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**INDUSTRIAL DEVELOPMENT REVIEW
SERIES**

BOTSWANA

Prepared by the
Regional and Country Studies Branch

603

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PREFACE

This Industrial Development Review is one of a series that is being issued within the framework of the country studies prepared by the Regional and Country Studies Branch of the United Nations Industrial Development Organization (UNIDO).

The reviews present brief factual and analytical surveys of industrial development in developing countries. Such industry-specific reviews are in demand for a variety of purposes: to provide an information service to relevant sections within UNIDO and other international organizations and aid agencies concerned with technical assistance to industry; to be used as a reference source for public and private industrial enterprises, financial organizations and economic research institutes in developed and developing countries; and to serve as a useful information source for policy-makers in developing countries. Although the reviews do not represent in-depth industrial surveys, they do focus exclusively on industry and present information on the entire industrial development process in the countries concerned in a condensed yet comprehensive form.

The reviews draw primarily on information from national and international statistical publications as well as on data from the UNIDO data base; no specific field survey is undertaken. The presentation of up-to-date information on manufacturing trends is usually limited by incomplete national statistical data. In view of changing industrial trends, it is evident that the reviews will need to be updated periodically. It would greatly assist UNIDO in its efforts to update the data base and to monitor industrial progress if the appropriate national authorities and institutions in the respective countries and other readers would provide UNIDO with relevant comments and information.

The present Review was prepared on the basis of information available at UNIDO Headquarters at the end of January 1987. It is divided into two parts. Chapters 1 and 2 are analytical, giving first a brief overview of the country's economy and its manufacturing sector and then a more detailed review of the structure and development of its manufacturing industries. Chapters 3 and 4 contain an overview and assessment of national plans and policy measures relevant to industrial development, a review of the more important governmental and other institutions involved and a survey of the country's natural, human and financial resources. The Review also contains relevant basic indicators and graphic presentations of manufacturing trends as well as statistical and other annexes.

It should be noted that the Reviews are not official statements of intention or policy by Governments, nor do the views and comments contained therein necessarily reflect those of the Government.

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EXPLANATORY NOTES

Regional classifications and symbols used in the statistical tables of this report, unless otherwise indicated, follow those adopted in the United Nations Statistical Yearbook.

The industrial classification used in this document is the BSIC (Botswana Standard Industrial Classification) (see Appendix B). An attempt has been made to present certain trade tables by SITC, although Botswana's trade registration is based on BTN.

The National Accounts year in Botswana runs from 1 July to 30 June, the Government financial year from 1 April to 31 March, whereas calendar years are used for trade statistics. In the text the calendar year is used throughout. For National Accounts and financial statistics, e.g. the 1984/85 year is denoted 1985. Dates divided by a hyphen (1984-1985) indicate the full period, including the beginning and end years.

References to dollars (\$) are to United States dollars, unless otherwise stated.

A citizen of Botswana is called a Motswana, (plural Batswana).

In Tables:

Three dots (...) indicate that data are not available or are not separately reported;

A dash (-) indicates that the amount is nil or negligible;

A blank indicates that the item is not applicable;

One dot (.) indicates that there is insufficient data from which to calculate the figure;

Totals may not add precisely because of rounding.

Basic indicators and graphic illustrations of manufacturing trends contained in this Review are based on data sourced from the UNIDO data base, international organizations, commercial and national sources.

The following abbreviations are used in this document:

BAS	Business Advisory Services
BDC	Botswana Development Corporation
BEDU	Batswana Enterprises Development Unit
BEF	Batswana Employers' Federation
BFTU	Botswana Federation of Trade Unions
BGI	Botswana Game Industries
BHC	Botswana Meat Commission
BSIC	Botswana Standard Industrial Classification
BTC	Botswana Technology Centre
BTN	Brussels Tarrif Nomenclature
CCA	Common Customs Area (the customs area comprising the areas of the countries under the Southern African Customs Union Agreement)
CM	Cubic Metre
CPD	Census of Production and Distribution
CPI	Consumer Price Index
CSO	Central Selling Organization (Diamond Marketing Organization)
CSO	Central Statistical Office
FAP	Financial Assistance Policy
FRG	Federal Republic of Germany
GDP	Gross domestic product
GNP	Gross national product
ISIC	International Standard Industrial Classification
MCI	Ministry of Commerce and Industry
MRWA	Ministry of Mineral Resources and Water Affairs
MFDP	Ministry of Finance and Development Planning
MLGL	Ministry of Local Government and Lands
MOH	Ministry of Home Affairs
MT	Metric Tonne
MVA	Manufacturing value added
MW	Megawatt
NDB	National Development Bank
NDDC	National District Development Committee
NDP6	Sixth National Development Plan, 1985-1991
NEPIC	National Employment, Manpower and Incomes Council
NGO	Non-Governmental Organization
P	Pula (Botswana currency unit)
R	Rand - South Africa's Currency Unit
RIIC	Rural Industrial Innovation Centre
RIO	Rural Industrial Officer
RSA	Republic of South Africa
SACU	Southern African Customs Union
SACUA	Southern African Customs Union Agreement
SADCC	Southern African Development Co-ordination Conference
SISMO	Small Industries Supply and Marketing Organization
SITC	Standard International Trade Classification
TIPA	Trade and Industry Promotion Agency
UA	Unit of Account of the South Africa Customs Union (South Africa, Botswana, Lesotho, Swaziland) 1UA = 1R
Z\$	Zimbabwe dollars

BASIC INDICATORS 1
The economy

GDP (1984):	P 1277.1 million						
(1985):	P 1518.5 million						
Population	Number:	1.1 million (mid-1986)					
	Growth rate:	4.7 per cent (1971-1981)					
		3.8 per cent (1981-1986)					
<u>GNP per capita:</u>	\$960 (1984)						
Annual growth of GDP:	<u>1974-80</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986^{a/}</u>
(per cent)	10.0	8.6	-2.5	23.8	20.2	5.7	4.8
Structure of production:				<u>1974</u>	<u>1984</u>		
(percentage)							
	Agriculture			33	6		
	Industry			26	45		
	Manufacturing				5	7	
	Services			41	48		
Rate of inflation:	<u>1974-80</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986^{a/}</u>
(annual per cent)	14.8	14.6	12.7	8.3	6.5	10.4	10.0
Exchange rate:	Dec.	Dec.	Dec.	Dec.	Dec.	Oct.	March
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
(US\$ equivalents to Pula 1)	1.136	0.944	0.939	0.642	0.476	0.527	0.585

a/ Estimate.

BASIC INDICATORS 2
Resources and transport infrastructure

Resources:

Crops: (leading products in tonnes 1985)	Sorghum (15,000), maize (1,400)
Livestock: (numbers in thousands 1984)	Cattle (2,685), goats (890), sheep (171), poultry (960)
Forests: (cubic metre logging potential)	Teak (130,000), "Blood Wood" (110,000)
Mining: (leading products volume by 1985)	Diamonds (12.6 million carats), nickel/copper matte (50,275 tonnes), coal (437,088 tonnes)
Energy production: (1,000 tonnes oil equival. 1982)	Coal (110.4), petroleum (148.1), electric (thermal), wood (350)

Transport

Roads (1985):	Gazetted 8,026 km Bitumen 1,987 km Gravel 1,234 km
Railways (1986):	712 km
Main airports:	Gaborone, Maun, Francistown, Selebi-Phikwe

BASIC INDICATORS 3
Foreign trade and balance of payments

EXPORTS:

Total value: UA 969 million (1984)^{a/}
UA 1,631 million (1985)^{b/}

Principal exports: Diamonds, nickel/copper matte, meat and meat products, textiles, hides and skins

Main destinations: Switzerland, Common Customs Area, USA, Zimbabwe, Federal Republic of Germany, UK

IMPORTS:

Total value: UA 1,016 million (1984)^{a/}
UA 1,278 million (1985)^{b/}

Principal imports: Fuel, food, chemicals, textiles, metals, machinery and transport equipment

Main origins: Common Customs Area, Zimbabwe, UK, Federal Republic of Germany, USA

Balance of payments: Current account surplus
P 13.6 million (1984)
P 265.8 million (1985)^{c/}

Gross international reserves: \$1091.7 million (September 1986)

Total external public debt: \$220.7 million (1985) (excluding parastatals)
\$325.6 million (1985) (including parastatals)

as percentage of GNP^{d/}: 24 per cent (1984)

Debt service:
as percentage of GNP : 3.5 per cent (1984)
as percentage of total exports: 4.9 per cent (1984)

^{a/} One Pula equals UA 1.13 (1984).

^{b/} One Pula equals UA 1.17 (1985).

^{c/} Preliminary.

^{d/} Total external debt excluding parastatals.

BASIC INDICATORS 4
The manufacturing sector

MVA (1985):	P 92.9 million					
<u>MVA per capita</u> (1984):	P 85.4					
Employment in manufacturing:	10,100 (August 1985)					
as percentage of total						
labour force:	8.6 per cent					
MVA per employee:	P 9,198^{a/}					
Composition of MVA:						
(percentage share)	<u>1974</u>	<u>1984</u>				
Mainly consumer goods:	81.7	71.9				
Mainly intermediate goods:	10.0	14.8				
Mainly capital goods:	8.3	13.3				
Average annual real growth	<u>1974-80</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
rate of MVA:	9.0	26.7	23.8	-7.4	-3.8	4.6
(per cent)						
Trade in manufactures						
Total value - exports:	P 215.9 million (1985)					
- imports:	P 958.5 million (1985)					
Share of manufactures						
- in total exports:	15.49 per cent (1985)					
- in total imports:	87.75 per cent (1985)					

a/ MVA figure includes in principle all manufacturing activities whereas employment figure include formal employment only.

BASIC INDICATORS 5
Trade in manufactured goods

In 1985

MANUFACTURED EXPORTS total value: P 215.9 million

Principal manufactured exports:	<u>P million</u>	<u>Per cent</u>
Meat and meat products:	97.5	45.2
Hides and skins:	11.7	5.4
Textiles:	28.2	13.4
Other goods:	77.8	36.0
Total manufactured exports:	215.9	100.0

MANUFACTURED IMPORTS total value: P 958.5 million

Principal manufactured imports:	<u>P million</u>	<u>Per cent</u>
Food, beverages and tobacco:	55.2	5.8
Fuel:	126.1	13.2
Chemicals and rubber products:	88.7	9.3
Wood and paper products:	35.2	3.7
Textiles and footwear:	88.3	9.2
Metal and metal products:	100.1	10.4
Machinery and electrical equipment:	186.2	19.4
Vehicles and transport equipment:	150.4	15.7
Other goods:	128.3	13.4
Total manufactured imports:	958.5	100.1

BASIC INDICATORS 6
Inter-country comparison of selected indicators

	Unit	Lesotho	Mauritius	Malawi	Zambia	Zimbabwe	Botswana
I. Demographic indicators							
Area	'000 sq. km.	30	2	118	753	391	609
Population	millions (mid-1984)	1.50	1	6.00	6.40	8.10	1
Population density	persons per sq. km.	50	500	58	8	21	2
Population growth	per cent per annum (1973-84)	2.4	1.4	3.1	3.2	3.2	4.4
II. Economic indicators							
GDP	billion US\$ (1984)	.36	.06	1.09	2.64	4.58	.92
GDP growth rate	per cent p.a. (1973-84)	5	3.61	3.31	.41	1.71	19.71
GDP per capita	US\$ (1984)	530	1,090	180	470	760	960
GDP per capita growth rate	per cent (1965-1984)	5.90	2.70	1.70	-1.30	1.50	8.40
Agriculture	per cent of GDP (1984)	65	14	37	15	14	6
Industry	per cent of GDP (1984)	5	25	18	39	40	45
Manufacturing	per cent of GDP (1984)	1	17	...	21	27	7
Services	per cent of GDP (1984)	30	61	45	46	46	48
Gross domestic investment	per cent of GDP (1984)	11	18	16	14	13	21
Exports of goods	per cent of GDP (1984)	16	48	27	37	22	61
Imports of goods	per cent of GDP (1984)	...	55	25	26	25	68
External public debt	per cent of GDP (1984)	37	41	67	105	31	27
III. Industrial indicators							
NVA	1983, million (1980 US\$)	3	170	136	720	1,326	31
Growth rate of NVA	per cent (1970-83)	...	5.90	5.0	2.50	4.0	13.20
NVA per capita	1983, (1980 US\$)	2	170	20	113	164	55
Share of manufacturing export in total exports	per cent (1982)	...	31	1	2.75	9.5	12

SUMMARY

With an average real growth rate of GDP exceeding 10 per cent per annum during the last two decades, Botswana has achieved an economic growth record unparalleled by any other developing country. During 1983-84, when most of the African region was seriously affected by drought and resultant negative growth rates, Botswana's real GDP increased by 20 per cent per annum. The main pillars that accelerated a high pace of economic growth without a significant accumulation of foreign debts have been mineral development (diamonds) and beef exports. Successful export of these two products has led to an increase in foreign exchange reserves up to a level of nearly one year's value of imports. Growth of real GDP fell to 5.7 per cent in 1985, compared with high rates experienced in the past. Earlier projections for 1986 indicated a further fall of GDP growth in real terms to 4.8 per cent. The prospects for the immediate future seem to be different from previous experience as the country's narrow export base tends to be vulnerable to external market forces and depreciation of the US dollar.

In social and political terms, Botswana also stands out. The country has preserved its stable multi-party democracy. This feature, together with the relatively liberal foreign exchange and trade regimes as well as the comparatively small and efficient government administration have been major factors behind investors' confidence and their continued attraction to the country.

Somewhat paradoxical economic developments occurred in 1983 and 1984 due to an expansion of diamond production, and continued high beef exports to Europe which counteracted the drought-induced fall in arable agricultural production. The agricultural sector has been declining as part of the domestic economy and its share in GDP (6 per cent in 1984) is now smaller than the corresponding share of manufacturing (7 per cent). A fortunate swing in foreign exchange rates with an appreciation of the US dollar, in which the major export receipts are denominated, and a strong depreciation of the South African Rand, by which 80 per cent of imports are paid, had a favourable effect on the balance of payments by turning a P61 million current deficit in 1982 to a P266 million surplus in 1985. The subsequent depreciation of the US\$ in 1986 and early 1987, however, will unfavourably influence export proceeds.

The manufacturing sector has grown roughly at the same rate as the overall economy. The sector is still very small, 6-7 per cent of GDP, and can be characterized with reference to individual firms. Thus, one firm, the export abattoir run by the Botswana Meat Commission (BMC) dominates the sector, although its share in MVA declined from 58.4 per cent in 1974 to 33.0 per cent in 1984.

Today, nearly 70 per cent of MVA originates in four branches of industry. Within each of the branches a major part of MVA came from only a few firms: meat and meat products, 33 per cent (BMC); beverages, 19.3 per cent (Kgalakgadi Breweries); metal products, 10.1 per cent (workshops at the mines in Selebi-Phikwe, Orapa, Jwaneng, Letlhakane); and textiles and clothing, 7.0 per cent (Everest Mills). Over the last decade, the meat products sector has grown at a slower pace than the other sectors and the economy as a whole.

The BMC and partly the textile sector are export oriented and their growth based on external markets. The extremely rapid development of other branches have, however, been closely connected to events in other parts of the economy. In the early stages much development took place as a direct consequence of the mining investment and operation. Later, as growth gave rise to rapid increases in incomes in the private and government sector, the domestic market provided a more general positive influence. Rapid build-up of infrastructure and industrial assistance of various sorts has improved the conditions for manufacturing growth.

Industry in Botswana is predominately small-scale and available data show a definite trend towards firms with 10 and less employees. Because of the weight of BMC, nearly 70 per cent of MVA was found to be in Lobatse and nearly all the rest spread relatively evenly over Gaborone, Francistown, Selebi-Phikwe and Letlhakane.

Overall, the manufacturing sector cannot be said to have been a particularly dynamic sector of the economy. The sector's share of the domestic market, as measured by the ratio of manufacturing output to domestic non-subsistence consumption, has declined. The non-meat sectors have grown roughly in step with domestic consumption.

Botswana is a member of the Southern African Customs Union, which provides access to duty free imports from South Africa. This, together with the proximity of the South African market, has led to the present situation that around 75 per cent of imports, mostly manufactures, come from South Africa. In contrast, only 6 per cent of exports is destined for South Africa. The export route of beef to Europe goes through that country. The precise extent of manufactured exports is hard to determine as trade statistics do not allow re-exports to be separated from domestic exports. It is clear, however, that the main manufactured exports are meat products, hides and skins with 8.0 per cent of the total in 1985. Textile exports, mostly to neighbouring countries has increased considerably and in 1985 constituted nearly 2 per cent of the total. Whereas the major manufacturing establishments in Botswana have a significant share of government ownership, the private sector, both large and medium-scale firms are to a great extent foreign owned. Available data indicate that firms with majority foreign ownership, excluding BMC, accounted for 50 per cent of manufacturing output, 51 per cent of MVA and 64 per cent of total wage payments in the manufacturing sector. So far there have been few indications that local ownership is increasing.

Development planning in Botswana concentrates on public sector activities. Government aims not at stifling private initiative, but to create favourable conditions for the private sector. The smallness of the administration, political commitment to pragmatic planning, integration of planning and budgeting and a shift to medium-term project focus has enhanced the success of the planning and implementation process in Botswana. Public sector planning and management is considered, by many observers, as highly efficient, as measured by the capacity to formulate and implement effectively strategies and programmes for economic and social development.

The Sixth National Development Plan, covering the years 1985-1991, envisages a sustained albeit lower growth rate of 4.8 per cent, and emphasis is placed on employment creation and rural development. The manufacturing sector is seen to have an important role, especially as the economy is not likely to further benefit from the type of large mining projects which, up to now, have provided a major growth impetus to the economy.

For some time the government has been concerned over growth prospects in the absence of large-scale mineral development. Several measures have been taken to increase the focus on manufacturing. A Presidential Commission on Economic Opportunity has emphasized the role of the government in the promotion and incentives system rather than the traditional regulatory functions. A major industrial incentives scheme, the Financial Assistance Policy, channels considerable resources to the manufacturing sector and provides incentives for diversification of the economy with an emphasis on job creation as well as geographical dispersion of economic activities. A new industrial development policy which was launched in 1984 emphasized opportunities for domestic supplies to the major sectors of the economy (mines, BHC and government), utilization of the local resource base and also envisaged special support to small, rural-based and locally-owned new industrial activity. The private sector initiative will be central to the policy but will be supported by government measures in several fields. These include, inter alia, local preference, infant industry protection, information and business extension. Trade and foreign exchange agreements particularly within SADCC, in which Botswana plays a major role, and a positive attitude towards foreign investment are also important measures.

The institutional mechanisms for promoting the manufacturing sector has recently been given a major overhaul with the reorganization of the Ministry of Commerce and Industry. Key elements are the establishment of a Trade and Investment Promotion Agency and improvement of the extension system building on the already long existing Botswana Enterprise Development Unit as well as a cadre of Rural Industrial Development Officers in all of Botswana's districts. Botswana Development Corporation has changed its investment profile considerably towards the manufacturing sector and has recently set up Tswelelo, a support organization for small- and medium-scale industry.

