

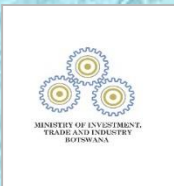


REPUBLIC OF
BOTSWANA

PRESENTATION ON ECONOMIC DIVERSIFICATION DRIVE (BOTSWANA CASE STUDY)



By: Obusitswe Tiroesele
Ministry of Investment, Trade and Industry
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REPORT OUTLINE

I. IMPLEMENTATION OF THE ECONOMIC DIVERSIFICATION DRIVE STRATEGY

A. BACKGROUND

B. SHORT TERM STRATEGY

Promotion of Local Procurement and Production

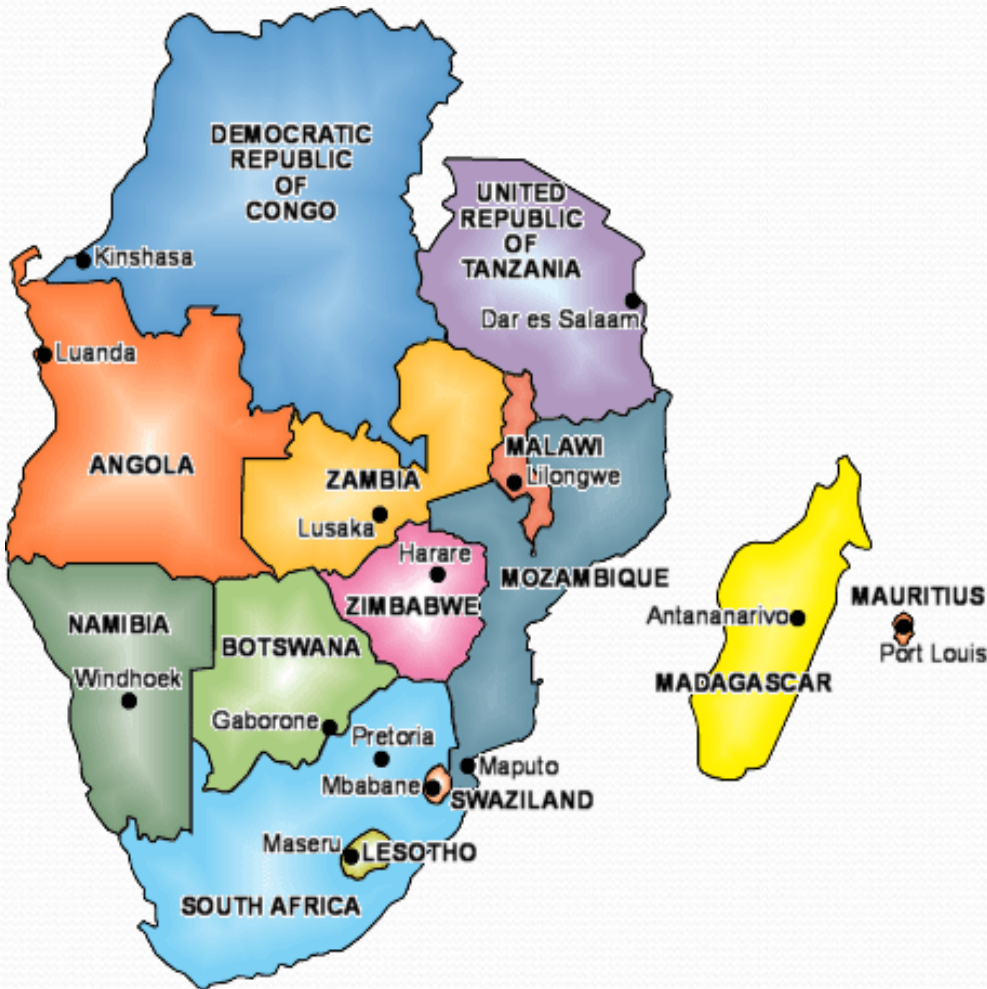
B) MEDIUM TO LONG - TERM EDD STRATEGY

