hamper the facilitation of trade in Botswana.

It is envisaged through Vision 2036, that Botswana will have a strong external focus with a wide market outside her borders. The main aim is to achieve diversified economy which is private sector led with sustainable and viable opportunities. To effectively contribute towards attainment of this vision, the Government of Botswana, through the Ministry of Investment, Trade and Industry is refocusing its implementation approach and initiatives through a purposive Apex Model. The objective is to ensure a more coordinated approach towards SMME Development, Investment Promotion and Export Development.

A. SMME Development Apex
Priority is on entrepreneurship and the advancement of Small, Medium and Micro-sized Enterprises (SMMEs) as a catalyst to achieving economic growth and development as well as economic diversification.

B. Investment Promotion Apex
Through the Investment Promotion Apex, the Government actively seeks to bring investment opportunities to the attention of potential investors who have the capacity to provide capital, jobs, skills and technology to Botswana thereby contributing to economic growth. Investment promotion targets both domestic and foreign companies.

C. Export Development Apex
The Government will explore export-led growth by promoting export of goods for which the country has a comparative and competitive advantage.
Priority 4: Regional Integration and Cooperation

Botswana enjoys good market access not only in the sub-region but also to US, EU and other international markets:
Duty and Quota free access to a market of more than 50 million consumers through the Southern African Customs Union (SACU), comprising Botswana, South Africa, Lesotho, Swaziland and Namibia.
Preferential access to more than 200 million consumers in the Southern African Development Community (SADC) market under the SADC Free Trade Area.
Duty and Quota free access to the US market through the African Growth and Opportunity Act, AGOA.
Duty and Quota Free Market Access under the Economic Partnership Agreement (EPA) between SADC and the EU.

In March 2018, Botswana signed the SADC/COMESA/EAC Tripartite Free Trade Area consisting of 26 countries. Currently Botswana is Negotiating the African Continental Free Trade Agreement (AfCFTA), established to achieve a mutually beneficial trade agreement for members of the African Union through enhancement of industrial development and diversification of African economies. Through SACU, Botswana is currently reviewing the SACU/European Free Trade Association (EFTA) and also reviewing the Botswana/Zimbabwe bilateral Trade Agreement.

Priority 5: Structural Economic Transformation

Botswana is implementing the National Development Plan 11 (NDP 11). At the forefront of the NDP 11 priorities is inclusive growth and economic resilience, economic diversification, employment creation and poverty alleviation. Botswana is actively pursuing policies and programmes to achieve these objectives. Botswana is implementing Vision 2036. By 2036 Botswana, envisage; Sustainable and optimal use of natural resources that will transform the economy and uplift people's livelihoods; to have leading and appropriate infrastructure to promote economic diversification and international trade; to have a private sector led economy and to develop an internationally competitive workforce that is creative and has international exposure.

Additionally Botswana is currently embarking on vigorously implementing the Economic Diversification Drive (EDD) Initiative. This is an initiative aimed at diversifying the economy by developing sectors other than the primary sectors so that they contribute meaningfully to Gross Domestic Product (GDP). The initiative further seeks to leverage the Government’s purchasing power to enhance local production and
consumption through local procurement and the application of price preference margins based on annual turnover.

There are improved macroeconomic environments in Botswana. The country has created the most attractive and highly competitive macroeconomic and business environments, with the best positions in global rankings. Botswana is among the best rated economies in the Sub-Saharan African region with well-articulated and sophisticated trade and development visions and policies through clearly sequenced strategies for intervention. The EDD of Botswana and Special Economic Zones (SEZs), if fully implemented, can have a positive impacts on productive capacities and structural economic transformation efforts in the country. There have also been significant improvements in streamlining and harmonizing border facilities and procedures to increase efficiency.

Botswana’s structural economic transformation is currently under review with the assistance of UNCTAD and there are prospects of engaging in the UNCTAD Train for Trade Programme which is foreseen to focus on; How to foster diversification (particularly on Agriculture, Tourism and other services); Entrepreneurial development and Trade logistics.

Priority 6: Means of Implementation

It is encouraging that the VPoA recognizes the necessary role of the development partners in contributing to the achievement of the intended objectives of the Programme. Botswana would continue to require technical support to implement the Vienna Programme of Action, as mainstreaming of this initiative is an ongoing process that needs commitment, reflection, action and engagement of all stakeholders. To support the means of implementation for this programme, Botswana developed a National Aid for Trade Strategy, with the assistance of the Commonwealth Secretariat. The Strategy outlines strategic areas aimed at improving our trade performance and integration into the global value chains.

Botswana continues to receive assistance from development partners like UNCTAD and Commonwealth towards realization of her development goals as well as implementation of the VpoA.