Although, Botswana is less endowed with arable agriculture resources than the neighbouring countries, a raw material base for industrial development exists. A start has already been made in better utilization of the products and by-products of the abattoir, and there are considerable opportunities in the country's wildlife resource and forest reserves. Further industrial processing of large mineral resources is likely to be a long-term proposition, but a wide variety of already proven smaller deposits are considered to have potential. The industrial energy situation will be much improved with the start of several 30 MW generators at Morupule, based on Botswana's own vast coal resources.

Botswana is well endowed with raw material resources and enjoys political stability and relatively comfortable fiscal and balance of payments position. The country possesses a thinly spread and relatively well functioning infrastructure. However, it lacks adequate skilled labour, which makes human resource development the key to success in future industrialization. In this context, the government has developed a social institutional framework for human resource development, where technical assistance could play a considerable role.

1. THE ECONOMY OF BOTSWANA

1.1 Economic structure

When Botswana became independent in 1966, its agricultural economy had been seriously damaged by a prolonged period of drought. An exceedingly low level of development of her natural as well as human resources during the time as a British protectorate had made the country one of the poorest in Africa. From a low starting point impressive economic growth rates were achieved since independence.

A main feature of Botswana's economy over the last two decades has been rapid change. Average growth rates of GDP were 14.8 per cent p.a. from 1965 to 1973 and 10.7 per cent p.a. from 1973 to 1984. No other developing country achieved double-digit growth rates over both these periods. Botswana also holds a record in growth of GDP per capita with 8.4 per cent p.a. from 1965 to 1984, exceeded by no other developing or developed country. Furthermore, the expansion and modernization of the economy have been achieved without a high degree of external indebtedness, and were accompanied by an increase in foreign exchange reserves equivalent to almost one year of imports. However, growth of real GDP fell to 5.7 per cent in 1985 and estimates for 1986 indicate a further fall to 4.8 per cent.

Table 1. Selected growth indicators, 1967-1984

Indicator (unit)	Annual Growth Rates						
	1967	1974	1979	1984	1966-74	1974-79	1979-84
							(Percentage)
GDP at constant prices (Pula million)	...	399.3	615.1	1,095.5	14.8 ^{1/}	9.0	12.2
GDP <u>per capita</u> (Pula)	...	598.6	721.1	1,042.3	...	3.8	7.7
Diamond production (1,000 carat)	1	271.8	439.4	1,290.4	...	10.1	24.0
Nickel/copper production (1,000 tonnes)	-	6.7	39.8	50.3	...	42.8	26.4
BMC cattle slaughter (1,000 head)	89	186.4	228.9	221.8	11.1	4.2	-0.6
Debt service ratio repayment as per cent of exports	...	2.3 ^{2/}	2.1	4.9	...	...	...

Source: National Accounts, BMC annual reports, Statistical Bulletin.

^{1/} 1965-1973.

^{2/} 1976 exports/debt ratio.

Apart from the low starting point that translated even modest economic advances into high rates of growth, main factors accounting for Botswana's rapid development were the following:

Firstly, the drought, which had decimated both the livestock industry and rainfed agriculture came to an end virtually at independence. Good or reasonable rains followed up to the crop year 1981/82 and made possible the revival and further development of agriculture. Particularly important for the modern economy was the success in beef exports to Europe, which was the country's major export up to the beginning of the 1970s.

Secondly, a few years after independence, valuable deposits of diamonds and nickel/copper were discovered. Production at a substantial scale started for diamonds in 1970 and less successfully for nickel/copper in 1975. Earlier, Botswana saw a period of heavy investment which boosted modern sector employment and economic activity in general. The mining sector increased its contribution to GDP from an insignificant level in 1966 to over 30 per cent in 1980.

Thirdly, the renegotiation of the Southern African Customs Union Agreement (SACUA) in 1964 gave the three smaller countries, Botswana, Lesotho and Swaziland, a much increased share of revenues from the common customs pool. The resulting increases in government revenues was particularly high for Botswana where imports boomed in the following years as a result of the heavy mining investments undertaken.

Fourthly, Botswana's geo-political position on the periphery of South Africa, its political stability and its status as a least developed country attracted considerable official development assistance. This contributed towards a relatively comfortable balance of payments and budgetary position and assisted the country in developing its infrastructure and human resources base.

Today, Botswana may be characterized as a middle-income mini-economy (1 million inhabitants and GNP per capita of \$960 in 1984) with relatively well developed infrastructure and social services. The strategy for continued economic development entails the reliance on an enterprising and dynamic private sector. Government however plays a major role in the economy, both as an investor and by taking part in business decisions affecting the large companies which constitute the bulk of formal sector economic activity.

The cornerstones of the modern economy are exports of diamond, nickel/copper and beef. The government sector in Botswana is well developed and relatively efficient. A comparatively high level of public spending is made possible by government revenues from diamond production and SACUA, in addition to a high level of official development assistance per capita. The size of the three key export sectors are very large in relation to the economy as a whole. Development in these sectors has always caused spectacular changes in overall economic activity, as reflected in GDP growth rates, either through major investment projects, increases in output or exogenous events.

As experienced in many other developing countries, the mining sector tends to be less efficient in creating income opportunities and employment for the population at large than in creating government revenue and foreign exchange. Despite rapid increases in GNP per capita, a large part of the population is still occupied with arable agriculture and subsist on very low levels of income. This, and the definite ecological limits to further growth of the beef sector have been strongly emphasized by the current drought.

An account of the structural features of the Botswana economy would only be complete with a reference to its dependency on South Africa. Although the strength of the mineral exports, and the break with the South African Currency area in 1976 has made redundant the earlier view of Botswana as part of the South African economy, a high degree of economic dependency still exists. This is particularly evident in the transport through South Africa of beef to the main export markets, procurement of imports, mining and other investment as well as significant migratory employment.

Economic activity is unevenly scattered over the vast semi-arid surface of Botswana, the main concentration areas being the urban centers Gaborone and Francistown, and near the railway line along Botswana's South Eastern border with South Africa. In addition, there are the mining towns Selebi-Phikwe, Orapa and Jwaneng. In the rest of the country, apart from Maun, situated near the Okavango Delta in the North, both the desert like conditions, the low population density, low incomes and the vast transport distances create severe obstacles for any other economic activity than traditional subsistence agriculture.

The further development of Botswana's economy in the absence of more large mining projects is enhanced by the relatively comfortable financial and balance of payments position of the country. The smallness of its domestic market, the narrow resource base and the adverse effect on investment of its proximity to South Africa are some of the main obstacles for continued rapid development.

1.2 Recent economic trends

For the majority of Botswana, the presence or absence of regular rainfall has a much more direct and profound effect on their standard of living than fluctuations in the export markets and the external value of the Pula. A drought will negatively effect food supply, cash earnings, and in many localities even endanger water supply.

Botswana's financial and administrative strength has permitted the implementation of effective Drought Relief Programmes, both during the dry years of 1979 and 1980 and during the drought which started in 1982. Poor rainfall conditions still prevail in parts of the country, but 1985 and 1986 brought improvement; grain production more than doubled compared to that of the drought years. Still, less than 10 per cent of Botswana's total grain needs of about 200,000 tonnes is grown locally.

Diamond exports were negatively affected in 1981 by a cut in the total sales of the Central Selling Organization (CSO) which markets Botswana's Diamonds. The CSO takes care of the marketing of about 80 per cent of the world's diamond production and attempts to keep prices stable by regulating the total quantity of diamonds made available on the market. Each producer is allotted a certain share of the global quota. The slowdown in global sales from \$2.72 billion in 1980 to \$ 1.47 billion in 1981 and imposition of quotas up to 1984 could have been very serious for Botswana's external balance where some 70 per cent of the exports value is diamonds. The export decline was however counteracted by the coming on stream of the new diamond mine at Jwaneng which significantly increased Botswana's production and thereby Botswana's share of CSOs global quotas. Still, the quantities that could be exported were much smaller than production, and considerable stocks were built up.

The exports of nickel/copper, significant in terms of export value, is relatively limited in terms of its contribution to GDP because of the severely depressed prices of the three main metal components, nickel, copper and cobalt. Also, the Selebi Phikwe mines' contribution to the balance of payments is limited; large repayments have to be made on borrowing to finance the severe cost overruns on the investment and the solution of technical problems soon after the opening of the mine. The mine has, however, been doing well in terms of production quantities and reached a record level of production in 1984. Being the main economic basis for the township of Selebi-Phikwe the mine is an important part of the Botswana economy.

The European beef market's strict regulations on imports of meat from areas with foot and mouth disease limited Botswana's beef exports in 1977, 1978 and 1980. The drought which started in 1982 led to an increase in the throughput of cattle at the Lobatse-based Botswana Meat Commission (BMC) which is the country's modern and efficient export abattoir. Although exports in terms of current Pula increased, export value per head of cattle declined substantially both in constant Pula values and in terms of European currencies in which most of the beef is sold. This was due to both a deterioration of market conditions and to decreasing animal weights. The loss of weight and also increasing mortality rates during the drought has clearly led to a decrease in the value of the cattle herd which is one of the country's main national assets.

The launching of a national currency, the Pula, in 1976 has been a success. Botswana's strong external balance has led to an upward pressure on the currency, and a reserve level which has made it possible to maintain a liberal foreign exchange control regime. The country has conducted an active foreign exchange rate policy with relatively frequent changes, clearly with an eye on the value of the South African Rand which is the major currency for import payments. The Pula was launched with a peg to the US dollar and was revalued three times between 1976 and 1980 mainly to reduce the local currency price of imported goods which was increased by the South African imposition of an import surtax for the SACU. Since 1980 the Pula has been pegged to a basket of currencies and both changes in basket weights and devaluations have been used to protect the local producers from the competition with South African imports which have increased their competitiveness with the dramatic depreciation of the Rand (Table 2). The latest Pula devaluation, 15 per cent, took place in January 1985.

Table 2. Exchange rates of major currencies, 1981-1986
(Foreign currency per Pula)^{a/}

	1981	1982	1983	1984	1985	1986 ^{b/}
South African Rand	1.0878	1.0128	1.0013	1.2749	1.2284	1.2355
United States \$	1.1362	0.9435	0.9388	0.6424	0.4760	0.4843
United Kingdom £	0.5944	0.5806	0.6108	0.5509	0.3296	0.3247
Zimbabwe \$	0.8126	0.8678	0.9024	0.9647	0.7614	0.8163

Source: Bank of Botswana, Annual Report 1985.

a/ Values given are averages for December of year shown.

b/ July, 1986.

GDP at constant prices (see Table 3) grew by an average double-digit growth rate from 1980 to 1984 (11.3 per cent) and it is likely that data for 1985 and 1986 will show continued high rates of growth. In spite of the drought conditions and the slump in the diamond market, this may be explained by the following four factors. Firstly, GDP at constant prices refers to movements in quantities produced. Therefore, production increases in the diamond sector contributed to GDP growth even though a large amount of the output was stored, and increases in the output of beef and nickel/copper contributed to an increase in GDP whether there was a fall in prices or not. Secondly, value added in arable (non cattle) agriculture is so small relative to total GDP that even the devastating effect of the drought on this sector did not have a major effect on overall growth. Thirdly, the rest of the economy is more related to the leading sectors' export than to arable agriculture. Output in this part of the economy was maintained or increased because of the real increase in production of the leading export sectors. An exception to this was the construction sector which was constrained, among other things, by the lack of water. Fourthly, the substantial government sector have had the financial and foreign exchange resources to maintain and increase its activities so as to maintain an increase in overall domestic demand and prevent a fall in its contribution to value added.

From 1981-1986 the trends of changes in the exchange rate of the Pula vis-à-vis different currencies have had a positive effect on the balance of payments as expressed in Pula. Over this period the Pula appreciated against the Rand which is the currency of payment of most of Botswana's imports. On the other hand, a depreciation of the Pula took place against the currencies (US\$ and UK£) in which export receipts are denominated. These currency movements are major reasons for the swing in the current account from a deficit of 171.2 million Pula in 1981 to a surplus of about 260 million Pula in 1985. The slight reversal of this trend from 1986, particularly because of the weakening US\$, may be expected to have a negative effect on the balance of payments.

Formal sector employment over the period 1980 to 1985 increased by an average rate of 8.2 per cent p.a. Most sectors increased their employment considerably, in particular manufacturing. The drought, however, had a strong negative effect on the construction sector where employment fell from 15,200 in 1982 to 11,600 in 1985 (Table 4).

Economic development in Botswana during the later years, although at the surface so much stronger than in most African countries, has revealed some basic weaknesses of the economy: firstly, the dependence on large mineral projects for further growth; secondly, the vulnerability to changes in the most important exchange rates and world export markets; and thirdly, the dependence on climatic factors. Also, the difficulties and dangers of being in the periphery of the South African economy have been more and more clearly demonstrated. Botswana's terms of trade deteriorated during the Fifth Five-Year Development Plan (1979-1985), mainly due to sharp increases in prices of petroleum and machinery, weaker copper prices and weaknesses in the international diamond market. A stronger world market for diamonds and falling oil prices have recently reversed this trend somewhat.

Table 3. Recent economic trends, 1980-1984

	1980	1981	1982	1983	1984	Growth Rates (Percentages)				
						1980	1981	1982	1983	1980
						1981	1982	1983	1984	1984
						<u>Percentages</u>				
GDP (Pula million 1979/80 prices)	701.5	761.8	742.5	917.5	1,095.5	8.6	-2.5	23.5	19.4	11.8
GDP (Pula million current prices)	701.5	779.2	779.2	1,024.3	1,269.0	11.1	-	31.5	23.9	15.9
Diamond production (million carats)	5.1	5.0	7.8	10.7	12.2	-2.0	56.0	37.2	14.0	25.0
Diamond exports (million Pula)	236.4	129.7	253.9	445.6	547.0	-45.1	95.8	75.5	22.8	23.3
Nickel/copper exports (million Pula)	80.4	76.6	67.3	63.2	60.4	-4.7	-12.1	-6.1	-4.4	-6.9
Exports of meat and meat products (million Pula)	28.1	58.2	82.7	75.9	55.1	107.1	42.4	-8.4	-27.4	18.3
Nickel/copper (1,000 tonnes)	40.1	46.6	45.7	48.1	51.8	16.2	-1.9	5.3	7.7	6.6
BMC throughput (1,000 head)	140.8	201.4	237.1	219.2	221.8	43.0	17.7	-7.6	1.2	12.0

Source: National Accounts; National Development Plan.

The medium- and long-term outlook for the recovery of Botswana are reflected in the current National Development Plan (1985-1991) which assumes a real GDP growth rate of 4.8 per cent per annum compared with 11 per cent during the previous Five-Year Plan period. The main reason for anticipated low growth rates relates to the lack of new major investment projects in the mineral sector. The balance of payments will continue to be heavily dependent on diamond exports. Economic projections assume that diamond prices will increase at least in line with inflation in major export markets. In addition there are two factors whose impact on Botswana's economy during the Plan period is decisive: i) the weather and the longer-term implications of five consecutive years of drought, ii) the extent of the locust plague which has just started with infestations from across the border and within Botswana.

**Table 4. Estimated total number of paid employees^{1/}
by sector and economic activity,^{2/} August 1980 to September 1985**

<u>Sector/economic activity^{2/}</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Private and parastatal</u>						
Agriculture	4,300	4,800	4,200	4,500	5,400	4,000
Mining and quarrying	7,200	7,300	7,100	7,200	7,500	7,300
Manufacturing	5,600	6,400	7,200	9,800	9,500	10,100
Electricity and water	1,500	1,600	2,200	1,900	2,000	1,900
Construction	13,400	15,200	13,600	9,600	11,100	11,600
Commerce	10,400	15,300	16,600	15,300	18,100	18,300
Transport and communications	3,400 ^{3/}	3,900	3,700	3,900	5,500	5,700
Finance and business services	4,300	4,900	5,700	6,000	6,200	6,800
Community & personal services	2,400	3,800	3,900	3,500	3,500	3,900
Education	1,300	1,600	1,600	1,600	1,600	1,900
Sub-total private/parastatal	53,900	64,800	65,700	63,200	70,500	71,500
of which:						
private	...	...	...	...	...	62,600
parastatal	...	...	...	...	...	8,900
Central Government:						
Education ^{5/}	6,100	6,800	7,700	8,300	8,800	10,200 ^{7/}
Other ^{4/}	18,000	19,500	19,900	21,800	23,300	26,600 ^{6/}
Sub-total Central Government^{4/}	24,100	26,300	27,700	30,100	32,100	36,800^{6/}
Local Government	5,400	6,300	6,700	7,200	7,500	8,800
Total all sectors^{1/4/}	83,400	97,400	100,200	100,500	110,000	117,100

Source: Employment Survey, September 1985.

- Notes:**
- 1/** Excludes working proprietors, unpaid family workers and employees in poorly covered sectors.
 - 2/** Establishments are classified by economic activity according to the Botswana adaptation of the ISIC.
 - 3/** In 1980, the Telecommunications Department of Central Government was transferred to the Private/Parastatal sector.
 - 4/** Excludes Botswana Defence Force (BDF).
 - 5/** Includes all employees in schools but excludes Ministry Headquarters.
 - 6/** Change in coverage of Central Government Collection in 1985.
 - 7/** Includes industrial class employees in schools for the first time.

Both favourable conditions and good management have brought the economy successfully through the first part of the 1980s, but if external circumstances change for the worse, no amount of good management can avoid a very serious downturn in the future. For example, the favourable movements of exchange rates in 1984 and 1985 prompts the question of the balance-of-payments effects of the depreciation of the US\$ during 1986 and early 1987. The largest looming uncertainty for the medium-term may, however, not lie in purely economic factors or the climate, but rather in the economic effects of political events in South Africa.

1.3 Overview of the manufacturing sector

In 1984, 80 per cent of Botswana's GDP originated from two sectors: mining (31.8 per cent) and services (48.4 per cent). Third in importance was manufacturing with 6.7 per cent, slightly ahead of agriculture with 6.3 per cent. It is quite unusual for a country at Botswana's level of development and per capita income that the manufacturing sector outstrips agriculture in terms of its contribution to GDP. This is however largely explained by the drought damaging effect on arable and livestock agriculture (through the losses of weight and increases in mortality) and at the same time the high growth rates of manufacturing value added. The situation may change quickly with an improvement in annual rainfall.

Table 5. Share of manufacturing in GDP and employment, 1980-1985

Indicator	1980	1981	1982	1983	1984	1985
MVA as per cent of GDP	4.2	6.3	9.1	7.7	6.7	...
Manufacturing employment as per cent of total formal sector employment	6.7	6.6	7.2	9.8	8.6	8.6
Meat and meat processing as per cent of MVA	30.8	26.6	31.4	28.5	33.1	...

Source: National Accounts Statistics and Employment Survey, 1985.

The formal manufacturing sector in Botswana is small; in 1984 there were 209 operating establishments with a total employment of 9,500. It is, therefore, easy to point out the most important branches in terms of a few larger scale establishments. The meat branch dominates due to the Botswana Meat Commission's (BMC) export abattoir at Lobatse. The relatively large share of the beverages sector is explained by the Kgalakgadi Breweries plant in Gaborone. The emphasis on textiles is largely due to the Everest Mills plant for knitted and woven polyester/cotton fabrics in Francistown.

The value added of the manufacturing sector (based on constant prices) has grown rapidly, roughly in step with the overall economy. Company registration statistics indicate very rapid growth, particularly after 1980. The annual average number of registrations from 1966 to 1980 was 6 compared with 43 for 1981-1984.