III. DIVERSIFICATION ACHIEVEMENTS

III. CHALLENGES & INTERVENTIONS



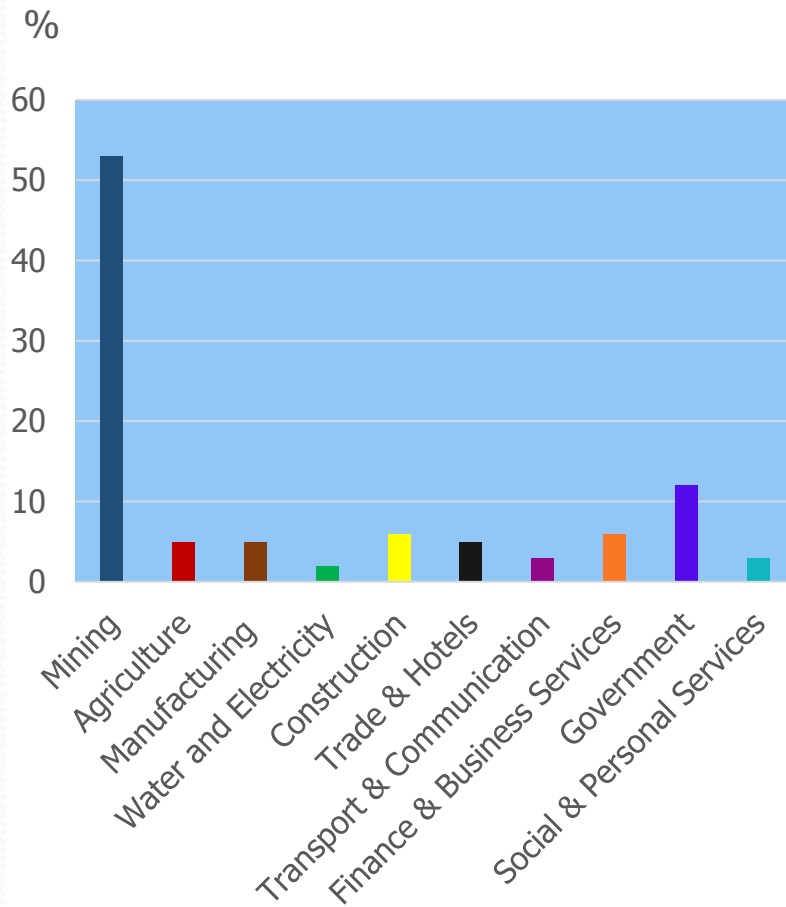
BOTSWANA'S STRATEGIC POSITION



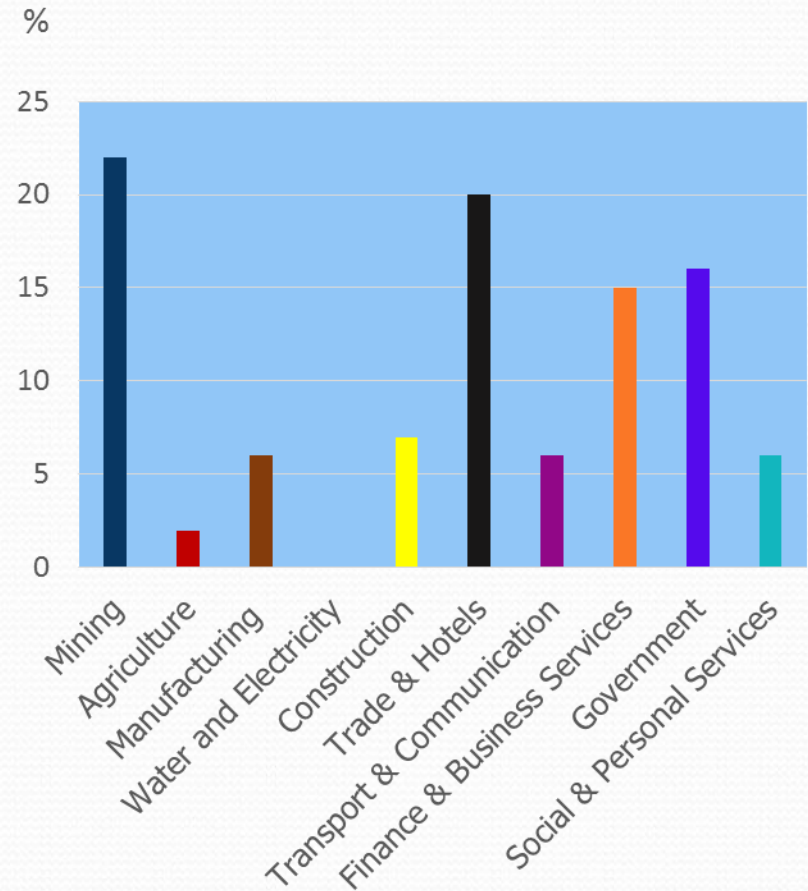
- At the heart of Southern Africa Region;
- Borders five countries; ideally located within SADC
- A great potential Business Hub, Trade Agreements; Regional and International market access; SACU 50m + SADC 250m people; other international markets in the range of 500-600 million people;
- Key transport routes pass through Botswana; west/east/south/north

