PRESENTATION ON

STRUCTURAL ECONOMIC TRANSFORMATION- BOTSWANA

AFRICA REGIONAL MID TERM REVIEW OF THE VIENNA PROGRAMME OF ACTION FOR LANDLOCKED DEVELOPING COUNTRIES FOR THE DECADE 2014-2024

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18TH MARCH 2019
PRESENTATION UPDATE

- Snapshot: Key Economic Indicators
- National Development Plan 11
- State of Structural Economic Transformation and challenges
- Opportunities and Prospects
- Key Lessons
Strong economic growth and prudent financial management
- The domestic economy registered a growth rate of 4.3 percent in 2016, after contracting by 1.7 percent in 2015.
- In 2017, Real GDP growth rate was 4.7%.

Inflation relatively low and within Bank of Botswana target of 3-6%

Unemployment proving to be a challenge, rose to 17.8% in 2017

International trade plays a critical role in Botswana’s economic performance

Botswana’s export performance has been driven mainly by the extractive Industry; major dependence on diamond exports (accounting for over 70% of total exports)
From 2008 to 2017, contribution of the mining sector went down due to growth in other sectors like Trade, hotels, and restaurants.
Government of Botswana is currently implementing the NDP 11 running from 2017-2023 with the theme: “Inclusive Growth for the Realisation of Sustainable Employment Creation and Poverty Eradication”

NDP 11 focuses on six broad-based national priorities:
- Developing Diversified Sources of Economic Growth;
- Human Capital Development;
- Social Development;
- Sustainable Use of Natural Resources;
- Consolidation of Good Governance and Strengthening of National Security; and
- Implementation of an Effective Monitoring and Evaluation System
A number of policies, strategies, and programmes have been identified to support the realisation of these national priorities:

(i) developing diversified sources of economic growth through initiatives such as:

- Cluster Development- Financial Services, Beef, Tourism, Diamond beneficiation (re-location of the Diamond Trading Company to Botswana in 2010).
- Special Economic Zones- Policy of 2010 designed to diversify the economic and export base of Botswana into sectors that will continue to grow long after diamonds have run out, eight strategic sights identified.
- Local Economic Development- aims at transforming cities, towns and rural areas into viable economic entities in order to promote growing local economies to alleviate poverty and create jobs.
(i) the use of domestic expenditure as a source of growth and employment creation by ensuring that domestic aggregate demand, including Government expenditure, is employed to support growth and employment creation - Economic Diversification Drive; and

(ii) pursuing an export-led growth strategy given the limited size of the domestic economy. The export-led growth strategy draws from the cluster model, where focus is on seven priority sectors (Arts and Crafts, Garments and Textiles, Jewellery and Semi-Precious Stones, Leather and Leather Products, Meat and Meat Products, Light Manufacturing and Indigenous Products).
Launched in 2016

Set on the principles and pillars of sustainable development, enabling Botswana to build resilience as it pursues its development agenda.

Has four pillars being;

- Sustainable Economic Development;
- Human and Social Development;
- Sustainable Environment and
- Good Governance, Peace and Security.
Human Resource Development Strategy- approved in 2009 is intended to optimise the efficacy and outcomes of the HRD to drive Botswana’s development agenda. The desired outcomes of the Strategy are economic diversification and societal transformation.

- Transforming Botswana economy to a knowledge-based economy through human capital development
- Botswana is in the process of aligning courses offered at tertiary institutions with what is required by industry
- Improvements include the infusion of entrepreneurship, leadership, and business management skills within the various programmes offered by local tertiary institutions

Research, Science, Technology and Innovation

- Botswana Innovation Fund - 1st group of beneficiaries received awards in September 2018
OPPORTUNITIES AND PROSPECTS FOR STRUCTURAL ECONOMIC TRANSFORMATION

◆ Government is in the process of developing a National Transformation Strategy - Objective is to unlock potential human and financial resources

◆ Re-vamped Economic Diversification Drive Programme to encourage the development of a vibrant and innovative private sector

◆ Initiatives aimed at entrepreneurship development e.g.
  ▪ UNDP Supplier Development Programme - Linkages programme between SMMEs and large-scale enterprises in value chains
  ▪ Exporter Development Programmes - to develop local industries to be export ready

◆ Implementation of the Doing Business Reforms RoadMap to improve competitiveness

◆ Improved investment attraction
REGIONAL VALUE CHAINS
SADC INDUSTRIALISATION POLICY

◆ Seeks to build regional market as well as address the common challenge of industrialization through development of strategies coordinated at regional level.

◆ Objective is to promote regional value chains in 9 sectors with 3 priority sectors identified as:
  • agro-food processing;
  • processing of mineral products and
  • pharmaceuticals

◆ SADC together with COMESA and EAC have also adopted industrial development as one of the pillars underpinning regional cooperation under the Tripartite.

◆ At national level Value Chain Studies have been undertaken e.g. beef, honey, horticulture and dairy, piggery, indigenous product (morula), poultry.
LESSONS LEARNT FROM BOTSWANA

◆ Good Policies and Programmes but weak implementation framework
◆ Lost opportunities - took long to beneficiate diamonds and create downstream industries around key resources such as the diamond sector, 2012; (Before DTC move, rough diamonds traded in country was US$1b, now US$5b post process)
◆ Other countries have been improving faster than Botswana in the Competiveness. A challenge to attract investment;
◆ Transport Infrastructure does not efficiently support the export-led growth strategy.
   ◆ High dependency on only one port of exit for Botswana products, slowly started usage of Walvis Bay port.
◆ Delays in investing in road and rail infrastructure network to enable market access to the northern part of Africa. (e.g. Kazungula Bridge, Mohembo Bridge, rail project to Walvis Bay)
◆ Being land locked and close to large and well-developed economy has proven to be a significant challenge in our ability to compete.
THANK YOU