The structure of the manufacturing sector in terms of relative contribution of various branches to overall MVA has clearly changed rapidly. The main change has been the decreasing dominance of the meat sector. The contribution of abattoirs to MVA in the late sixties exceeded 50 per cent whereas the 1983 contribution was 28.5 per cent. Care should however be taken in interpreting BMC value added since the abattoir essentially is a non-profit enterprise, ploughing profits back to producers by regulating the prices paid for cattle from the farmers. In terms of manufacturing employment, BMC accounted for 36 per cent in 1980 and 18 per cent in 1984. This may be translated into employment growth over the period of 3.6 per cent for BMC and 23.8 for the rest of the manufacturing sector.

The share of foreign ownership in the manufacturing sector is high. Again recent statistics on asset value, output etc., by ownership does not exist, but in 1984 58.4 per cent of the total number of firms in manufacturing were wholly foreign owned, 26.3 per cent had mixed ownership while 15.3 per cent were wholly owned by Botswana (Table 6). Since 1979, there has been a slight increase in the extent of foreign ownership and a decline in the proportion of firms in the other two categories. Most firms in the manufacturing sector are privately owned. The main exception is the BMC which is set up as a government commission under an act of Parliament. About 20 other firms, among them the brewery and the textile mill have considerable equity investment or long term loans from the parastatal Botswana Development Corporation (BDC).

Table 6. Ownership trends in Botswana manufacturing, 1979 and 1984

Type of Ownership	1979		1984	
	Number of firms	Per cent	Number of firms	Per cent
Batswana	15	17.0	32	15.3
Joint venture	26	29.5	55	26.3
Foreign	47	53.4	122	58.4
Total	88	100.0	209	100.0

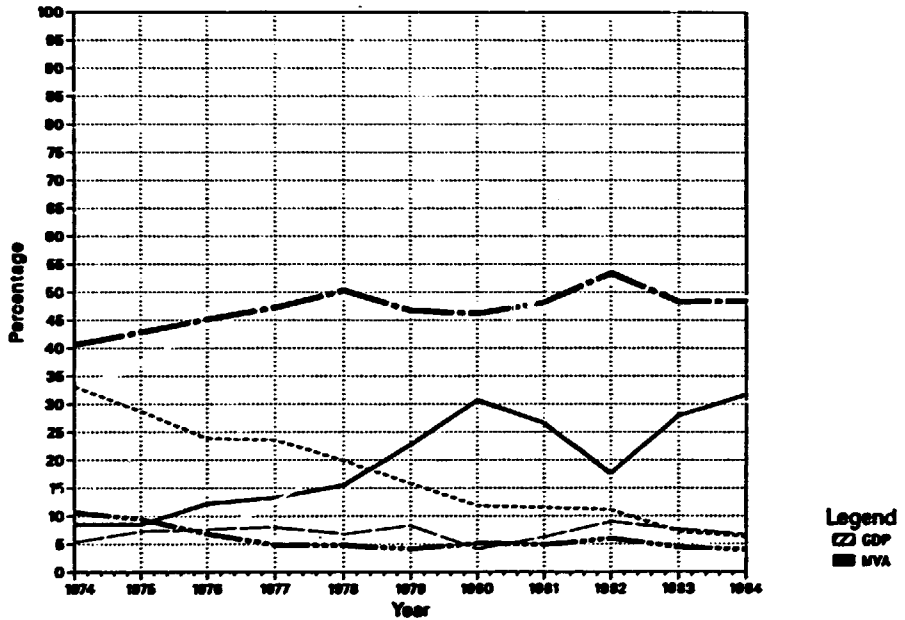
Source: Ministry of Commerce and Industry, National Development Plan.

With the exception of the BMC, textiles and clothing most of the manufacturing sector is geared to the local market. The beef from BMC is largely exported chilled to Europe and South Africa and constituted 8.6 per cent of total exports in 1984. The export of textiles, mostly to neighbouring countries, is considerable with 4.7 per cent of the total exports in 1984. For a more detailed subsector analysis see sections 2.1-2.3 below.

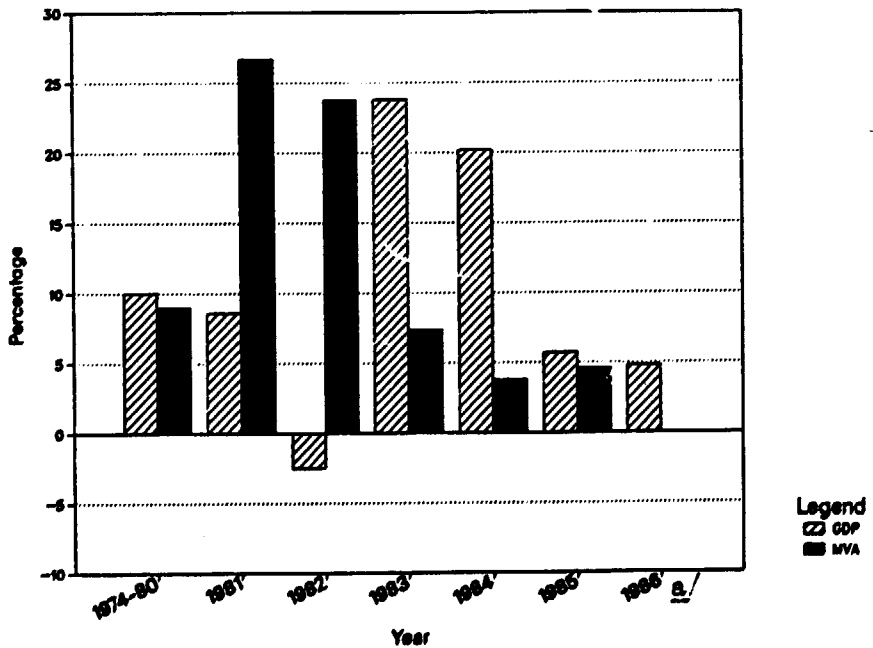
The manufacturing sector has been given increasing attention by government. The mineral sector is unlikely to create the jobs which are necessary for the future, and the agricultural potential is limited by the semi-desert conditions of the country. The last few years have seen the launching of an innovative "Financial Assistance Policy" and an "Industrial Development Policy". The current Development Plan 1985 - 1991 aims at a growth rate of 8.3 per cent for manufacturing, higher than that of any other sector and "sees the acceleration of the industrialization process as a major way to make the pattern of future growth correspond more closely to the national planning objectives of rapid economic growth, economic independence, diversification of the economy, and social justice."

MANUFACTURING TRENDS

DISTRIBUTION OF GDP BY SECTOR OF ORIGIN, 1974-84

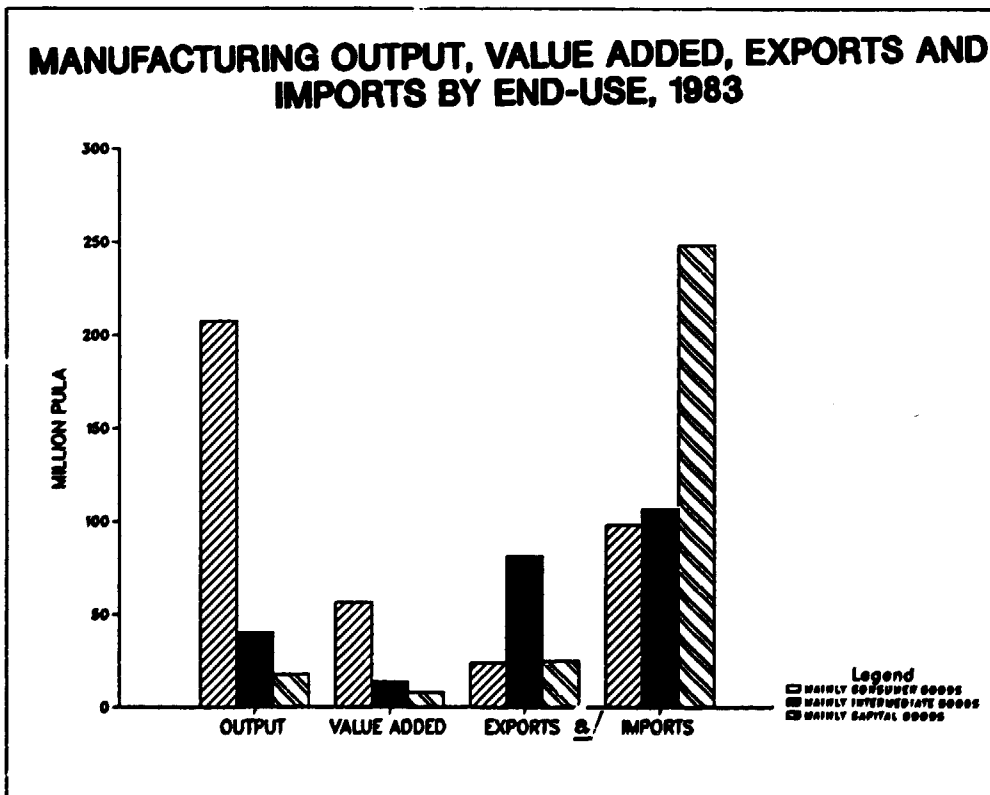
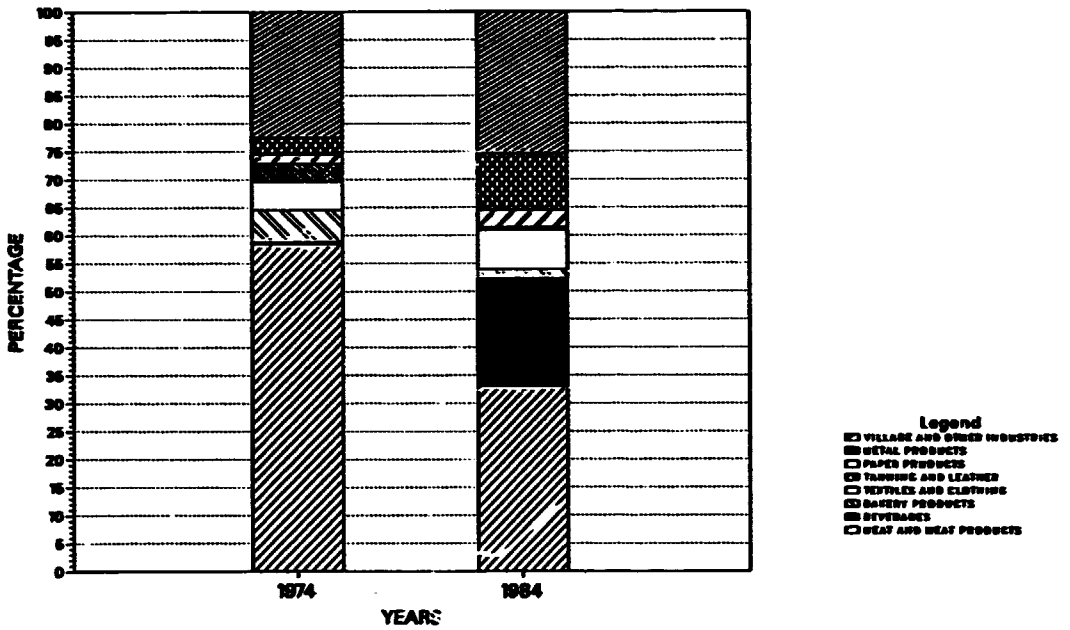


REAL GROWTH RATES OF GDP AND MVA, 1974-86



a/ MVA growth rate for 1986 is not available.

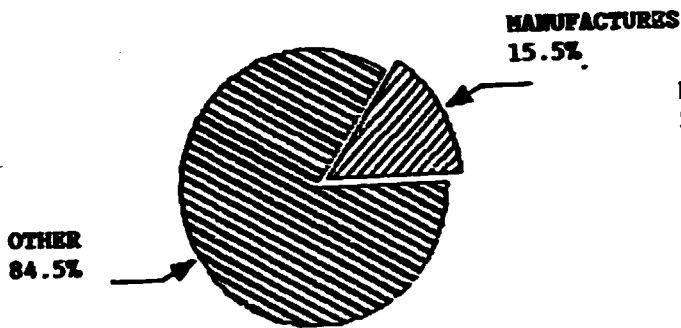
COMPOSITION OF MANUFACTURING VALUE ADDED, 1974 AND 1984



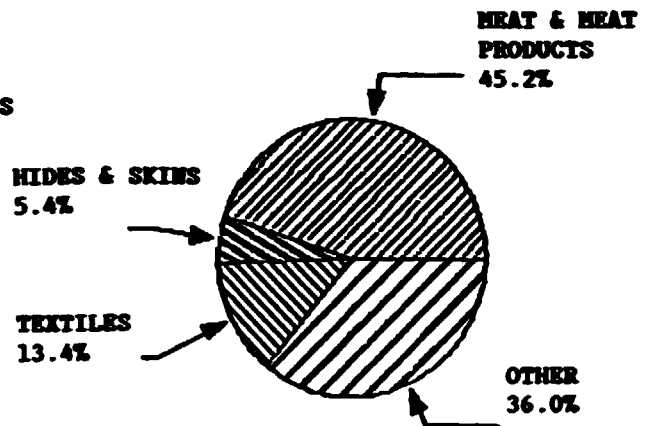
a/ Including re-exports.

MANUFACTURED EXPORTS AND IMPORTS IN 1985

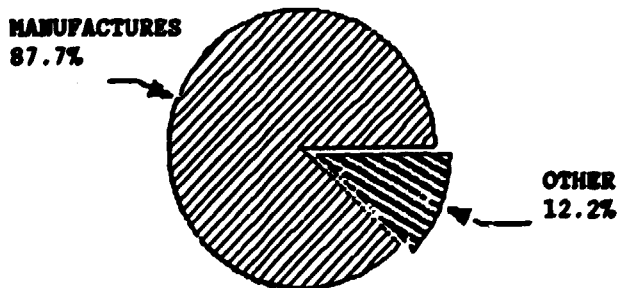
SHARE OF MANUFACTURES
IN TOTAL EXPORTS



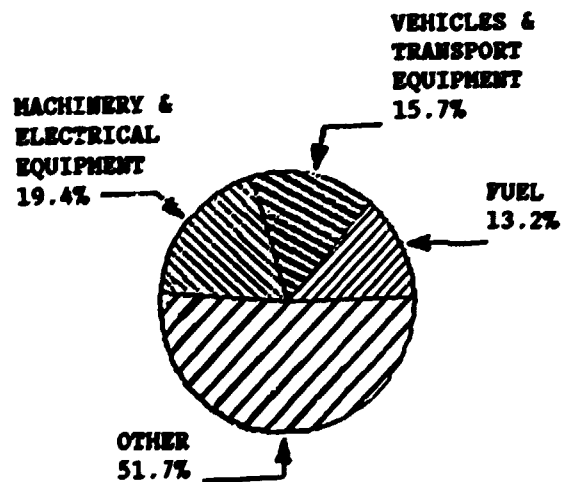
COMPOSITION OF MANUFACTURED
EXPORTS



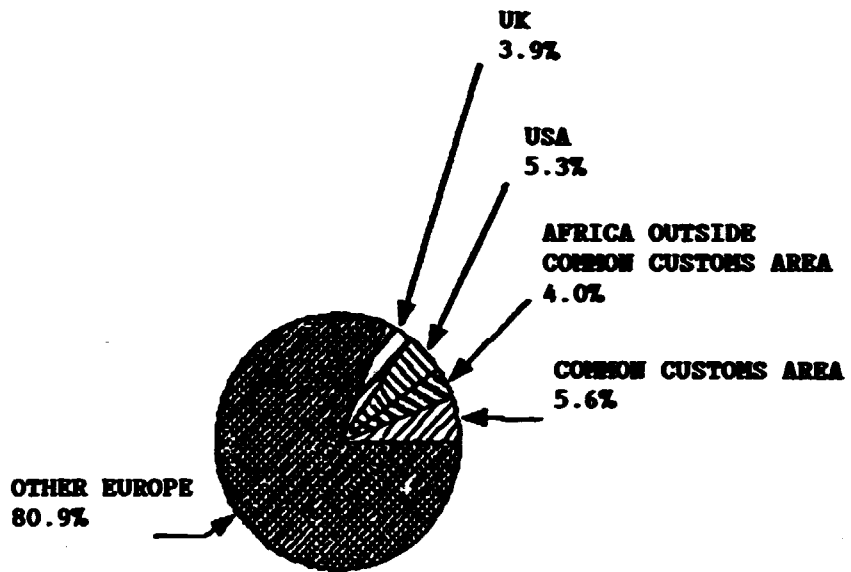
SHARE OF MANUFACTURES
IN TOTAL IMPORTS



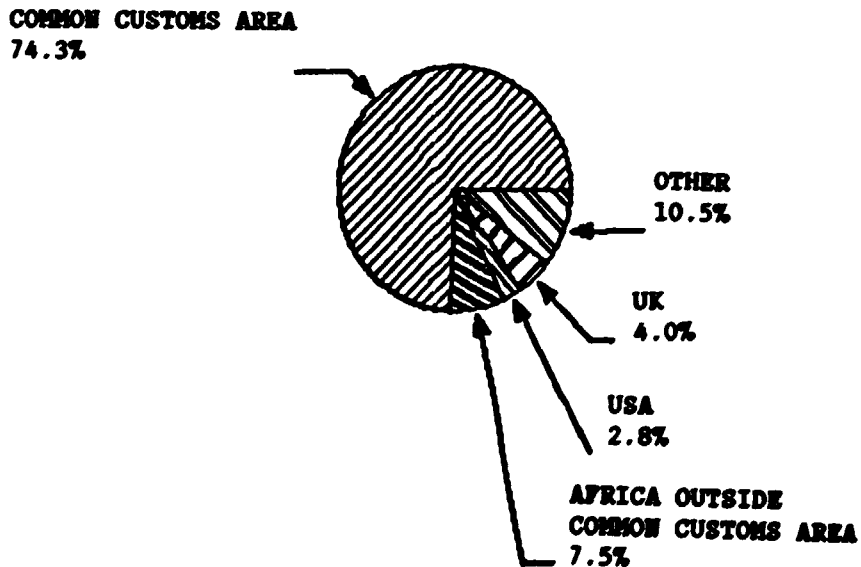
COMPOSITION OF MANUFACTURED
IMPORTS



DESTINATION OF EXPORTS, 1985



ORIGIN OF IMPORTS, 1985



2. STRUCTURE AND PERFORMANCE OF THE MANUFACTURING SECTOR

2.1 Growth and structural change

At independence, Botswana's formal manufacturing sector largely consisted of the export abattoir at Lobatse. The customs and currency union with South Africa, Botswana's peripheral geographical situation and the lack of infra-structural facilities required for industrial development were effective barriers for the establishment and operation of local manufacturing enterprises to succeed.

Prior to 1973/74 there is little quantitative information as to how the sector has grown and changed its structure. It is clear, however, that expansion was slow until the modern sector growth was accelerated by means of the big mineral projects in the late sixties and early seventies. Statistics of registration of manufacturing firms indicate that expansion took place particularly in textiles, building materials and metal products. In the case of the two latter, growth was clearly related to mining investment and maintenance activities. A wide range of construction activities and production of various construction materials were undertaken by nationally registered but largely foreign-owned companies. Each of the two mines at Selebi-Phikwe and Orapa started workshops which were very large in relation to existing firms in the engineering and metal working sectors.