A DIVERSIFYING ECONOMY - STRUCTURE OF GDP (VALUE ADDED)

1988/89



2016



Why EDD?

- Significant past growth, but reliance on few sources of growth & revenues; especially diamonds
- Private Sector underdeveloped
- High Import Bill - small industrial base
- Expected decline in Government revenues e.g. SACU, diamonds
- Global recession

Expected Deliverables

❖ **Employment Creation**

❖ Wealth Creation

❖ Industrialisation - broad based economy

❖ Economic Development

❖ Poverty Eradication

The Approach

➤ Objective:

- Develop a **vibrant and globally competitive private sector** that needs little or no Government protection and support.
- Diversification of the economy into sectors that will continue to grow long after minerals have run out.

• **I. IMPLEMENTATION OF THE ECONOMIC DIVERSIFICATION DRIVE STRATEGY**

- EDD Strategy is aimed at accelerating diversification of pillars of growth, revenue and exports;
- The Strategy has two (2) components; the **Short-Term Strategy** and the **Medium to Long-Term Strategy**. The EDD Strategy encompasses promoting and developing local capacity (manufacturing and services) and export growth.

Areas of Emphasis

- **Creating a conducive environment** for the private sector to play a major role in driving economic development;
- **Reviewing of legislative and administrative structures** that are still an impediment to private sector participation in the economy.
- **Investing more on those sectors that have the potential** to create more local industries and **employment opportunities**
- Devoting more effort to **producing goods and services** that are **competitive in the export markets**;