After a period of heavy mining investment, the manufacturing sector has been affected in various ways by the rapid increases in private incomes and government revenues. The former has led to a larger market for various consumer goods. The latter has greatly increased the government's role as a purchaser of manufactures, permitted a rapid expansion of industrial infrastructure and given budgetary room for financial incentives to industry. Changes in the MVA, by branch of manufacturing over the years 1974 to 1983, is shown in Table 7.

The most noticeable feature of Table 7 is the relative decline of the meat and meat processing branch. This is largely due to the very rapid development of other sectors rather than a decline in the beef sector, although the drought has had certain negative effects on the beef industry from 1980 to 1984. Activity at the BMC in Lobatse, however, has been at roughly the same level during 1974-1984. A new abattoir with a canning plant started operating in Maun in 1983 and a few developments within meat processing has taken place in Lobatse. A more significant new development in the future will be the commissioning of a new abattoir in Francistown.

The dairy and agricultural products, where milling activities play an important role grew rapidly from 1974 to 1980 but later declined in relative terms due to the drought. A wheat flour mill commissioned in 1985 with BDC involvement, represents the most recent large-scale development in the sector and is likely to increase the share of this branch significantly.

The beverages branch increased its share from 0.5 per cent of the MVA in 1974 to 13.3 per cent in 1980 and 19.3 per cent in 1984, mainly because of the Kgalagadi brewery which was opened in 1976. Before that time the sector consisted of traditional beer brewers and small juice bottlers. Over the later years, a wider range of soft drinks have been produced and liquor bottling has started.

Table 7. Composition of MVA by branch, 1974, 1980, 1983 and 1984
(percentage)

Branch	1974	1980	1983	1984 ^{1/}
Meat and meat products	58.4	40.2	28.4	33.0
Dairy and agricultural products	1.5	8.3	3.8	0.4
Beverages	0.5	13.3	17.5	19.3
Bakery products	5.7	1.0	1.4	1.6
Textiles and clothing	5.1	12.4	12.1	7.0
Tanning and leather	3.1	2.0	1.1	0.5
Chemical products	0.2	1.6	0.7	4.2
Wood and wood products	1.7	1.8	1.1	1.3
Paper products	1.7	2.0	2.9	3.1
Metal products	3.0	4.2	4.2	10.1
Other manufactures	9.1	7.7	17.2	9.6
Village industries	9.9	5.6	9.4	10.0

Source: National Accounts Statistics.

1/ Preliminary figures.

Around twenty bakeries in Botswana are predominantly occupied with the production of fresh bread and to some extent confectionery which is sold on the local market. The apparent decline in this branch's share of total MVA has most likely a purely statistical explanation. The branch has grown roughly at the rate of total MVA; after 1982 a significant addition to the sector has been "Sugar N Spice" (Pty) Ltd. in Gaborone, which has expanded rapidly in the urban market for confectionery, continental rolls and fancy breads.

The majority of firms in the textiles and clothing branch are engaged in the production of ready made clothes and household articles from imported materials. The major exception from this is Everest Mills at Francistown which produces polyester and cotton fabrics from imported polyester yarn. There is also a number of small- and medium-sized firms providing knitted goods, mainly for the local market. At the very small end of the scale several producers, spread all over the country and employing mostly women, are engaged in the production of knitwear and school uniforms.

In the case of textiles, where a major part of production right from the start has been exported, the competitive advantage existed perhaps in terms of wage differentials between Botswana and neighbouring countries. Substantial parts of the growth in the sector may however be ascribed to one well sized plant, the Everest Mills in Francistown. Under a special government concession from 1972 the mill imports duty free yarns from outside the Common Customs Area (CCA) and exports virtually its whole production to neighbouring countries.

Apart from the growth of production in the export-based Everest Mills, there has also been a steady growth of firms in the smaller scales. According to registration statistics, there was a total of 15 new registrations in the branch from 1966 to 1980, the years 1981-1984 saw rapid development with 36 firms registering, bringing the total up to 51 in 1984. High growth

may also be registered in textile exports which in nominal UA terms nearly trebled from 1981 to 1984. This growth rate, in constant Pula terms (using the CPI as a deflator), amounts to slightly less than a doubling over the three years and represents a spectacular increase.

One should be cautious, however, in interpreting expansion of the textile branch as a breakthrough in manufactured exports. There are indications that much of the expansion was due to post-independence flight of some firms from Zimbabwe. Several firms were set up in Francistown, close to the border of Zimbabwe and textiles and clothing exported to the traditional markets in both Zimbabwe and South Africa. This resulted in some controversy between the authorities in Zimbabwe and Botswana, which has now been solved by the imposition of a quota on Botswana's textile exports into Zimbabwe. The branch's share of MVA fell from 12.1 in 1983 to 7.0 in 1984 and export figures for the first half of 1985 indicate a considerable drop for the year as a whole. The slight decline in the share of MVA from 1980 to 1983 was probably a result of establishment costs for the new firms, but could also partly be due to the fact that the domestic market for those articles which were produced in Botswana was near the point of saturation.

A significant new development in resource-based textile production in the later years has been the start of carding and spinning of yarn from local karakul wool, both for exports and for the local market.

Tanning, leather shoes and footwear production are still relatively small branches in Botswana. BMC exports most of its production of hides (cattle and small stock) either as salted or wet blue tanned. Only a small fraction is used as an input to manufacturers of ready made leather goods. A large part of the leather goods sold locally or exported are curio-type articles based on gameskins. The major firm in this line of products is Botswana Game Industries (BGI). Altemor Footwear in Francistown represents a later development within the branch being a somewhat larger producer of non-leather safety footwear. The impression from registration statistics after 1983 is that there is considerable investor interest in the branch. A tannery was under construction in Selebi-Phikwe in late 1985. By the end of 1985 it was planned that several shoe manufacturers would be in operation.

Chemical products including rubber products (largely retreading) is a small branch in Botswana, largely occupied with the mixing of imported ingredients to produce paints, household chemicals and to some extent pharmaceuticals and cosmetics for the local market. A major development in 1985 was the establishment of the Kgalakgadi Soap Industry. The factory is using tallow from BMC as a raw material to supply the whole Botswana market with a variety of soaps. The factory has been provided tariff protection under the infant industry clause of the SACUA which will mean that a 100 per cent duty on imported soap products is levied.

Although there are considerable timber resources in northern Botswana, the wood and wood products industry is based on imported raw materials. Apart from a few firms dealing in rough timber, poles, etc., the product range is largely confined to domestic, office and school furniture. IKEA started operations in Mogaditsane in 1984; products are intended both for local markets and for exports.

The paper industry in Botswana is also based on imports of semi products and largely consists of printing, cutting and stapling activities. Deliveries for intermediates include locally folded, glued and printed cardboard boxes for beef packaging at BHC. Prior to 1982/83 most of BHC's packaging materials were imported as finished products. Today there are a number of small and medium-sized firms in the packaging sector.

The growth of metal products from 1973/74 to 1980 is connected with two main factors; the growth of the mining industry and the construction sector. Apart from the relatively large workshops connected to the mines in Selebi-Phikwe, Orapa and Jwaneng, the majority of the branch's output consists of deliveries for the building industry; structural parts, window and door frames, furniture and fencing materials. A less significant part of the sub-sector finds its market in transport equipment. Brake linings and body building are some of the products within this line. Agricultural inputs or capital goods like water tanks, carts and some agricultural machinery are also made, but the import component is very high. It is not clear what the spectacular increase in 1984 (shown in Table 7) is due to, but it may have a statistical explanation and should be looked at in conjunction with the drop in "Other manufacturing".

The group "Other manufacturing" covers a variety of activities, most of which may be classified into four main groups; building materials, plastic products, electric products and handicrafts. A high share of the output in the former group is produced by local subsidiaries of international construction or construction-related firms. In addition there are several smaller locally owned and operated enterprises, most of them producing basic materials like block and bricks. At the small end of the scale there are a large number of village block makers, bordering on the informal sector. A few firms of late make prefabricated concrete building elements.

The plastic products made in Botswana are largely containers and household wares of various sorts. Electric products are mostly tied in with maintenance and repair of air-conditioning and heating equipment. A couple of firms make solar powered equipment, mostly water heaters. The handicraft firms of the formal sector are concentrated on game products, traditional tools and crafts, gemstones and basketry. The latter is mainly marketed by Botswanacraft which provides market links to a large number of rural small scale producers.

The value added for "Village Industries" (shown in Table 7) is an estimate of the total of the small scale/informal manufacturing activities which take place all over Botswana. There is no guarantee that the level or the changes shown in the value added of this sector accurately reflects reality, but it is quite clear that its contribution to total MVA is considerable. The range of activities is wide, comprising meat and milk products, baking, sewing and knitting, grain milling, carpentry, tool making, etc. Because of its function as a breeding ground for potential formal sector entrepreneurs and its importance for the economy of rural areas, this sector assumes a relative importance in the Botswana economy, which is clearly understated by merely looking at its contribution to MVA.

2.2 Performance and efficiency

Since 1974 the share of NVA in GDP has changed from year to year but with no clearly discernable trend of increase or decrease. The annual fluctuations can largely be explained with reference to trends in overall GDP, caused chiefly by changes in other sectors like mining or beef, the latter also being a main part of NVA.

The drop in the share of NVA in GDP from 1977 to 1978 was almost exclusively due to the fall in BSC throughput by some 25 per cent between the two years. The even more drastic fall of nearly 40 percent in BSC throughput, from a peak in year 1979 to the decade ending in 1980, coupled with a 20 per cent increase in diamond output and favourable prices, explains the drastic reduction in the NVA/GDP ratio from 8.3 in 1979 to 4.1 in 1980. In a similar manner, much of the apparent decline of the NVA/GDP ratio in 1983 and 1984 may be explained by production increases in the diamond sector and a levelling off in beef production.

The share of manufacturing in formal employment has been slightly higher than its share of GDP since 1980, except 1982. This implies that the sector is somewhat more labour intensive than the rest of the economy. Although this is contrary to what is generally found to be the case in developing countries it is not surprising given the size of value added in the mining sector and its very low labour intensity. The year to year changes in manufacturing employment reveals, as in the case of NVA, no clear trend.

Table 8. BSC throughput, diamond production and manufacturing share of GDP and formal employment, 1974-1984

	BSC throughput (1,000 head)	Diamond production (million carats)	Share of NVA in GDP (percentage)	Manufacturing share of formal employment
1974	186.0	2.7	5.4	6.4
1975	188.4	2.4	7.3	6.7
1976	212.0	2.4	7.6	7.2
1977	196.9	2.7	8.0	6.6
1978	149.3	2.6	6.8	6.3
1979	229.0	4.3	8.3	7.3
1980	140.8	5.1	4.1	6.7
1981	201.4	5.0	6.3	6.6
1982	237.1	7.6	9.0	7.2
1983	219.2	10.9	7.7	9.8
1984	221.8	12.9	6.7	8.6

Source: Statistical Bulletin, various issues.

Analysis of trends in gross output, value added, wages and gross profit are hampered by the fact that BSC cannot be separated from the rest of the manufacturing sector. As for the shares of GDP and employment analysed above, most of the sharp changes in Table 9 may be explained by reference to the activity level at the BSC.

Apart from the declines in 1978 and 1980, manufacturing output at current prices has increased at a high rate over the whole period shown in the Table. Unlike the trend for most African countries, output growth has not slackened appreciably in the eighties but rather had a tendency to accelerate. However, both output estimated for 1984 and the low level of textile exports for the first half of 1985 indicate a levelling off.

The ratio of MVA to gross manufacturing output increased from 18.9 per cent in 1974 to 31.2 per cent in 1978. During the last decade the ratio appears to have stabilized at a level of around 30 per cent, the size of the sector and its diversity reflecting a more stable structure.

Value added may be divided into wages and gross profit. The balance between the two is indicative of, on one hand, the scope for enterprise earnings and thus the potential for further investment and growth, and on the other hand the distribution of factor payments. Although quite large annual changes in the ratio of gross profits and wages to value added seem to appear, the underlying balance is roughly 40 per cent to wages and 60 per cent to gross profits which appears quite common for African countries where comparable figures are available. The years with strong deviations from this pattern may be explained largely by the tendency not to lay off workers when the value of output falls or when wages increase, so that the nominal sum of wages increase at a relatively steady pace. Thus in 1975 the high wage share was largely a result of a salaries review which led to high salaries and wage rewards mainly because of accumulated inflationary pressures and relatively large financial reserves on government hands. In 1978 and 1980 the high wage shares were largely a result of a drop in BMC output and value added without an appreciable retrenchment of workers.

Table 9. Indicators of manufacturing performance, 1974-1984
(in current prices)

Year	Million Pula					per cent			
	Gross output	Value added	Wages	Gross profit	form- tion	Share of Gross value added in gross output	Share of wages in value added	Share of gross profit value added	Share of GFCF in gross profit
1974	53.4	10.1	4.0	6.1	.7	18.9	39.6	60.4	11.5
1975	64.4	15.5	8.0	7.5	1.6	24.1	51.6	48.4	21.3
1976	71.7	20.9	7.5	13.4	8.6	29.2	35.9	64.1	64.2
1977	85.2	25.3	8.9	16.4	3.6	29.7	35.2	64.8	21.9
1978	78.2	24.4	12.3	12.1	4.0	31.2	50.4	49.6	33.1
1979	129.1	42.8	12.7	30.1	3.1	33.1	29.7	70.3	10.3
1980	115.4	29.9	15.6	14.3	4.1	25.9	52.2	47.8	28.7
1981	165.2	49.3	21.0	28.3	8.3	29.8	42.6	57.4	29.3
1982	210.9	71.2	26.6	44.6	17.3	33.8	37.4	62.6	38.8
1983	265.5	78.7	31.7	47.0	14.7	29.6	40.3	59.7	31.3
1984	282.2	85.4	34.2	51.2	...	30.3	40.1	59.9	...

Source: National accounts.

Gross fixed capital formation (GFCF) in the manufacturing sector has increased very strongly since 1974, at the rate of about 40 per cent p.a. until 1983. As for the other performance indicators, the share of GFCF in gross profit has fluctuated strongly, the all time high in 1976 being connected with the investment in the brewery.

Table 10 gives a sub-sectoral breakdown of value added coefficients. A comparison with African countries where suitable data exists shows that value added coefficients in Botswana are lower in most sectors. This is hardly surprising when one takes into account the high import content of most branches except meat processing. The reason why the value added coefficient for meat processing is lower than for the rest of the branches taken together is the BMC's position as a zero profit company. Between 1980 and 1984 there was a general tendency for the value added coefficients in various branches to decline. The increase in the value added coefficient for meat and meat products is the main reason why, in spite of the general tendency, the overall coefficient increased slightly over its 1980 level.

Table 10. Value added coefficients^{a/} in manufacturing by branch, 1980 and 1984

Manufacturing sub-sector	1980	1984	African countries 1981-1982 ^{b/}
Meat and meat products	19.4	27.4	...
Dairy and agro-based products	11.5	-12.0	...
Beverages	20.9	39.5	24.8
Bakery products	25.0	15.9	...
Textiles and clothing	31.5	17.3	34.6
Tanning and leather products	30.4	21.1	39.8
Chemical products	33.3	31.0	35.6
Wood and wood products	23.8	19.6	39.8
Paper products	26.1	33.8	42.7
Metal products	-6.3	29.3	36.6
Other manufacturing	48.3	29.3	...
Village industries	72.4	71.9	...
Total	25.3	31.5	...
Excluding meat	29.3	33.3	...

Source: National Accounts of Botswana.

a/ Share of MVA in manufacturing gross output.

b/ Data for African countries give averages for those countries where data were available in UNIDO; Africa in Figures, 1986, UNIDO, PPD.2, 15 September 1986.

Statistics on industrial capacity utilization in Botswana are not available. Circumstantial evidence, however, indicates that the capacity utilization problem is far less severe than for most African countries where current rates of 20-30 per cent are not uncommon. The most obvious explanation for this is a sound foreign exchange situation which serves to avoid the lack of imported intermediates and spare parts which is so common in other African countries.

Even though manufacturing industry has expanded at growth rates higher than any African country, it is hardly justified to say that it has been a leading sector in Botswana's economy over the last ten years. Perhaps except for the textile sector, manufacturing has been growing roughly at the rate of the overall economy, grafted on to main sectors such as mining, construction and government. The aggregate information available (see Table 11) does not indicate that the manufacturing sector (excluding meat processing) has greatly expanded its share of the domestic market vis-à-vis imports.

Table 11. Domestic consumption and manufacturing output in Botswana, 1974, 1979 and 1984
(million Pula in current prices)

	1974	1979	1984
Total domestic consumption ^{1/}	95.5	349.7	936.3
Manufacturing output	53.4	129.1	260.6
Ratio of manufacturing output to consumption (per cent)	55.9	36.9	27.8
Manufacturing output exclusive of meat processing	16.4	54.1	161.7
Ratio of manufacturing output to consumption (excl. meat processing) (per cent)	17.2	15.5	17.3

Source: National Accounts.

^{1/} Excluding consumption of non-marketed goods including government.

The extremely rapid development which has taken place in the "non-BMC" part of the manufacturing sector is certainly encouraging in a long-term perspective. However, it has only had a limited effect on the overall economy so far because of its initial small size.

2.3 Trade in manufactured goods

Botswana is a member of the Southern African Customs Union (SACU). The relatively high duties to be paid on imports from outside the CCA and the easy access to a large and diversified supply of sources and export markets right across the border represent strong incentives for Botswana to trade with South Africa.

Analyzing Botswana's trade from published statistics implies a few difficulties. In international trade statistics Botswana, Lesotho, Swaziland and South Africa are recorded as one area. The three smaller countries produce their own trade statistics but published sources are arranged by BTN;

re-exports are not separately reported, quantities are not shown and values are given in the SACUA "Unit of Account" (equivalent to the South African Rand) and include SACUA duties. Also information on trade by individual commodity and its destination/origin is not available.

The overall trade pattern is shown in Table 12. Seventy-five per cent of the value of exports came from diamonds in 1985. The five items, meat and meat products, hides and skins, diamonds, copper nickel matte and textiles constituted nearly 95 per cent of total exports. The predominance of unprocessed or only slightly processed goods in exports and the very high share of manufactures in imports are typical features of most developing countries at a low level of industrial development.

The geographical pattern of trade appears surprisingly diversified given the SACUA membership. In 1985 nearly 85 per cent of the country's export went to Europe. Exports to Europe consists predominantly of diamonds, beef and copper nickel matte. The export route for beef to Europe goes through South Africa. The rest of exports mainly goes to the USA, the Common Customs Area (CCA) and other African countries (mostly Zimbabwe). Most of the processed goods is exported to the two latter destinations.

On the import side, a much higher share, nearly 75 per cent of trade is with South Africa. Main imports are manufactures, but also unprocessed and slightly processed agricultural commodities are imported. Roughly 10 per cent of imports come from Zimbabwe and around 10 per cent from the US and Europe. These figures probably exaggerate South Africa's importance slightly, since some of the goods recorded as originating in South Africa have been produced elsewhere, but supplied through South Africa channels. Although a significant part of the manufactures produced in South Africa would not be able to compete in terms of price and quality on the world markets, the advantages to Botswana purchasers of South African supplies are considerable. The high external tariffs set for the SACUA by South Africa and easy access to goods which keep inventory costs down are the main reasons for this. Of significance is also the extent of South African control and ownership over important trade channels.

In Table 13 imports and exports are analyzed according to degree of processing. As a result of the expansion in the diamond sector, the share of processed and non-processed goods for final use (beef) has declined. The interesting point indicated by this analysis of exports however lie in the relatively high growth rates for export of processed goods, although these do not account for a major share of exports. It is, however, difficult to interpret these fields because of the unknown influence of re-exports.

The pattern of imports by degree of processing shows remarkable stability over the period under analysis with roughly 85 per cent of total imports being processed. There is however a small but noticeable increase in the share of processed goods for final use and a small decline in the share of processed goods for further processing. If this is not wholly due to changes in imports for re-export, the changes support the conclusion above that the manufacturing sector has not increased appreciably its share of a rapidly expanding domestic market.

Table 12. Structure of total foreign trade, 1985

	Main destinations of exports	Per cent of total exports	Total value (fob)	Meat and products	Hides and skins	Diamonds	Copper/nickel matte	Textiles		
Exports (million Pula)										
Common Customs Area (CCA)	77.5	5.6								
Africa outside CCA	54.6	4.0								
USA	73.1	5.3								
UK	53.2	3.9								
Other Europe	1119.0	80.9								
1985			1383.1	97.5	11.7	1049.0	119.9	28.9		
	Main origins of imports	Per cent of total imports	Total	Food, beverages and tobacco	Fuel	Chemicals and rubber products	Wood and paper products	Textiles and footwear	Machinery and electrical equipment	Vehicles and transport equipment
Imports (million Pula)										
Common Customs Area (CCA)	814.0	74.3								
Africa outside CCA	81.7	7.5								
USA	30.6	2.8								
UK	53.1	4.9								
FRG	...	...						
1985			1095.2	191.8	120.1	88.7	35.2	88.3	186.2	150.4

Source: Statistical Abstracts, various issues.

Table 13. Trends in foreign trade by degree of processing, 1974-1984

Class	EXPORTS			IMPORTS		
	Share in total		Growth rate	Share in total		Growth rate
	1974	1984	1974-1984	1974	1984	1974-1984
Non-processed goods for further processing	40.36	73.66	35.95	2.63	2.55	22.89
Processed goods for further processing	17.16	12.52	24.04	19.37	15.59	20.62
Non-processed goods for final use	36.93	7.07	8.51	3.48	2.89	21.02
Processed goods for final use	5.54	6.75	30.57	74.52	78.97	23.99
Total trade	100	100	28.02	100	100	23.27

Source: UNIDO data base.

An analysis of trends in trade in manufactures is shown in Table 14. Over the ten-year period 1974 to 1984, the UA value of exports of manufactures appears to have increased by 18 per cent annually and manufactured imports by 23 per cent. Exports of "other manufactures", almost exclusively beef and hides, have grown less rapidly than other categories and appear less significant as an export item now than ten years ago. This impression is almost certainly exaggerated by an increase in re-exports which tend to distort the trade figures. The main change in the composition of manufactured exports is a much increased emphasis on supplies and intermediates. A main reason for this is the export of products from the Everest mill mentioned above, but the total export figure as compared with output of goods in this group for 1984 indicates a heavy influence of re-exports.

The structure of manufactured imports has not changed significantly. Its overall growth rate has been roughly in step with the overall economy. Also for imports it is difficult to determine the significance of goods imported for later re-exports.

Table 14. Growth of trade in manufactures, 1974 and 1984

Category	Manufactured exports						Manufactured imports					
	Million Pula		Annual rate	Share in total			Million Pula		Annual rate	Share in total		
	1974	1984	of growth (per cent)	manufacturing exports (per cent)		Change	1974	1984	of growth (per cent)	manufacturing imports (per cent)		Change
			1974-84	1974	1984		1974	1984	1974-84	1974	1984	
Consumer non-durables	1.22	27.79	36.74	2.51	10.59	8.07	17.96	126.79	21.58	17.20	14.35	-2.85
Supplies and intermediates	11.14	113.19	26.09	23.00	43.11	20.11	15.09	140.39	24.99	14.45	15.89	1.44
Capital goods and consumer durables	2.02	38.28	32.19	4.18	14.58	10.40	40.36	371.54	24.85	38.65	42.05	3.40
Other manufactures	34.05	83.28	9.36	70.31	31.72	-38.59	31.03	244.93	22.95	29.71	27.72	-1.99
Total manufactures	48.43	262.55	18.42	100	100	0	104.44	883.65	23.81	100	100	0

Source: External trade statistics.

2.4 Ownership and investment patterns

Botswana's economy has always been strongly influenced by South Africa. Although no reliable statistical data shows the ownership of the manufacturing sector at independence, it is quite certain that the sector was predominantly owned and operated by foreigners. Later, several factors have made a rapid indiginization difficult: government's reluctance to use nationalization and government ownership as an instrument in the indiginization of industry; the scarcity of Batswana with a business education; and the high government demand for educated manpower. It is only recently that a significant number of Batswana has started formal sector businesses, and the trade sector is still far more popular for local business initiatives than manufacturing.

A study based on the Census of Production and Distribution (CPD) 1976/77 is the most reliable base for gauging the present manufacturing sectors reliance on foreign capital. For the economy as a whole, it was found that although less than 10 per cent of all establishments in the private formal sector in Botswana are foreign owned (defined as more than 50 per cent foreign share-holding) these firms are dominant in most of the branches in terms of invested capital, payment of direct taxes, gross output, value added and wages, etc.

Of the 136 manufacturing establishments which gave information on the extent of foreign shareholding, 98 had no foreign shareholding and 29 were 100 per cent foreign owned. The number of firms with partly foreign, partly local ownership were only 9, of which 4 were more than 50 per cent foreign owned. Measured at book values, 23 per cent of the financial liabilities in the manufacturing sector were foreign as against 37 per cent for the whole economy.

The dominance of the foreign-owned firms in the manufacturing sector will differ significantly, depending on whether the locally held BMC is included or not. If included, the "foreign" firms constitute 18 per cent of output, 22 per cent of value added and 41 per cent of wage payments. If BMC is excluded, the shares become 50 per cent, 51 per cent and 64 per cent respectively. It indicates a manufacturing industry (excluding BMC) where the majority of production is run by predominantly foreign controlled firms, and where the locally owned firms form a minority group.

Comparable data are not available for later years, but statistics on licence applications (see Table 6 for firms in the larger size groups) do not seem to indicate an increase in the proportion of locally owned firms. Thus in 1984 some 209 manufacturing enterprises existed in Botswana; of these 122 (58.4 per cent) were foreign-owned, 55 (26.3 per cent) operated on a joint venture basis and 32 (15.3 per cent) were wholly owned by Batswana nationals.

Compared to the 1976/77 survey there is an indication of either a considerable number of applications from wholly foreign owned firms and joint ventures between 1977 and 1979 or a considerable underestimation of firms in this category by the CPD. The low number of locally owned firms is an indication that most of these firms are so small that they do not need a licence.

Between 1979 and 1984 there has been little change in the ownership structure of licensed firms. In fact, there has been a slight decrease in the ratio of both locally owned and joint venture firms, and an increase in the share of wholly foreign owned firms.

2.5 Size and geographical distribution of manufacturing enterprises

The majority, if not all (non-BMC) manufacturing firms in Botswana are small by international standards. This is a reflection of the reliance of industry on the small national market. Almost without exception the large and medium sized firms are based on exports. The trends in size distribution are illustrated in Table 15.

Table 15. Size distribution of manufacturing establishments, 1979, 1982 and 1984
(number of establishments within each size category)

Size category (number of employees)	Y e a r		
	1979	1982	1984
	<u>Number of establishments</u>		
1-5	33	50	90
6-10	14	32	64
11-50	70	94	121
51-100	15	16	32
101 and above	5	12	12
Total number of establishments in employment survey	137	249	319

Source: Employment survey, 1984.

There is a definite trend towards a larger proportion of small-scale firms with 10 and less employees, while the proportion of firms with more than 10 employees have declined. The reason for the spectacular increase in small-scale enterprises between 1982 and 1984 is likely to be the implementation of an incentives scheme for certain kinds of production.

Formal sector manufacturing in Botswana is mainly located in the urban centres along the railway line in the south eastern part of the country. This is a natural location because this part of the country has the majority of population and the best infrastructural basis. The semi-arid areas in mid and west Botswana with extremely low population densities and little or no infrastructure have practically no industry. The north, which have large forests and potential agricultural resources connected to the waters of the Okavango swamps, have an industrial potential which is under-exploited, mainly as a result of large distances to markets and lack of infrastructure, particularly in the transport sector.

The tendency for industry to locate in urban areas can be seen from licensing statistics. Out of a total of 209 firms licensed in 1984, 177 were located in urban areas and 32 in rural areas.

The most striking feature of the geographical distribution of MVA is the concentration in Lobatse because of the BMC abattoir which is situated there. If one excludes the BMC, the towns of Gaborone, Francistown, Lobatse, Selebi-Phikwe and Letlakhane (the diamond mine site) come out with roughly equal shares of MVA (see Annex Table A-8). After 1980, Jwaneng in the Southern district, where a new major diamond mine is located, would also figure prominently as a centre of manufacturing activity.

3. INDUSTRIAL DEVELOPMENT STRATEGIES, POLICIES, PLANS AND INSTITUTIONS

3.1 Planning process

Planning in Botswana has tended to concentrate on the activities of the public sector. Government's attitude towards the private sector has been and still is "not to stifle private initiative, but to create favourable conditions within which the private sector can contribute to national development".^{1/}

The scope and emphasis of public sector planning has changed with economic growth and public sector revenues. In the first years after independence, when Botswana received grants and aid for its recurrent budget from the UK, restricted revenues severely limited the range of government activities. As the development budget was almost exclusively externally funded, any argument for expansion would be judged by donors in terms of the concrete development project for which funds were asked. This led to an emphasis on project-oriented planning.

The rapid expansion of both the economy and the government budget, as well as the introduction of an independent currency in 1976, increased both the scope and necessity for a more macro-oriented planning approach. This is visible in the National Development Plan 1976-81, which was implemented without decreasing the emphasis on careful project planning. Further, as the government increased its influence over the economy, soon after independence, as a result of the large diamond revenues, the creation of several new functional ministries and departments took place. For example, the Ministry of Commerce and Industry was established in 1973/74. Moreover, a number of parastatal organizations were started, for example, Botswana Power Corporation. These developments, together with government participation in major mining ventures, have resulted in a very broad role for government in the economy, although planning is confined to the public sector.

The present National Development Plan is Botswana's sixth plan and covers 6 years (April 1985 to March 1991). A planned mid-term review may involve considerable changes if main assumptions and circumstances have changed. The Plan preparation which is co-ordinated by the Ministry of Finance and Development Planning (MFDP) is marked by consultations with a large number of public sector bodies; village and district authority opinions are heard through the National District Development Committee (NDDC). An important institution for consultation with the private sector is the National Employment Manpower and Incomes Council (NEMIC), where the labour market organizations as well as private business organizations are represented. The financial sector is also involved through the participation of the Bank of Botswana. Plans of the major parastatals are taken into consideration through the respective line ministries.

Generally, plan preparation is started with a discussion by the Cabinet Economic Committee, which is an extended cabinet meeting with top civil servants also attending. The results from this "Keynote" discussion will guide the plan preparation with an overall policy perspective. On the basis of budgetary frames emerging from this discussion, line ministries are preparing plans for their areas of responsibilities. Such plans will then be

^{1/} National Development Plan 1985-1991.

submitted to the MFDP for consideration of macroeconomic and budgetary implications, and if necessary be revised and resubmitted. The close linkage thus achieved between the Plan and the annual budget preparations helps keep the Plan at a spending level which is realistic considering the projected budgetary resources. Even though no project will be implemented without having been included in the Plan or a revision, inclusion in the Plan does not secure the availability of funds for the project. Only inclusion in the annual budget will represent the authority of line ministries to obligate funds.

The smallness of the administration, the political commitment to pragmatic planning, the integration of planning and budgeting, and the short- to medium-term project focus has strongly enhanced the success of the planning and implementation process in Botswana. It is considered one of the most successful in Africa, as measured by the capacity of a system to formulate and implement strategies and programmes for economic and social development.

3.2 Objectives and prospects

The long-standing national principles of Botswana are "Democracy, Development, Self-reliance, and Unity". The planning principles guiding the realization of these objectives in the economic field are:

- Rapid economic growth
- Social justice
- Economic independence
- Sustained development

The two main priority areas of the current Development Plan are productive employment creation and rural development. The manufacturing sector is seen to have an important role in both fields, where the government encourages an enterprising and dynamic private sector. A clear and stable policy framework has been developed by the government within which the private sector can operate.

The emphasis on manufacturing sector policies in the 1985-1991 Plan represents a synthesis of several important policy steps and development trends which stresses the need for a more determined and concerted effort in the development of the manufacturing sector. The importance of such an effort has been emphasised through the macro-economic outlook for the period up to 1991 where projections show an annual GDP growth rate of 4.8 per cent p.a. compared with an estimated 11.2 per cent p.a. for the last Plan period. The main reason for the lower projected growth rate is the absence, up to 1991, of major mining projects, which hitherto has been such an important source of growth in Botswana. The biggest mining project likely to take place is the planned exploitation of the soda ash deposits at Sua Pan in the north east.

The Plan projects manufacturing as the fastest growing sector with an annual growth rate of 8.3 per cent as against the overall growth of 4.8 per cent p.a. The projection contains assumption of slow growth in BMC output and production start of an abattoir in Francistown in 1989. The fastest growth in manufacturing is supposed to come from other branches than the abattoirs; their value added is projected to grow by 10 per cent p.a. up to 1991. The manufacturing sector is also projected to increase its share of formal sector

employment considerably. Projections indicate that whereas total employment would grow by 5.7 per cent p.a. over the period, employment in the manufacturing sector would increase by an annual rate of 8.8 per cent. Gross fixed capital formation in manufacturing is projected to increase by 10 per cent per annum as against 2 per cent p.a. for the economy as a whole.

The reliance on the private sector to fulfil the development expectations for the manufacturing sector is quite clear. Major incentive schemes like the Financial Assistance Policy (FAP) (see below) are already in place, a new industrial policy has been adopted and Botswana Development Corporation (BDC) as a major financial arm, working preferably through the private sector, will increase its share of investment in industry and industrial property. Very little budgetary expansion however is foreseen for the administrative and controlling functions of the Ministry of Commerce and Industry (MCI). In fact, the Ministry's annual development spending over the Plan period in constant Pula is projected to decline slightly.

As the majority of Batswana, around 80 per cent, lives in rural areas a major objective of the present Development Plan is to foster rural development programmes. The key elements in such programmes will be to: i) diversify the rural economy; ii) emphasize quality rather than quantity in the provision of rural services; III) implement a National Food Strategy; iv) strengthen the role and capacity of local institutions in the rural development process; and v) expand national extension services to ensure better use of existing infrastructure in rural areas.

3.3 Recent policy measures

Several policy measures taken since 1982 have given sharper focus and placed greater emphasis on industrial development. The Presidential Commission on Economic Opportunities published its report in 1982. A government White Paper of the same year accepted most of the Commission's recommendations. The Commission had been established to investigate the effectiveness of overall employment policies and in particular the role of nationals in economic development and came out with recommendations in a number of fields. The emphases in commercial and industrial sectors were: a shift in government's activities towards provision of incentives rather than the traditional regulatory functions; an improvement of the extension system; greater emphasis on project identification; and financial assistance for new enterprise establishment. The report argues that the way to maximising employment creation for Batswana is not to be restrictive on "importation" of skilled expatriates, but rather change the control system for such "importation" in such a way that it contributes to job creation.

Also in 1982, government launched an important industrial incentives package called the Financial Assistance Policy (FAP). Through FAP government channels funds to the private sector as subsidies to the start or expansion of production of exports or import substitutes. To impart a diversifying effect into the scheme, cattle ranching and major mining ventures are not eligible for assistance. The assistance given is not meant to cover all financial needs of the recipient projects but to provide support in such a way that potential industrial projects receive an incentive to be set up in line with the country's industrial development objectives: job creation is promoted by a labour subsidy; an incentive for geographical dispersion of manufacturing

activities is built-in through a geographical graduation of the assistance; and the localization aspect is accommodated by graduation of the subsidy by the nationality of the entrepreneur. Any support given will be phased out over a period of five years.

Special, simplified application procedures apply to small-scale projects (less than 10,000 Pula in total investment). The somewhat more elaborate procedures for medium- and large-scale enterprises are carefully designed to prevent misuse and to ensure positive net benefits to the economy from giving the subsidy. A more detailed description of FAP can be found in Annex C - Legal Framework Governing Industrial Investment and Operations.

Towards the end of 1985 it was reported that P 3.3 million had been disbursed and another P 14.1 million had been committed under the scheme. It was estimated that 6,250 jobs had been created, although admittedly it was difficult to say how many jobs would have been created in the absence of FAP. The aim as stated in the Development Plan is to create up to 12,000 jobs during the Plan period at an estimated expenditure of P35 million.

The overall industrial policy framework was further strengthened and the focus sharpened in October 1984 by the National Assembly's approval of the new Industrial Development Policy. The main objectives of the policy are that industrial development should contribute to:

- creating productive jobs for citizens;
- training citizens to jobs with higher productivity;
- increasing the value added, or GDP, accruing in Botswana to Botswana;
- diversifying the productive sectors of the economy;
- consequent reduction in vulnerability to economic factors beyond Botswana's control; and
- the dispersion of industrial activities in rural areas.

Government's role in industrial development is based on the "belief that a free-enterprise, market oriented system for this sector is both efficient in producing goods and services and economical in the use of scarce administrative capacity. Investors will be left with considerable freedom to choose the fields they enter. The government will influence and assist industry with general incentives and services rather than detailed directives or controls. Direct participation in industry will normally take place through institutions like the Botswana Development Corporation (BDC). Government will participate directly in this sector only by exception." (Industrial Policy White Paper).

Promotional efforts by government will, in particular, seek to further:

- The exploitation of demand originating from major sectors of the economy (government, parastatals, the mining sector and agriculture) and the processing of their products and by-products.
- The utilization of those industrial raw-materials in which Botswana is relatively well endowed.

Main policy instruments to achieve these aims are the following:

- General industrial incentives, the major ones being FAP, local preferences in government procurement, and certain forms of infant industry protection allowed within the SACU.
- Promotion and information activities where the Trade and Industry Promotion Agency (TIPA) would play a main role.

In the field of regulation, the emphasis is on minimization of regulatory requirements. The active use of industrial licencing will be aimed at avoiding monopolistic tendencies and overinvestment in certain lines of production and to promote citizen ownership through:

- An efficient and integrated extension service for small-scale and informal industries.
- Manpower policies which stresses the need for allocating an increasing share of the educated manpower to industry, and to increase the participation of Batswana.
- Active use of trade and exchange arrangements within SADCC, SACU, the Lomé agreement and bilateral agreements to promote production and trade in manufactures.
- Welcoming foreign investment, and providing generous terms as long as it is seen to contribute to the country's overall industrial development objectives and conduct its affairs according to a clearly spelled out code of conduct.
- Promoting industrial ownership by private citizens through an emphasis on citizens in promotion of new activities and the direction of extension services and by limiting the scope of activities which may be undertaken by parastatals like the BDC.
- Parastatal utility pricing which should not involve subsidies. In principle the prices charged to industrial users should cover the full cost of production of public goods and services.
- Providing sufficient developed land for industrial and commercial purposes.
- Facilitating the procurement of finance for industrial purposes by making it easier to tap the capital accumulated in cattle herds and make the banking system (including parastatals) more conducive to the establishment of small Batswana owner enterprises. Important in this respect will be improved integration of the extension system and credit institutions.