I. IMPLEMENTATION OF THE ECONOMIC DIVERSIFICATION DRIVE STRATEGY

A. Short-term Strategy

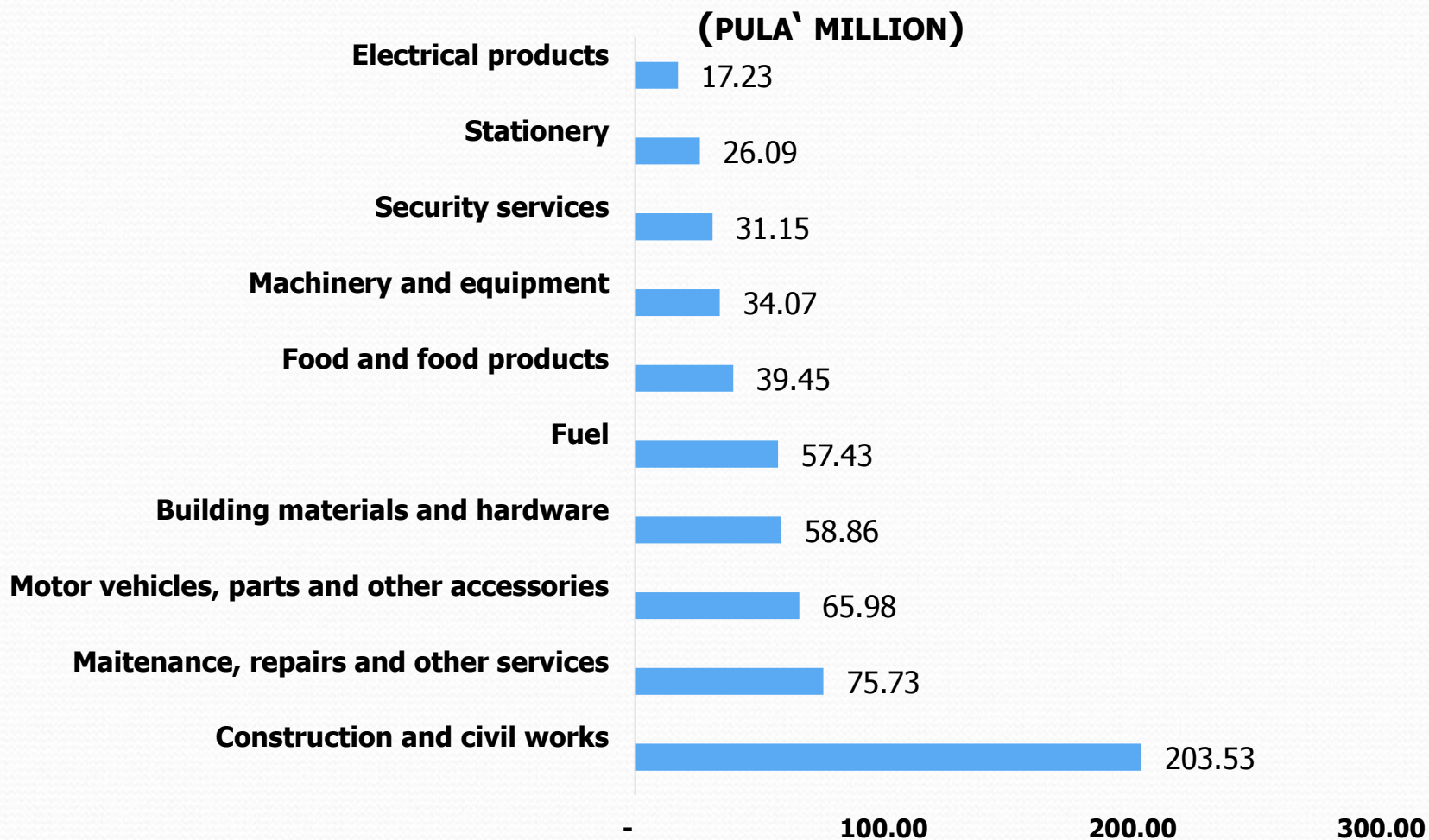
- The main aim of the Strategy is to reduce the imports bill through interventions to promote domestic production and consumption, through macro economic policies such as the Citizen Economic Empowerment Policy, Government budget and preference schemes that would be in place from time to time.
- This is undertaken by monitoring of Government purchases as well as assessment, registration and monitoring of enterprises engaged in the Manufacturing and Services sectors.
- Leading to job creation, wealth creation, developed private sector and poverty reduction.