Overall, there is a clear emphasis on the importance of small rural enterprises and their need for additional and different forms of assistance than for large urban enterprises. Also, the policy document stresses the fact that policy measures with important effects for industrial development are taken by many other ministries than MCI. As it is considered important to

infuse an industrial policy point of view into decisions on such measures, the industrial development policy prescribes the establishment of an Industrial Development Advisory Committee chaired by MCI with members from other relevant ministries.

Towards the end of 1985 the MCI was reorganized and the role of active promotion strengthened. The ministry now has a separate Department of Industrial Affairs, whereas before it was part of a Division of Industry and Commerce. The Botswana Enterprises Development Unit (BEDU), merged with Business Advisory Services (BAS), has been made part of the Department of Industrial Affairs. BEDU has been changed from its earlier emphasis on industrial estates and small investor's package approach to become an important part of the country-wide, integrated industrial extension effort by government as prescribed in the Industrial Policy White Paper. Another important move has been to set up a Trade and Industry Promotion Agency (TIPA) as a semiautonomous Agency of the Ministry providing services to domestic and foreign investors on trade, investment and export promotion.

3.4 Institutional framework for industry

Several government institutions are engaged in industrial policy making, support and co-ordination activities. In the private sector the main organizations are the labour market organizations, Botswana Employers Federation (BEF), Botswana Federation of Trade Unions (BFTU) and the Chamber of Commerce and Industry. Also, several NGOs are doing important practical work, particularly in the small-scale/informal sector. Several channels for discussions and consultations between the private sector and government ensure a considerable degree of consultation and consensus when significant policy measures are considered and implemented.

The Industrial Development Advisory Committee is charged with the formulation and definition of industrial policies, objectives and strategies. It is a co-ordinating body close to political decision-making comprising the Permanent Secretaries of the Ministries of Commerce and Industry (MCI), Finance and Development Planning (MFDP), Mineral Resources and Water Affairs (MRWA), Home Affairs (MoH) and Local Government and Land: (MLGL). Inter-ministerial co-ordination and monitoring of industrial policy is also the responsibility of this committee.

With its leading role in finance and planning, the Ministry of Finance and Development Planning (MFDP) is also closely involved in industrial policy making through its role in macro-economic management, financial allocations, manpower and employment policies. Applications for FAP support by large-scale enterprises (Total investment over P750,000) are considered by the MFDP.

Overall responsibility for industrial affairs is lodged with the Ministry of Commerce and Industry (MCI). At Headquarters, the Department of Industrial Affairs is in charge. Besides the main controlling functions of the departments of Weights and Measures and the Registrar of Companies, the main promotional arms of the Ministry are BEDU in the field of extension and TIPA with its role within trade and investment promotion.

The cadre of Rural Industrial Officers (RIOs) is placed under the Department of Industrial Affairs, but officers are posted to the Districts of Botswana where they are responsible for co-ordinating the activities of

business extension agencies directed towards promoting industry in the rural areas. The cadre has a central role in implementing the small-scale part of FAP, and can also provide funds for training and other types of assistance to small-scale rural producers.

In order to better co-ordinate all the various extension efforts taking place both inside and outside government an Industrial Extension Co-ordinating Committee was recently established. A lead member is BEDU with its central role in industrial extension. The committee also includes representatives from MFDP and the Ministry of Agriculture as well as the autonomous or semi-autonomous Partnership for Productivity, Brigades Development Centre, Botswana Technology Centre, Rural Industries Promotion and Tswelelo (see below).

Rural Industries Promotion is a non-profit organization founded by government to develop, adapt and disseminate appropriate technologies to improve productivity and conditions of living for the rural population. The organization works closely with the following two bodies in the field of technology;

The Botswana Technology Centre (BTC) is well tied in with international information sources and is specifically focussing attention on the needs for small-scale industry.

The Rural Industrial Innovation Centre (RIIC) at Kanye focuses on practical development and implementation including manufacture of appropriate technology equipment and training in its use. Illustratively, a small-scale sorghum mill/dehuller developed by the RIIC has had success in Botswana and has been exported to other African countries. A wind driven pump for low wind speeds, a biogas driven pump and animal powered pumps are under development. The idea is to make the production of such pumps commercially viable.

Partnership for Productivity is a non-profit BDC subsidiary in the field of extension and business training organization which works closely with MCI.

Brigades Development Centre is mainly occupied with channelling government support to the Brigades, which have a long tradition in Botswana as youth training institutions. In addition to education in traditional academic disciplines, the Brigades give vocational training to post-primary school youth in order to prepare them for self-employment and to contribute towards the cost of their academic education.

Apart from the Commercial banks which give short- and medium-term credit for industrial purposes there are two main parastatals involved in longer-term lending. The National Development Bank (NDB) is particularly active in small-scale rural lending and also covers the fields of agriculture and commerce. Botswana Development Corporation (BDC) is involved both in lending and equity participation in industrial ventures through its Industrial and Commercial Division. The largest loan and equity portfolios are held in "Bolux Milling" (wheat flour), "Everest Mills" (textiles), "Kwena Concrete Products" and "Sugar Packers". Although BDC's activities are mainly geared to formal sector industry, two of its subsidiaries are involved in small-scale activities.

Botswana-craft has long worked as a purchase and marketing center for about 4,000 small artisans, particularly occupied with basketry and traditional craft products. The company has experienced a decline in its turnover lately, but hopefully the development of new product lines will change the situation during the next few years.

A new development with BDC shareholding is Tswelelo; a business consulting cum finance company to service small- to medium-scale business. A package approach of assistance is used, involving management, project appraisal, feasibility studies and financial advice. A special organization: Small Industries Supply and Marketing Organization (SISMO) is set up by Tswelelo to supply essential raw materials and take care of certain marketing functions.

The philosophy of Tswelelo is based on:

- Production for the satisfaction of basic needs with low-cost materials and simple robust production methods;
- Development of industrial ventures which are self-sufficient and can survive without continuous government support or charity;
- A businesslike manner of operation, implying that interest rates and prices charged by Tswelelo are "moderate but market related". This is meant to encourage small and medium industries to operate in a "real world" manner and to reduce distortions in the economy;
- Encouraging small and medium industry on a wide geographical distribution rather than solely in the urban centres.

The Government of Botswana has been an active participant in the preparation of the 1986-1990 Africa Priority Programme for Economic Recovery (APPER) within the auspices of AU/ECA. Botswana's national development priorities are fully consistent with those included in APPER. In particular, in the areas of food and agricultural development the government's strategy with respect to national food security, production levels and productivity as well as special measures for small farmers, is identical with the OAU/ECA present programme for Africa.

4. RESOURCES FOR INDUSTRIAL DEVELOPMENT

4.1 Human resources

Botswana has particular demographic features: the small size of the population and the relatively large number of nationals (mostly men aged 20-55) working abroad, mainly in South Africa.

Table 16. Demographic indicators, 1971, 1981, 1986 and 1991

		Census		Estimates	
		1971	1981	1986	1991
Estimated population	Total	596,944	941,027	1,131,700	1,357,600
	Male	272,518	443,104	539,900	653,400
	Female	324,426	497,923	591,800	704,200
	Non-Batswana	10,861	15,677	18,800	22,600
Botswana nationals	Total	45,735	42,015	31,900	21,900
	Male	26,661	32,576	24,800	17,000
	Female	9,074	9,439	7,100	4,900
Population aged 0-4	per cent	17.7	19.4	19.4	18.7
Population aged 5-14	per cent	29.9	28.8	28.8	28.8
Population aged 15-64	per cent	46.8	47.2	48.3	49.4
Population aged 65 and above	per cent	5.6	4.2	3.5	3.1

Source: National Development Plan 1985-1991.

Between 1971 and 1981 Botswana experienced a population growth rate of nearly 4.7 p.a., which is very high, even by African standards. This is the result of high fertility, declining mortality and a considerable amount of immigration. The expected decline of the population growth rate to 3.7 per cent annually towards the 1990s and other demographic features will lead to a relative increase in the share of the labour force, i.e., population between 15 and 64 years. This means an entry into the labour force of nearly 21,000 persons per annum over the present Plan period, whereas the formal sector is expected to create 11,500 jobs over the period. Although the share of the labour force with job opportunity would increase over the Plan period, a sizeable addition to the unemployed category is implied. This problem is reflected in government's overall strategy and the design of policies to maximize economic growth.

At independence, the general level of education of the population was dismally low, due to a long period of colonial neglect. The lack of educated manpower stands out even compared with other African countries. Major efforts have gone into increasing the level of general education and rapid progress has taken place. It is presently estimated that 85 per cent of the primary school age population attend school, with more than a third of primary school leavers going on to secondary school.

The lack of highly qualified and experienced nationals is however still a problem in both government and the private sector, as is reflected in the relatively high proportion of expatriates. Botswana is applying an active manpower planning policy to make sure that progress is being made in indigenization, to ensure that the limited supply of skilled manpower is allocated where it is most needed and further to ensure that training and education programmes respond to the long-term needs of the economy.

The National Employment Manpower and Incomes Council with private sector participation has played a key role in devising the allocation system now at work. An allocation committee with the participation of Botswana Employers Federation each year assesses requests for skilled manpower from all sectors of the economy and makes decision on the distribution of new graduates which are not employed by the government.

The main bottlenecks in manpower for industry have been closely connected with two major features of the education and allocation systems. Firstly, there has been a long standing government predominance in the use of educated manpower. Industry has often been regarded as a residual in manpower priority, and therefore, has progressed much slower in indigenization than the government sector. The present allocation system is however designed to bring about change in this regard. The present Plan states that "the stimulation of non-government economic activities is one of the main themes of NDP6 and this is reflected in the mechanisms for short-term manpower allocation and long-term manpower development that have been adopted."

Secondly, there has been an overemphasis on academic training, and a corresponding shortage of people with technical and vocational skills. The Presidential Commission on Economic Opportunities expressed this in rather strong terms, pointing out that "Government's efforts in this field have been seriously inadequate" and recommended that "in future, technical and vocational education must be given much higher priority with corresponding less emphasis on other post-secondary education." This emphasis is reflected in the current Plan which will "intensify vocational and technical training, expand relevant existing courses and introduce additional courses at the university." Annex Tables A-9 and A-10 show projected and actual intake of Botswana Students into the University of Botswana 1979/80-1984/85 and manpower development requirements to 1991, respectively.

4.2 Raw material resources

Arable farming is the main preoccupation of Botswana's rural population and productivity increasing measures in this field is therefore considered highly important by government. The raw-material resources from this sector is, however, likely to be of less importance as a basis for the manufacturing sector than the country's livestock and mineral resources.

Virtually all products of arable agriculture go to domestic household consumption, a large share of it on a subsistence, non-market basis. The arid climate makes rainfed agriculture a risky venture in most parts of the country and there are large annual variations in crop quantities. This is in contrast to neighbouring countries (except Namibia) where agricultural potential is considerable.

Table 17 provides indicators of agricultural resources and production. The principal crops are sorghum and maize which account for three-fourth's of the planted area in most years, and millet, accounting for another tenth. The rest is made up of vegetables, groundnuts, cotton and sunflower. The most important tree crop is citrus.

Gathering is an important activity for the poorest segment of the population. A variety of edibles like roots and tubers, nuts, berries and worms are collected. Also certain "veld products" are exported, e.g. "camel thorn" serving as decorating material, straws and stones for the production of basketry and jewellery, and rare moths and butterflies as collectors items.

In 1984 the estimated size of Botswana's cattle herd was 2.9 million, the number having declined slightly since 1982 as a result of the drought. Beef exports is of major economic importance for the country, the export abattoir at Lobatse processing annually well over 200,000 head of cattle in the years 1982 to 1984. The export receipts in 1985 were P97.5 million in meat and meat products and P11.7 million in hides and skins. When the abattoir at Francistown comes into operation total annual throughput could increase to 300,000 head of cattle.

A favourable arrangement under the Lomé convention, whereby the regular levy on imports of beef into the EEC at present is refunded to Botswana, makes the exports of chilled beef highly rewarding. The emphasis of the present Development Plan on maximizing the long-term opportunities of the beef sector implies an intensification of the effort to increase the value added of the beef sector. Although a start has already been made through canning, "wet blue" tanning of hides and local tallow-based soap making, a much stronger emphasis on livestock based manufacturing could yield considerable returns in value added and job creation. Large amounts of tallow, hides, hide trimmings, horns, ear and tail hair, ox gall, etc., are presently exported in unprocessed forms, mostly to South Africa.

In 1984 there was also an estimated 165,000 sheep and 800,000 goats in the country, and the BMC throughput of smallstock for that year was quite considerable, 16,000. Most of the smallstock are however used for village slaughter and meat supply. The Karakui sheep in Southern Botswana, which are mainly kept for the production of pelts, are also used as an input to spinning of yarn and carpetmaking at Tiro-ya-Diatla in Lobatse.

The considerable wildlife population of Botswana has long been used as a basis for manufacturing activities, mainly in the field of exportable curio and gameskin articles. The wildlife resources as a whole however appear to be grossly underutilized, Botswana probably having the largest herds of plains game in Africa today. There would be a good potential for e.g. the production of venison, dried game meat (biltong), skins and hides, tanning, taxidermy, leather products. Also, the domestication of certain species of wildlife like ostrich and oryx, which at present is undertaken successfully in South Africa, may yield considerable amounts of industrial raw-materials in the form of hides and meat. The drought resistance of wildlife and its higher efficiency in the utilization of grazing lands represents an ecological advantage over cattle.

Although being mainly an arid area the fish resources of Botswana are said to be considerable. These resources are concentrated in the Okavango swamps in the north but have only been utilized to a small extent.

Table 17. Agricultural resource and production in indicators.
in Botswana, 1961-1984, (selected years)

Description	Unit	1961	1965	1970	1975	1982	1983	1984	Annual rate of change			
									1961-70	1971-80	1976-80	1979-80
LAND USE												
Total land	1000HA	58537	58537	58537	58537	58537						
Arable+perm.crops land		980	1020	1170	1330	1360						
Irrigated land		2	2	2	1	3						
Forests & woodland		958	958	958	962	962						
PRODUCTION												
Agric. production												
Total cereals	1000HT	62	12	12	67	18	15	10	1.1	-13.6	-34.7	3.7
Root crops		4	5	5	6	7	7	7	3.0	3.4	2.9	
Total pulses		16	12	12	13	18	15	15	-1.8	6.2	6.4	-3.6
Oil crops		1	1	1	1	1	1	1	7.6	-5.2	-6.8	-9.1
Total meat		23	42	43	50	58	52	53	4.2	-.3	-5.2	1.7
Total milk		55	61	69	72	97	101	104	2.4	3.6	4.7	2.7
Livestock (number)												
Cattle	1000	1570	1263	1650	2564	2979	2818	2900	-.5	6.4	.1	-1.0
Sheep		96	125	320	280	140	165	165	14.1	-14.5	-13.2	8.2
Goats		500	600	1082	600	636	783	800	7.4	-6.1	2.0	7.0
Pigs		5	7	9	16	7	7	7	6.6	-10.4	-22.6	3.7
Fishery production												
Freshwater & diadrom	1000HT		1	1	1	1	1				-8.6	5.8
Marine fish												
Shell fish												
Aquatic plants												
Forestry production												
Fuelwood & charcoal	1000CH	500	560	620	691	729	729		2.5	1.6	.6	
Industrial roundwood	1000CH	35	38	45	48	57	59		2.5	1.8	.8	3.9
Sawnwood & panels	1000CH											
Paper	1000HT											
MAJOR COMMODITIES												
(Ag+Fi+Fo production)												
Ind. cattmeat	1000HT	23	35	40	39	47	41	42				
Cow milk	1000HT	54	59	66	70	94	98	101				
Game meat	1000HT	6	7	8	5	5	5	5				
Pulses nes.	1000HT	16	12	12	13	18	15	15				
Ind. goatmeat	1000HT	2	2	3	3	3	3	3				
Freshwater diad.	1000HT		1	1	1	1	1					
Vegetables	1000HT	3	10	11	13	15	15	15				
Sorghum	1000HT	61	9	8	34	4	5	6				
Chickenmeat						1	1	1				
Maize	1000HT	1	2	2	29	12	8	2				
INDICES OF PRODUCTION												
Food production	1974-76 = 100	75	85	97	91	91	92	93	3.2	-3.6	-7.9	2.5
Agric. production		76	86	96	92	91	92	94	3.1	-3.6	-7.8	2.5
Per caput food prod.		115	116	117	91	71	69	68	.5	-7.2	-11.3	-1.0
Per caput agric. prod.		115	118	116	92	71	69	68	.4	-7.2	-11.2	-1.0
FOOD SUPPLY/CAPUT/DAY												
Calories	Number	1958	1947	2151	2062	2445						
Proteins	Grams	63.8	69.1	73.8	67.4	77.3						
Fats	Grams	39.1	41.3	46.8	48.7	58.7						
Calor. as of requir.	Per cent	84.4	83.9	92.7	88.9	105.4						
MAJOR FOOD CONSUMED												
(Share on tot.calor.)												
Maize	Per cent	24.2	22.9	24.7	26.2	32.0						
Wheat		3.1	3.7	5.2	7.0	9.5						
Sugar & Honey		8.6	8.6	8.0	8.4	11.0						
Millet + Sorg.		27.8	29.3	28.3	21.7	7.5						
Oil and fat		4.9	5.5	6.0	8.3	9.0						
MEANS OF PRODUCTION												
Tractors Agric. in use	Number	550	1200	1600	1850	2250					2.8	3.0
Fertilizer production	1000HT											
Fertilizer consumption	1000HT	1	2	2	2	1			5.7	-2.5	-12.7	
SOCIOECONOMIC INDICATORS												
Agropop as % total GDP			48	41	39	26	14					
Agropop as % total PDO			91	89	87	84	79	78				
Agrexp as % total EXP		113	88	62	40	17	15					
Agrimp as % total IMP		116	60	33	16	15	14					
Agrexp as % total IMP		123	60	28	26	11	14					
Arable land as % of total land												
		2	2	2	2	2						
Arable land as % of total land												
Agropop per araland	NO/HA	.5	.5	.5	.5	.6						
Fert. use per araland	KG/HA	1	2	1	2	1						
Tractors per araland	NO/000HA	1	1	1	1	2						

The main forest reserves are also situated in the north (Chobe District), consisting mainly of an estimated logging potential of 130,000 cubic metres of Mukusi (Rhodesian teak) and 110,000 cubic metres of Mukwa (blood wood). Also eucalyptus plantations have had some measure of success in southern Botswana. Most of the timber and timber products used in Botswana are at present imported from South Africa.

Minerals

Botswana's mineral wealth has been the basis for the country's rapid post-independence development. In 1984 the diamond mines at Orapa, Lethlakane and Jwaneng produced export revenue of P1,049 million or 75 per cent of total exports. The Orapa mine mainly produces industrial diamonds, Lethlakane and Jwaneng have higher proportions of gem quality diamonds. The diamond resources are said to be virtually inexhaustible but production costs will increase as deeper mining is required. It is expected that several other deposits will be discovered under the Kalahari sands as prospecting continues. Only a very small part of the diamonds mined in Botswana undergo some local processing. Even though the cutting operation established in 1980 is planned to expand rapidly, the complexities of the diamond market and processing of rough diamond into jewellery are likely to make the increase of value added by diamond-based manufacturing in Botswana a long-term proposition.

Nickel/copper is mined and matte produced at Selebi-Phikwe near the south west corner of Botswana. The ore bodies in the area are estimated at about 40 million tonnes. The mine and smelter in 1984 produced 51,846 tonnes of matte. The value of exports in 1985 was P120 million or 9 per cent of total exports for the year. Copper deposit have also been located in the north about 100 km Southwest of Maun. High mining costs caused by poor infrastructure at present prohibits economic exploitation. Domestic refining and manufacture of matte are not on the agenda for the time being.

At Sua Pan in the north west there is a large resource of soda brine. Exploitation has been considered with various technical and financial partners since the early seventies. The present project, which in the current Development Plan is considered as "more likely than not to proceed to commercial development", is based on co-operation with the British Petroleum Group through Soda Ash Botswana (Pty) Ltd. Exports of soda ash produced through solar evaporation of the brines would go to regional markets. Annual demand for the product in South Africa, Zimbabwe and Zambia is estimated at 300,000 tonnes.

Apart from the main minerals mentioned above and coal, which is treated in section 4.3 below, it is known that Botswana has a wide variety of other rock and mineral resources, some of which have been exploited earlier and some of which are presently being exploited on a minor scale. Table 18 gives a summary of the more important ones.

Table 18. Mineral resources in Botswana, 1951-1984
(selected years)

Type of mineral	Estimated deposit(s)	Location	Mining
Talc	37,600 tonnes	Moshaneng	Presently none, 313 tonnes, 1978
Stone, sand for crushing	Unlimited	Several	228,526 cubic metres, 1979
Semi precious stones	Very large	Several	Presently mined, collected
Manganese	200,000 tonnes	Kgwakgwe, other	Presently none, 1957- 1973 240,053 tonnes
Iron	Unknown	5 different sites	None
Limestone	Very large	Several	Small quantities
Marbles	Very large	Several	Small quantities
Dolomites	Very large	Several	Small quantities
Glass sands	Unknown	Ramotswa	Presently none
Brick earths and clays	Large, unknown	Mahalapye	Small sites mining for local markets
Gold	800,000 tonnes	Francistown	4 sites now re-working old tailings 17-5 g/tonne, exports 3000,000 UA 1984
Silver	No significant deposits known. By-product of present gold operations		
Gypsum	4.5 million tonnes	Francistown	Presently none. Kweneng
Kyanite	Not investigated	Francistown	Present none, 1951- 1957: 9,366 tonnes
Uranium	1.2 million tons U302	Serule	Presently none
Seolite	Not known		

Source: UNIDO: The Potential for Resource-based Industrial Development in the Least Developed Countries - No.1. Botswana, UNIDO/IS.274, December 1981.

4.3 Energy resources

The potential energy resources of Botswana are vast. In central Botswana there are 1,700,000 million tonnes of proven coal reserves, of a quality equal to that of South African coal. Total coal deposits could well be in the region of 100 billion tonnes of thermal coal.

The use of energy reflects the predominantly rural and agricultural structure of Botswana's economy; roughly half of the energy used is generated from wood collected in the vicinity of settlements, and is used for household purposes.

Of the commercial energy supplies some 40 per cent was imported as petroleum products or as electricity from the South African grid (in 1984/85), the balance being based on locally mined coal for firing of a thermal power station or for use in the Selebi-Phikwe copper/nickel mine.

The main user of commercial energy is the mining industry, which in 1982 stood for nearly 60 per cent of consumption. Manufacturing was a relatively minor user, with only about 10 per cent of total commercial consumption.

Only the south-eastern part of the country is served by an electricity grid from the two main coal fired power stations in Selebi-Phikwe (80 Mw) and Gaborone whereas the north and west of the country are mostly based on local diesel generators. The main transmission lines extend between Gaborone and Selebi-Phikwe and from these two centres respectively to Lobatse/Jwaneng and Francistown/Orapa. Rural electricity supply lines cover another dozen rural centres in the south.

The commissioning of the first 30 MW coal fired generator virtually on the coal field at Moropule in 1986 will change the electricity supply picture in Botswana considerably. The Moropule station has been planned to accommodate six 30 MW generators, of which it is planned to commission four by 1989. The ratio of import to locally generated power will decrease considerably. Plans for 1990 show that the interconnection of 30 MW to the South African grid will remain. An important effect of the Moropule project is the hope for a gradual decline in the relative price of electricity which is now extremely high compared to South African power costs.

4.4 The role of technical co-operation in industrial development

Aid flows to Botswana have in recent years remained relatively stable at an annual average of about \$140 million, albeit under less favourable terms with an increasing proportion of loans as compared with grants. The government has supported a trend on the part of the UNDP to link more closely multilateral and bilateral aid programmes in support of the government's development programmes.

Botswana's receipts of Official Development Assistance per capita is one of the highest in Africa with a large part being related to the country's attempt to develop its human resources. Botswana's relatively comfortable situation in terms of balance of payments and government finance has made the development of its human resources a clear first priority.

The central objectives of Botswana's industrial development policy focus on diversifying the economy, producing locally more goods and services consumed in Botswana, increasing job creation, improving spatial distribution of income earning opportunities and the participation of Botswana in business. The Industrial Programme of the Fourth UNDP Country Programme for Botswana covering the period 1987-1991 is geared towards supporting the industrial development objectives of the government. A complete list of the completed and operational projects of UNIDO is provided in Annex F.

In recognition of UNDP's commitment to human resources development a UNDP/ILO project is reviewing the causes for the slow progress in indigenization of the private and parastatal sectors and identifying training programmes for accelerating the localization process. This project will continue to identify manpower development prospects for increased participation of nationals in the industrial and commercial sectors.

The proportion of foreign direct investment in total investment in Botswana is among the highest in sub-Saharan Africa. This lends urgency to strengthening the negotiating capacity of the government vis-à-vis foreign investors. In co-operation with the UN Centre for Transnational Co-operation, UNDP commenced in 1986 a project to support training programmes and consultancies in this area. This activity is expected to link up with activities of the IFC/ADB/UNDP Africa Project Development Facility (APDF) and UNIDO's investment promotion efforts to further stimulate the commercial and industrial sectors with larger participation of Botswana nationals. To create a capacity for industrial project preparation and appraisal a Project Research Unit within the Ministry of Commerce and Industry is being established with UNDP/UNIDO assistance to ensure a regular supply of feasibility studies for inclusion in the government's portfolio of investment proposals. In this context Annex D gives a project list of UNIDO's industrial investment opportunities in Botswana.

In accordance with government's policy to diversify the country's industrial and commercial base and create additional employment opportunities UNDP/UNIDO provides support in the sub-sectors of building materials and textiles. A pilot possolana cement plant started in 1985. Based on its technical and economic feasibility, replication of such small-scale cement production units in other parts of Botswana will be determined. A wool knitwear factory has existed in the town of Lobatse for some years. Government has decided to assist this factory in expanding and in modernizing its operations. The Botswana Development Corporation, UNDP/UNIDO under cost-sharing arrangements with Norway, and the Barclays Bank Development Fund, have joined hands to implement a package of measures aimed at: i) establishing a modern profitable manufacturing plant; ii) producing export quality knitwear products; and iii) training of nationals to operate and manage the enterprise. The factory will obtain its raw materials mostly from karakul sheep farmers in south-western Botswana, living in one of the most under-privileged parts of the country. It will be supplemented with wool from New Zealand, and employ 220 workers, mostly women.

Although government places priority on industrialization, its growth in Botswana is still slow due, inter alia, to a critical shortage of skilled labour. In conjunction with the implementation of a World Bank loan for the construction of an industrial trade testing centre and two vocational training facilities in various parts of the country, UNDP/ILO will implement a trade

testing and industrial training programme in parallel financing with a related project in industrial training sponsored by the Federal Republic of Germany. Training in accountancy and commercial subjects was carried out in the Botswana Institute of Administration and Commerce (BIAC) for many years with UNDP/ILO support. This project was concluded successfully in early 1985. A small-scale follow-up project designed to improve the management of training with the help of computers has been identified for 1987-88.

In further support of the commercial and industrial sectors, UNDP/UNV is providing assistance to the Botswana Enterprise Development Unit (BEDU), the Rural Industries Innovation Centre (RIIC) and the Pelegano Industries in business and production management of pottery products development.

Multilateral and bilateral assistance can assist in solving a wide range of educational and training problems connected with the needs of present and potential industry. Botswana has, to a great extent, already created the institutional and policy framework within which such work can take place.

Government's emphasis on the private sector as a driving force in future industrialization requires technical assistance which, within the overall established framework, will emphasize direct co-operation with private, locally owned industry.

The new industrial policy gives further direction for technical assistance emphasis. research and development is necessary to explore the most promising routes to greater utilization of local raw materials, both for covering major niches in the local market with locally produced goods and for the exploitation of export markets for manufactures. There is also need for further careful project analysis and feasibility studies, and active promotion of economically viable projects to mobilize local as well as foreign investors. At the present time the country's livestock resources seem to hold the greatest promise for resource-based industrial development. In terms of domestic markets, the best prospects appear to lie in the demand from the government sector and the mining industry.

ANNEX A

STATISTICAL TABLES

Table A-1: Growth rates of GDP and GDP per capita, 1974-1983

Year	GDP (in 1979/ 1980 prices (million Pula)	Annual growth of GDP (per cent)	GDP per capita (in 1979/80 prices) (Pula)	Annual growth rate of GDP per capita (per cent)
1974	399.30		598.65	
1975	394.10	-1.30	562.20	-6.09
1976	453.30	15.02	615.90	9.55
1977	463.40	2.23	599.48	-2.67
1978	549.40	18.56	676.60	12.86
1979	615.10	11.96	721.10	6.58
1980	708.40	15.17	791.51	9.76
1981	786.70	11.05	836.03	5.62
1982	820.80	4.33	840.98	.59
1983	984.80	19.98	972.16	15.60

Source: National Accounts.

**Table A-2: GDP by sector of origin, 1974-1983
(at constant 1979/80 prices)
(millions of Pula)**

Year	Agriculture	Mining and quarrying	Manufacturing	Utilities	Construction	Services
1974	98.7	52.9	17.4	4.3	57.1	168.9
1975	87.7	53.2	24.5	8.8	47.8	172.1
1976	88.9	87.5	31.4	13.3	34.5	197.7
1977	92.8	92.1	34.6	11.1	22.8	210.0
1978	86.8	171.4	32.4	12.2	24.3	222.3
1979	86.6	169.1	43.6	15.6	25.9	274.3
1980	83.8	217.6	29.2	15.0	36.4	326.9
1981	75.0	285.5	37.0	15.9	37.2	349.7
1982	71.8	300.4	45.8	15.9	37.2	349.7
1983	58.4	461.6	42.4	15.7	26.2	380.5

Source: National Accounts.

Table A-3: GDP by sector of origin, 1974-1984
(percentage distribution)

Year	Agriculture	Mining and quarrying	Manufacturing	Utilities	Construction	Services
1974	33.14	8.50	5.36	1.75	10.67	40.57
1975	28.73	8.46	7.28	3.24	9.44	42.86
1976	23.88	12.27	7.63	4.05	6.86	45.20
1977	23.61	13.33	8.03	2.92	4.86	47.25
1978	19.90	15.49	6.77	2.78	4.75	50.32
1979	15.83	22.75	8.29	2.23	4.15	46.75
1980	11.83	30.72	4.12	2.12	5.14	46.15
1981	11.54	26.62	6.29	2.46	4.88	48.21
1982	11.13	17.66	9.02	2.76	6.03	53.40
1983	7.25	27.95	7.68	4.39	4.39	48.34
1984	6.31	31.76	6.73	2.72	4.06	48.42

Source: National Accounts.

Table A-4: Growth rates of MVA, 1980-1983
(constant 1980 prices)

	M V A		MVA annual growth rate 1980-83
	1980	1983	
Total Manufacturing	29.2	42.4	13.2
Meat and meat products	9	3	-30.7
Dairy and agro-based products	1.1	2.5	31.5
Beverages	3.2	7.5	32.8
Bakery products	.3	.5	18.6
Textiles	4.5	8	21.1
Tanning and leather products	.7	.5	-10.6
Chemical products	.6	.3	-20.6
Wood and wood products	.5	.5	0
Paper products	.6	1.4	32.6
Metal products	-.3	2.0	...
Other manufactures	4.3	10.8	35.9
Village industries	4.7	5.4	4.7

Source: National Accounts.

Table A-5: Production and exports of industrial raw materials, 1980-1985

Description	1980	1981	1982	1983	1984	1985
<u>A: Production</u>						
Sorghum production (1,000 million tonnes)	29.1	28.3	3.8	5.2	5.7	15
Maize production (1,000 million tonnes)	11.6	21.4	12.4	8.5	.5	1.4
Cattle throughput BMC (1000 head)	140.78	201.39	237.14	219.22	221.79	
Diamond mining (1,000 carats)	5,146	4,960	7,562	10,897	12,904	12,634
Diamond mining product (value, million Pula)	223.62	206.83	418.98	643.33	880.75	980.53
Nickel/copper mining (1,000 tonnes matte)	40.10	46.57	45.68	48.09	51.85	50.28
Nickel/copper product (value, million Pula)	83.26	79.44	60.67	61.09	71.66	131.14
<u>B: Exports</u>						
Meat and products (1,000 million tonnes)	28.23	63.30	84.04	80.27	70.22	...
Hides and skins (million UA)	3.04	4.77	7.50	5.74	12.72	...
Diamonds (million UA)	237.70	141.08	257.15	471.02	697.11	...
Nickel/copper matte (million UA)	80.96	83.44	68.20	66.81	77.04	...

Source: Statistical Abstract.

Table A-6: Growth rates of GDP by sector of origin, 1975-1983

Year	Agriculture	Mining and quarrying	Manufacturing	Utilities	Construction	Services
1975	-11.1	.6	40.8	104.7	-16.3	1.9
1976	1.4	64.5	28.2	51.1	-27.8	14.9
1977	4.4	5.3	10.2	-16.5	-33.9	6.2
1978	-6.5	86.1	-6.4	9.9	6.6	5.9
1979	-.2	-1.3	34.6	27.9	6.6	23.4
1980	-3.8	28.7	-33.0	-3.8	40.5	19.2
1981	-10.0	31.2	26.7	1.9	-12.1	4.6
1982	-4.3	5.2	23.8	3.9	16.3	2.3
1983	-18.7	53.7	-7.4	-1.3	-29.6	8.8

Source: National Accounts.

**Table A-7: Output, value added, exports and imports
of manufactured goods, 1983**

Category	Gross output	Value added	Exports	Imports
Mainly consumer goods	207.62	56.52	24.12	98.12
Mainly intermediate goods	40.22	14.12	81.45	106.70
Mainly consumer durables and capital goods	17.67	8.07	24.84	248.25
Other			85.91	205.04
Total manufacturing	265.50	78.70	216.31	658.11

Sources: External Trade Statistics. The National Accounts of trade and output/value added flows do not match precisely and the Table is, therefore, based on several assumptions.

Table A-8: MVA by urban centre/district, 1976/77

Location	Per cent of MVA	Comments
Gaborone	7.5	
Francistown	6.8	
Selebi-Phikwe	8.6	Copper/nickel mining
Lobatse	68.5	Abattoir
Kgatleng district	0.3	
Southern district	..	
Southeast district	0.3	
Kweneng district	0.3	
Kgalakgadi district	..	
Ganti district	..	
Central Mahalapye village	0.1	
Central Scrowe village	0.9	
Central Madinare village	..	
Central Letlhakane village	6.7	Diamond mine
North East district	..	
Ngamiland district	..	
Chobe district	..	
Total	100	

Source: O.K. Ystgaard, Foreign Investment in Botswana, February 1980.

Table A-9: Projected and actual intake of Botswana students into the University of Botswana, 1979/80 - 1984/85

Projected and actual intake of Botswana students into the University of Botswana 1979/80-1984/85

	1979/80		1980/81		1981/82		1982/83		1983/84		1984/85	
	Proj.	Act.	Proj.	Act.	Proj.	Act.	Proj.	Act.	Proj.	Act.	Proj.	Act.
Degree Level:												
Economics and Social Science	52	52	65	79	65	80	65	88	65	110	65	97
Humanities	32	32	50	57	50	50	50	47	50	52	50	59
Science	56	56	65	69	70	57	80	64	85	89	95	127
Education (B.Ed)	0	0	20	0	20	20	20	21	20	19	20	20
subtotal	140	140	200	205	205	207	215	220	220	270	290	305
Diploma/Certificate:												
Education, Humanities	36	36	60	45	60	56	60	41	60	42	0	46
Education, Science	20	20	25	20	30	30	35	30	45	46	0	53
Adult Education	9	7	0	0	10	12	10	0	10	11	10	8
Education, Primary	0	0	0	0	30	11	30	9	30	10	30	9
Statistics, Diploma	2	2	10	9	10	6	10	7	10	6	10	10
Statistics, Certificate	7	7	10	11	10	8	10	9	10	5	10	20
Librarianship, Diploma			10	14	10	7	10	9	10	13	10	4
Librarianship, Certificate	10	10	10	13	10	8	10	10	10	9	10	4
Science Education, Certificate	0	0	0	0	0	0	0	0	0	15	0	0
subtotal	88	86	125	103	170	138	175	115	185	157	80	154
Postgraduate:												
Education	0	0	0	0	0	0	0	0	0	0	50	47
Masters Degree	0	0	0	0	0	0	0	0	0	3	0	4
subtotal	0	0	0	0	0	0	0	0	0	3	50	51
Pre-Entry												
Science Course	0	130	0	126	0	158	0	153	0	210	0	140
Grand Total	228	356	325	434	375	503	390	488	405	640	360	648

Source: Ministry of Education.

Notes: (1) Degree level courses at the Faculty of Economics and Social Sciences include General B.A., B.Com. and LLB.

(2) No figures were included for the Pre-Entry Science Course in the previous Plan. The course lasts for six months only.

Table A-10: Manpower development requirements to 1991

<u>Occupational title</u>	<u>Citizens required by 1991</u>
Electrical engineer	111
Mining engineer	24
Civil engineer	175
Accountant	748
Medical doctor	146
Architect & town planner	61
Surveyors	97
General manager	441
Economist	172
Higher education teacher	1,167
Secondary education teacher	1,860
Manager	1,024
Chemist	13
Physical Scientist	84
Professional Nurse	1,021
Government administrator	381

Source: Government of Botswana, National Development Plan, 1985-1991

ANNEX B
BOTSWANA STANDARD INDUSTRIAL CLASSIFICATION

Below is the brief Botswana SIC adaption giving the sector-specifications followed at present in Botswana's statistical registers.

Major Division 1: Agriculture, etc.

- 100 - Traditional farming
- 101 - Farming - freehold
- 102 - Forestry
- 103 - Fishing
- 104 - Hunting

Major Division 2: Mining and Quarrying

- 201 - Diamonds
- 202 - Copper/nickel
- 203 - Manganese
- 204 - Coal
- 205 - Quarrying and other Mining

Major Division 3: Manufacturing

- 301 - Meat and meat products
- 302 - Dairy and other agro-based products
- 303 - Beverages
- 304 - Bakery products
- 305 - Textiles
- 306 - Tanning and leather products
- 307 - Chemicals and rubber products
- 308 - Wood and wooden products
- 309 - Paper and paper products
- 310 - Metal products
- 311 - Other manufactured products

Major Division 4: Water and Electricity

- 401 - Water supply
- 402 - Electricity generation and supply

Major Division 5: Construction

- 501 - Construction of houses and buildings
- 502 - Construction of roads
- 503 - Electrical construction
- 504 - Construction of dams and building of pipelines
- 505 - Other construction and building work

Major Division 6: Wholesale and Retail Trade, Hotels, and Restaurant, etc.