A. SHORT-TERM STRATEGY

a) PROMOTION OF LOCAL PROCUREMENT AND PRODUCTION

Analysis of Ministerial Purchases

CHART 3: MLGRD 2014/15 TOP 10 MOST PROCURED PRODUCTS AND SERVICES



ANALYSIS OF THE 2016 IMPORT BILL

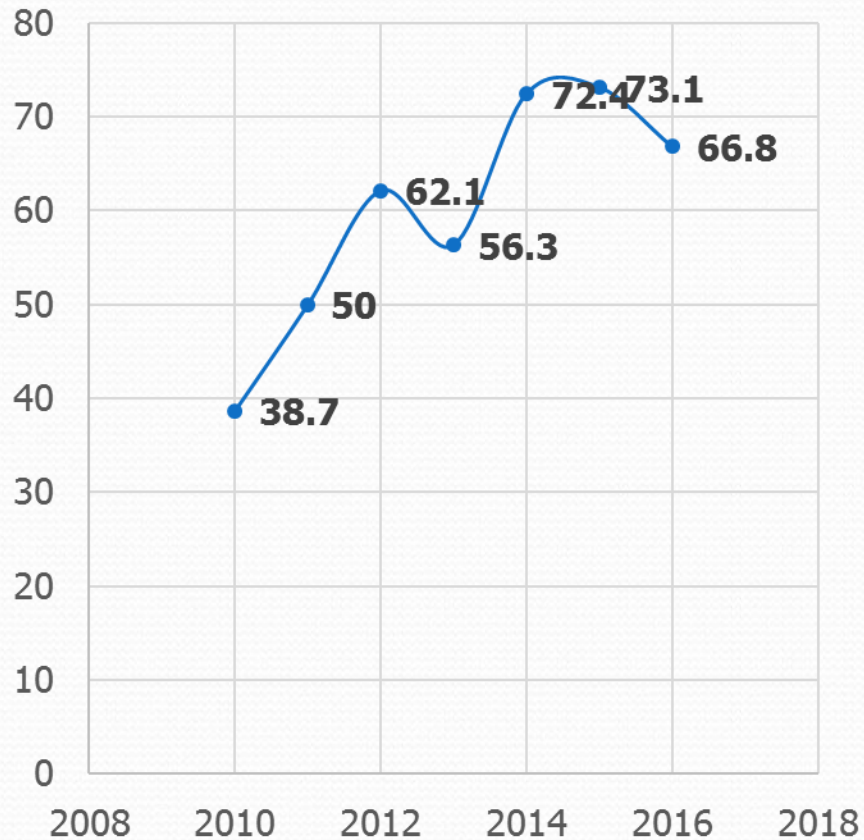
- Three (3) most imported products Import Bill
(Source: Statistics Botswana)

Sector	Amount (P billion)
Pharmaceuticals	2 016 774 772.46
Food and Food Products	6 832 370 768.00
Building Materials	2 789 571 655.93
Total	11 638 717 196.39

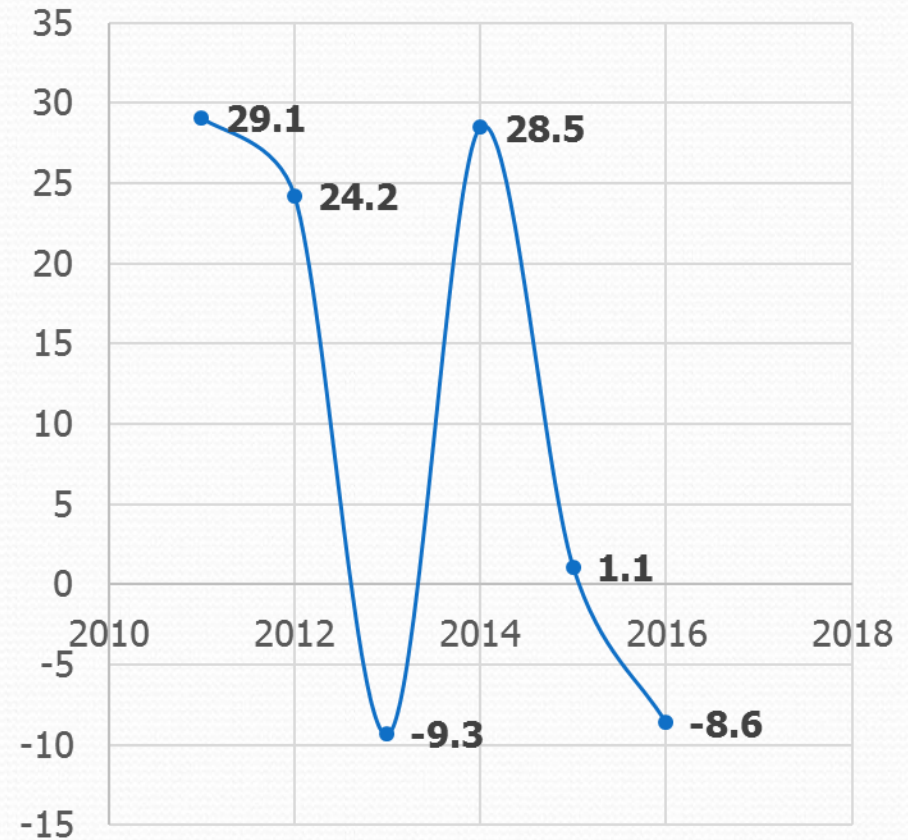
- These commodities represent a sizable amount and products includes ARVs, cereals, steel and cement imported by both Government and Private Sector.
- Most of these products, we have the potential to produce and some are already produced locally.

OVERVIEW OF THE IMPORT BILL

Import Bill From 2010-2016 (Pbillion)



Import Bill (% Increase/decrease)



I. IMPLEMENTATION OF THE ECONOMIC DIVERSIFICATION DRIVE STRATEGY

B. MEDIUM TO LONG-TERM STRATEGY

- Government interventions mentioned above are meant to support enterprises to become sustainable in the medium to long-term, and become independent of Government support.
- Development of Sector Strategies; dairy, textiles leather strategies and value chains studies; including beef, small stock, horticulture, tourism to promote local production.
- Enterprise Competitiveness Programmes, such as the Supply Development Programme, Tokafala, Private Sector Development Programme, to develop vibrant and globally competitive private sector;
- Key deliverables include, developing globally competitive sectors that can grow the economy; diversify exports and exports markets driven by a competitive private sector and develop products and services that comply with international quality standards.

THE NEED FOR DIVERSIFICATION

- The nature and scope of the EDD Strategy

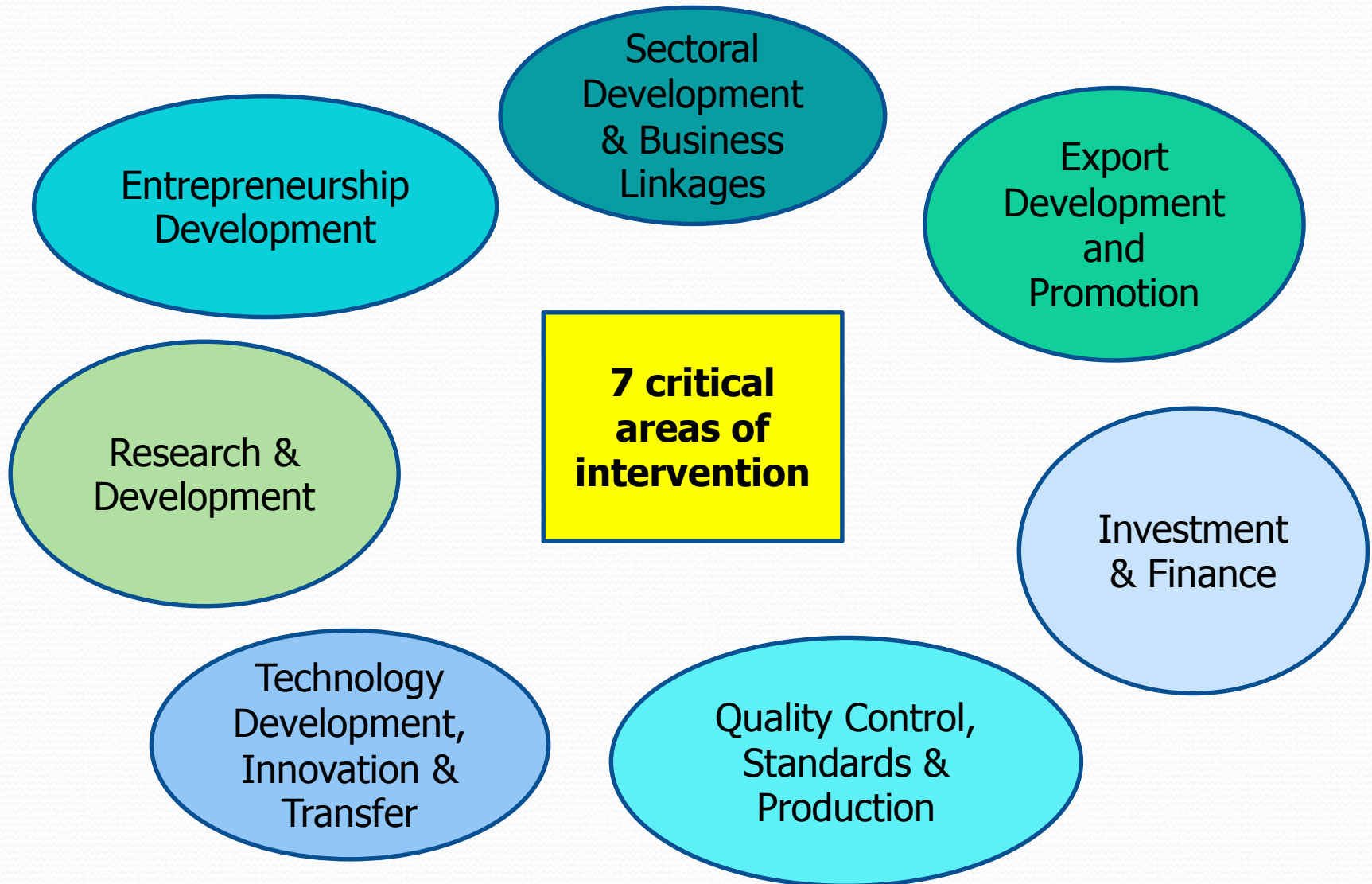
Short-Term EDD Strategy	Medium to Long-Term EDD Strategy
<p><i><u>Economic activities and programmes driven by Government Interventions to achieve quick wins and quick harvest of low-hanging fruits through:</u></i></p> <ul style="list-style-type: none"> ➤ The use of administrative interventions to promote domestic production and consumption; ➤ The use of citizen economic empowerment strategies; ➤ The use of Government local procurement ➤ The use of Government reservations ➤ The use of Government preference schemes ➤ The use of Government large import bill to promote the development of local companies 	<p><i><u>Economic activities and programmes driven by a vibrant and globally competitive private sector, which has been weaned-off from government support and protection. To be achieved through:</u></i></p> <ul style="list-style-type: none"> ➤ The development of a modern technology and skills driven knowledge economy in which Botswana firms will compete on the basis of quality of the labour force and productivity; quality of goods and services; technological innovation and adaptation; quality of business environment and infrastructure; and the extent and diversity of business linkages. ➤ An Integrated overarching EDD Strategy comprising of: <ul style="list-style-type: none"> The EDD Master Action Plan The EDD communication strategy The EDD Monitoring & Evaluation Programme ➤ An Integrated overarching EDD Strategy driven by the Ministry of Investment, Trade and Industry in collaboration with other Government Ministries and Independent Departments; Parastatals; the Private sector and Civil Society including labour Organisations.

■ B. MEDIUM TO LONG-TERM STRATEGY

■ Identified High Priority - High Impact sectors

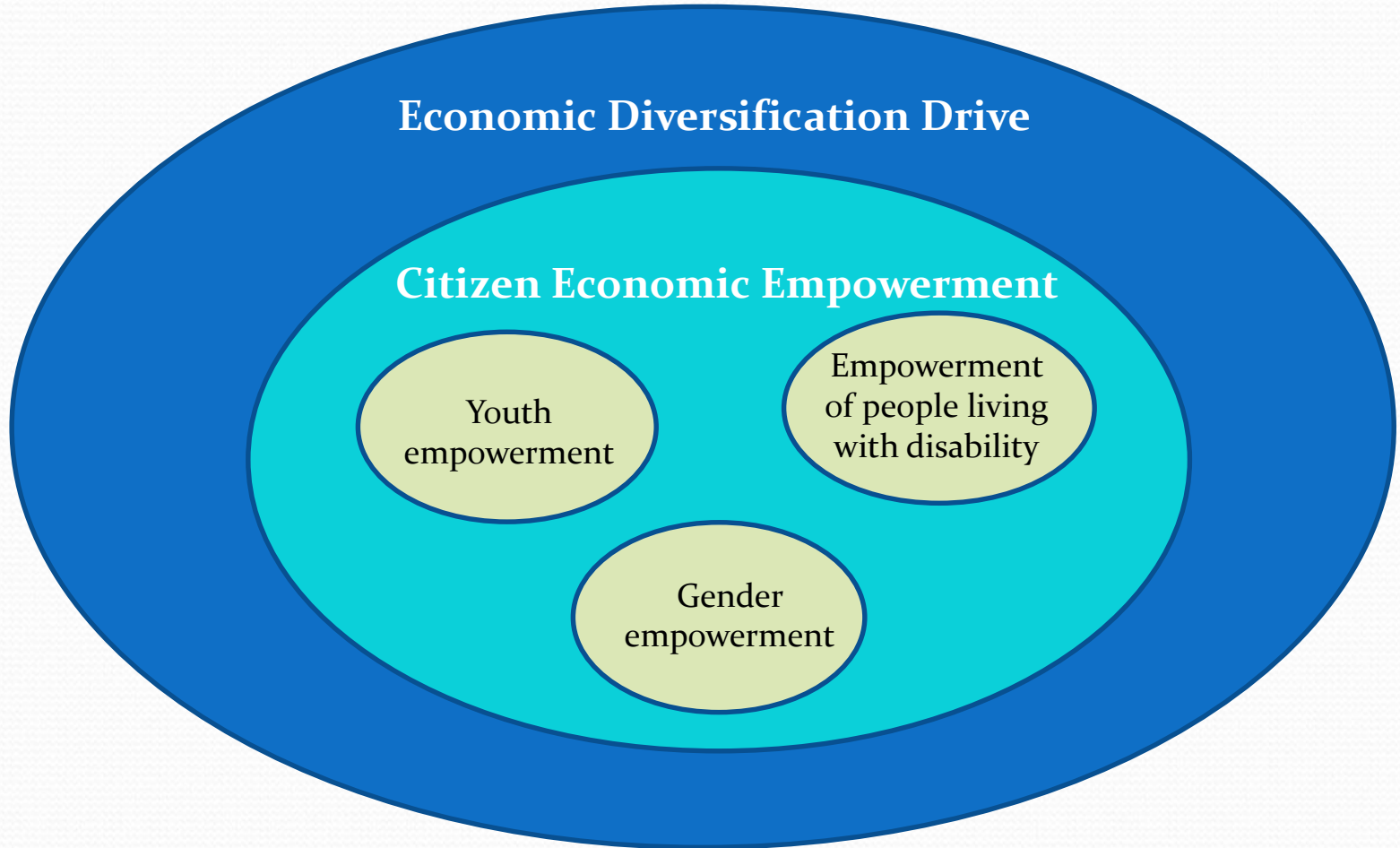
- Primary Production
- Agro-processing (**dairy**, horticulture, meat, etc)
- Coal, Diamond & Other Minerals Beneficiation
- Recycled Material Products –Paper, Plastic & others
- Arts & Crafts (**Creative industries**)
- Construction/Building Materials
- **Textiles & Clothing**
- **Leather & Leather Products**
- Renewable Energy
- Banking, Finance & Insurance
- Services/Support Sectors

B. MEDIUM TO LONG-TERM STRATEGY



B. MEDIUM TO LONG-TERM STRATEGY

Harmonisation of the EDD Strategy and Citizen Economic Empowerment Policy





- **II. DIVERSIFICATION ACHIEVEMENTS**

II. ACHIEVEMENTS

A. Industrial Development Initiatives

- i. Establishment of the Botswana Diamond Trading Company**
- ii. Establishment of special economic zones**
 - i. Sskia- to house caab & bih, bitc, Diamond hub**
 - ii. Fairgrounds international financial services**
- iii. Setting up of the Leather Park**
- iv. Restriction on importation of salt in small packages**
- v. Restriction on export of scrap metal**
- vi. Botswana is a member regional and international trade organizations e.g SACU, SADC, WTO etc**



III. CHALLENGES & INTERVENTIONS

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A. CHALLENGES

- **Slow uptake by key implementers**
- **Dependency on non-renewable resource**
- **Climate change – seasons have changed**
- **Water**
- **Electricity**

A. INTERVENTIONS

- **Continuous reporting and engagement**
- **Development of mineral beneficiation industries**
- **Building of dams**
- **Use of solar energy**
- **Development of infrastructure to facilitate agriculture**