- 601 - Wholesale trade
- 602 - General retailers
- 620 - Small retailers
- 604 - Restaurants, cafe and butcheries
- 640 - Small restaurants, cafes and butcheries
- 605 - Petrol stations
- 606 - Motor vehicle dealers
- 607 - Hawkers
- 608 - Cattle dealers and speculators
- 609 - Bottle stores and bars
- 610 - Commission agents

Major Division 7: Transport, Storage and Communications

- 701 - Road transport
- 702 - Railway transport
- 703 - Air transport
- 704 - Communications
- 705 - Services allied to transport
- 706 - Other
- 710 - Taxis

Major Division 8: Financing, Insurance, Real Estate and Business Services

- 801 - Financial institutions
- 802 - Insurance
- 803 - Real estate
- 804 - Business services
- 805 - Prospecting

Major Division 9: Community, Social, Household and Personal Services

- (Profit-making organizations)
- 901 - Recreational services
 - 902 - Repair services
 - 903 - Business, professional and labour organizations
 - 904 - Laundry, dry cleaning, hair-dressing services, etc.
 - 905 - Medical services and hospitals (*)
 - 906 - Education services (*)
 - 907 - Religious organizations (*)
 - 908 - Other c.s.h.p. services n.e.c. (*)
 - 909 - General government, central
 - 998 - General government, local
 - 911 - Foreign missions and donor organizations

Major Division 0: Community, Social, Household and Personal Services Major
(Non-profit organizations)

- 001 - Schools, colleges, etc. (*)
- 002 - Hospitals and clinics (*)
- 003 - Religious organizations, church (*)
- 004 - Sport clubs (*)
- 005 - Societies and Associations (*)
- 007 - Township administration, etc. (*)

(*) Institutionally these "groups" are split into profit and non-profit bodies

ANNEX C

**LEGAL FRAMEWORK GOVERNING
INDUSTRIAL INVESTMENT AND OPERATIONS^{1/}**

1. INTRODUCTION

The second edition of the Investor's Handbook is an improvement on the first in that there are a few additions.

The brief descriptions of the affected Acts and Regulations are to assist potential businessmen on the procedure for establishing an industry. The complete Acts and Regulations can be obtained from the Government Printer shop.

2. ACTS AND REGULATIONS

2.1 REGISTRATION OF A COMPANY

Registration of a company which falls under the Companies Act (Cap. 42:01) is the first step in setting up an industry. It requires that the Articles and Memorandum of Association be drawn up and signed by the subscribers who should not be less than 2 and not more than 50 if it is a private company.

The Memorandum states the name of the company, its objects, the liability of the members and the share capital with which the company proposes to be registered.

The Articles state the regulations of the company and the number of members.

The Memorandum and Articles of Association with a duplicate original should be sent to the Registrar of Companies. If the documents meet with all requirements, the company pays the prescribed fees to have it registered and a Certificate of Incorporation is issued.

The minimum prescribed fee is P60 and increases depending on the size of the share capital of the company.

It is important to note that a company should be registered before an industrial licence is applied for. Detailed can be made available by the

Registrar of Companies
Private Bag 004
Gaborne
Tel. 53881 - 4

1/

Extracts of: Botswana. The Investors Handbook, Ministry of Commerce and Industry, Industrial Affairs Division, Private Bag 004, Botswana, March 1984.

2.2 INDUSTRIAL LICENCE

Under the Industrial Development Act (Cap. 43:01) only enterprises employing ten or more people and/or using twenty-five horsepower which is equivalent to 18.7kw or more of any ofrm of energy requires an industrial licence.

The completed application form should be submitted with the prescribed fees of P40 being application and publication fees to the Ministry of Commerce and Industry. The application is published in the Government Gazette for two consecutive weeks and the the new two weeks are to allow the public to raise any objections or comments on the application before the Minister makes a decision.

The Minister of Commerce and Industry is the only person with the authority to approve or refuse the issue of an industrial licence. In the case of a refusal by the Minister, an appeal can be made to the President by the applicant within 28 days of receipt of such letter.

An industrial licence is issued on the payment of P100. The licence is renewable every year on payment of P100 renewal fees.

Note that this licence does not cover the holder from complying with other Acts and Regulations like the Public Health Act and the Factories Act.

The Ministry of Commerce and Industry is located in Tsholetsa House numbered 15 on the map attached. All correspondence should be addressed to the

Permanent Secretary
Ministry of Commerce and Industry
Private Bag 004
Gaborone
Tel. 53881 - 4

2.3 FINANCIAL ASSISTANCE POLICY (FAP)

The Financial Assistance Policy (FAP) is a programme aimed at creating productive employment and expanding economic activities in the country by providing financial assistance to productive

businesses. In the context of the policy, productive businesses refers to those activities which produce or process goods that can either substitute for imported items or be exported from Botswana. The policy, however, excludes the cattle industry and its direct products; and large scale mining.

Both new ventures and existing productive businesses are eligible for assistance. For the purposes of the policy, all businesses have been grouped into three categories. A small business has an investment magnitude of less than P10,000 and this category is handled by the Town Councils in the urban areas and the Rural Industrial Officers in the rural areas. This category is restricted to locals only. The second category is the medium scale which has an investment of between P10,000 and P750,000. Medium scale businesses are handled by the technical ministries which are the Ministry of Agriculture for agricultural projects, the Ministry of Mineral Resources and Water Affairs for small scale mining projects and the Ministry of Commerce and Industry for industrial projects. Large scale businesses are handled by the Ministry of Finance and Development Planning and have an investment magnitude of over P750,000.

There are two types of assistance available. The Automatic Financial Assistance (AFA) is only given to new ventures. Application is made on the same form as for the industrial licence. This is for industrial projects only.

The second type, Case-by-case Financial Assistance (CFA) is submitted on a detailed form to the relevant Ministry. The CFA may be applied for by both new ventures and existing businesses. This type is open to agricultural projects as well as small scale mining projects.

Businesses that benefit from FAP will not be considered for local preference by Central Tender Board or tariff protection.

Details are available from

Ministry of Agriculture

Private Bag 003

Gaborone

Tel. 51171

**Ministry of Mineral Resources and
Water Affairs**

Private Bag 0018

Gaborone

Tel. 52454

Ministry of Commerce and Industry

Private Bag 004

Gaborone

Tel. 53881 - 4

2.4 RESIDENCE PERMIT

A visitor's permit is given for a total period of 90 days in any given year. Once the 90 days have been exceeded, a residence permit has to be applied for. Immigration Act (Cap. 25:04) applies.

Completed forms for a residence permit are submitted with a medical report, a birth certificate or passport, two passport-size photographs and the prescribed fees to the Department of Immigration. A letter in support of the industrial project application can be requested from the Ministry of Commerce and Industry to be sent to the Dept of Immigration to be attached to the residence permit application form.

The residence permit is issued for a maximum period of three years and is renewable thereafter.

Detailed information is available from

Dept of Immigration & Passport Control

P.O.Box 942

Gaborone

Tel. 55565

The offices are situated in the Government enclave numbered 14 on the attached map.

2.5 WORK PERMIT

Work permit is issued under the Employment of Visitors' Act (Cap. 47:02). Any person coming into the country either to work or to invest requires a work permit.

Work permits are issued by the Dept of Labour. The application form is completed and is submitted to the relevant labour office where the person will be stationed.

Note that the application for a work permit is submitted to the labour office at the same time that the application for a residence permit is submitted to the Immigration dept.

The Head office is in the Ministry of Home Affairs located in the government enclave numbered 5 on the attached map. The address is

Commissioner
Dept of labour
Private Bag 002
Gaborone
Tel. 55293

2.6 LAND

There are 3 types of land in Botswana, namely state land tribal land and freehold land. Freehold land is seldom granted. State land is administered by the Dept of Surveys and Lands and tribal land is administered by the various Land Boards in the Districts.

2.6.1 FREEHOLD LAND

Freehold land accounts for about 6% of the land area of Botswana and is found mainly in the Ghanzi farms, Tuli block and Molopo farms with other patches around the country.

In order to obtain freehold land for industrial activities, the land must be purchased or rented from the owner.

Neither the State nor the Land Boards will grant freehold land.

2.6.2 STATE LAND

State land covers about 23% of the land area in Botswana. It is made up of the five towns and other areas. These are Gaborone, Lobatse, Selebi-Phikwe, Francistown, Jwaneng, Orapa, Kasane and Ghanzi as well as the national parks, game reserves and the land

on which District Administration offices and houses are located.

Application for land in the towns is made to the Dept of Surveys and Lands. Subject to the availability of land for the purposes required, the application is recommended to the Minister of Local Government and Lands for approval. Thereafter, the title deed is drawn up by the Attorney General's Chambers for a leasehold period of 50 years.

The cost of land depends on the cost of servicing the land with water, electricity, sewerage, roads and rail.

The offices of the dept. of Surveys and Lands are located near the Railway Station, adjacent to Frasers Supermarket and the address is

Director
Dept of Surveys and Lands
Private Bag 0037
Gaborone
Tel. 53251

2.6.3 TRIBAL LAND

Tribal land is all other land and represents about 71% of the land area of Botswana.

Tribal land is allocated by Land Boards. An application for tribal land for industrial purposes is made to the Land Board that has jurisdiction over that area. The land Board then makes its decision after the sitting where the applicant is present.

Serviced land in tribal areas for industrial purposes are rented out on an annual basis.

An investor who sets up an industry in a tribal or rural area can apply for residential land provided he possesses a residence permit. There is no charge on residential land in tribal areas.

Further information can be obtained from the relevant Land Board through the Dept of Surveys and Lands.

2.7 BUILDINGS

Industrial warehouses that are suitable for factories can be rented from property agents depending on their availability.

Medium to high cost residential houses are also available from the property agents.

The Botswana Housing Corporation, (BHC) is the largest property owner in the country and owns high-, medium- and low-cost residential houses as well as medium cost flats.

Application for a house can be made to BHC and the waiting period depends on the length of the waiting list. The BHC is responsible for housing government officers and hence, the private sector have to wait that much longer.

Apart from the property agents, there are individuals who put up houses for rent and for sale on the open market.

The offices of the BHC are located in the BHC Building near the Railway Station and address is

Botswana Housing Corporation
P.O. Box 412
Gaborone
Tel. 53341

2.8 ELECTRICITY

The Botswana Power Corporation (BPC) supply of power in Botswana is concentrated basically along the eastern part of the country and is supplemented by power from Escom in South Africa. Since power is supplied on a regional basis, Mochudi, Gaborone, Lobatse, Jwaneng and Kanye derive their supply from the Southern Division. The Northern Division supplies Mahalapye, Palapye, Selebi-Phikwe, Francistown and Maun.

Application for electricity is made to the BPC who carry out the installation. The distance of the applicant's plot from the existing power line determines the cost of installation.

Government is presently constructing a 90 MW power station at Morupule which would link the northern and southern divisions.

The Head office of BPC is located in the old industrial site and the address is

Botswana Power Corporation
P.O. Box 48
Gaborone
Tel. 52211

2.9 WATER

Water connection applications in the town are made to the Water Utilities Corporation (WUC). The cost of connection depends on the length and size of the pipes. The full cost has to be paid before connection is made.

Applications for connection in the rural areas is made to the Dept. of Water Affairs which has offices in most major villages.

In the case where the industry is located in an unserved area and the investor has to secure his own water, there are two alternatives, namely:-

-drilling a borehole, in which case a Land Occupation Right Certificate from the relevant Land Board has to be obtained as well as a "Right of Abstraction" permit in order to be legally entitled to the desired water; or

-diverting surface water from a nearby river or lake, in which case only a "Right of Abstraction" permit is required and this permit is obtained from the Water Apportionment Board located in the Dept. of Water Affairs.

Water intensive projects are advised to locate in Selebi-Phikwe where there are no water restrictions whereas there are restrictions in Gaborone and Lobatse.

The offices of the WUC are located in the Capitol Building numbered 29 on the attached map. The address is

Water Utilities Corporation
P.O. Box 127
Gaborone
Tel. 52521

2.10 TELEPHONES

Completed forms should be submitted to the Botswana Telecommunications Corporation (BTC) which would then carry out a survey on whether there are telephone lines in the area or not. If there are no lines in the area, the applicant will be informed

and wait listed until lines are available.

If there are lines available, the applicant will be informed and asked to pay an initial amount that takes care of the installation and the annual subscription before the telephone is installed.

The BTC offices are located in Standard House numbered 38 on the map. The address is

Botswana Telecommunications Corporation
P.O. Box 700
Gaborone
Tel. 53611

2.11 FACTORIES INSPECTION

The Factories Act (Cap. 44:01) sets out the minimum physical working conditions required on a work premises. These conditions cover aspects like cleanliness of the premises, adequate ventilation, prevention of overcrowding, enough lighting, adequate sanitation, safety precautions and many others.

The Chief Inspector of Factories receives a copy of the factory plan from the Local Authority for his comments if any before the plan is approved. In the case where a premises is rented, the Chief Inspector should be invited to inspect the premises before the lease agreement is signed.

Note that one-person enterprises are not regulated by this Act because the legislation is to protect employees.

The office of the Chief Inspector is located in the Ministry of Home Affairs in the government enclave numbered 5 on the map. The address is

Chief Inspector of Factories
Private Bag 002
Gaborone
Tel. 55754

2.12 HEALTH INSPECTION

The Public Health Act (Cap. 63:01) lays down health regulations to protect the population from unhealthy or medically dangerous situations.

Health regulations regarding industries are concerned with providing minimum standards for those that prepare food for sale.

The Act requires that the Chief Health Inspector should give his approval on the health standards of such a factory plan to the Local Authority responsible for approving the plan.

A Health Inspector visits the premises after construction to ensure that health regulations have been complied with. In the case where the premises are being rented, a Health Inspector should be invited to inspect the place before a lease agreement is signed.

Inspection is carried out on a regular basis. The offices of the Health Inspectors are located in the Town Councils and District Councils. The Head office is in the Ministry of Health located in the BHC Building near the Railway Station. The address is

Ministry of Health
Private Bag 0038
Gaborone
Tel. 55350

2.13 ATMOSPHERIC POLLUTION

The Atmospheric Pollution (Prevention) Act (Cap. 65:04) is administered by the Dept of Mines and is concerned with the prevention of air pollution. It becomes necessary to visit the Air Pollution Control Officer if the process of manufacture of products emits objectionable matter like smoke, gases, vapour or dust that is capable of being dispersed or suspended in the atmosphere.

A registration certificate is issued after an application containing such information as the type of industrial process, raw materials, finished products, location of plant, and site plan is submitted. The Registration Certificate specifies the level of pollution that can be emitted.

If the industry is located in an uncontrolled area, a notice in the Government Gazette by the Minister of Mineral

Resources and Water Affairs will declare the area controlled to protect human beings, animals and plants. The Dept of Mines is located in Tirelo House numbered 40 on the map. The address is

Commissioner
Dept. of Mines
Private Bag 0049
Gaborone
Tel. 52641

2.14 LABOUR LAWS

The labour laws are enforced by the Dept of Labour for the protection of the rights of employees. These include the minimum wage laws and conditions of employment.

The Regulation of Wages and Conditions of employment Act of 1969 empowers the Minister of Home Affairs to set statutory minimum wage rates that apply to all industries irrespective of size. Casual and part-time employees are also covered by this legislation.

This Act sets a 45 hour working week with 8 paid public holidays annually. A minimum of 15 additional days of paid leave per year of service should be provided for. It also stipulated that overtime (time-and-a-half) be paid for any work done in excess of 9 hours in a single day.

Minimum records in respect of each employee must be kept and should include:

- a) Employee's full name
- b) Home address
- c) Nature of employment
- d) Wages and period of payment
- e) Period of notice of termination
- f) Rate of leave granted per month or year

Below is a list of the most important legislation affecting employment of labour.

ACT
Employment Act

LAWS OF BOTSWANA
Cap 47:01

LAWS OF BOTSWANA

Regulation of Wages and Conditions of Employment Act	Cap. 47:04
Public Holidays Act	Cap. 03:07
Employment of Visitors' Act	Cap. 47:02
Workmen's Compensation Act	Cap. 47:03
Trade Unions Act	Cap. 48:01
Mines, Quarries, Works and Machinery Act	Cap. 44:02
Factories Act	Cap. 44:07
The Penal Code Act	Cap. 08:01

There are no provisions for sick leave, paid or unpaid,
in laws of Botswana.

Further information can be obtained from

Commissioner
Dept of Labour
Private Bag 002
Gaborone
Tel. 55730

2.15 EXCHANGE CONTROL REGULATIONS

Authorised dealers are Standard Bank, Barclays Bank and Bank of Credit and Commerce. They should be consulted before transactions subject to exchange control regulations are concluded.

The commercial banks will make foreign exchange payments for imports provided the company produces evidence from the Dept of Customs and Excise stating the value of the imports.

Authorised dealers may approve repatriation of dividends, profits and interest of up to P25,000 per annum provided income tax and the 15% withholding tax are deducted. A non-resident director's fees of P3,000 per annum can be repatriated. Other fees such as patents, copyrights and trade marks embodied in an agreement should be submitted to the Bank of Botswana for approval of the payments according to the agreement.

Barclays Bank and Standard Bank have their head offices in the Mall with branches in various areas of the town and the country. The Bank of Credit and Commerce presently has only

one office in town situated in the industrial area with a branch in Lobatse.

The Bank of Botswana is numbered 8 on the map and the address is

Bank of Botswana
P.O. Box 712
Gaborone
Tel. 51911

2.16 TRAINING INSTITUTIONS

Skilled manpower is a very scarce resource in Botswana in all fields of activity.

The University of Botswana turns out graduates with degrees, diplomas and certificates. Most of these graduates are absorbed into the public sector with only a few ending up in the private sector.

The Botswana Polytechnic trains craft artisans and technicians and mechanics in all aspects. Craft artisans include trades like carpentry, bricklaying etc. The courses offered to technicians include civil engineering, mechanics and electrical engineering.

The Automotive Trades Training School offers three year courses in auto mechanics that follow the City and Guilds of London curricula and certification with local adaptation as and when necessary.

The Botswana Institute of Administration and Commerce provided courses in commerce, public administration, secretarial services and other.

The Botswana Enterprises Development Unit offers training in technical and managerial skills for the small entrepreneurs.

The Brigades have 20 centres around the country and provide training in inter alia sewing, carpentry, metalwork and bricklaying.

For the purposes of localising positions and training of locals, employees may be sent to any of these institutions for training in addition to the on-the-job training that is provided within the industry.

2.17 INDUSTRIAL PROPERTY LEGISLATION

Industrial property legislation covers the laws on Copyright (Cap. 68:01), Patents and Designs Protection (Cap. 68:02), Trade Marks (Cap. 68:03) and UK Trade Marks (Cap. 68:04).

Under these laws, an inventor or trader, whether a national or not of Botswana, is obliged first to apply and obtain a grant of a patent, industrial design or registration of a trade mark in the United Kingdom or South Africa and only then to re-register locally.

For details, contact the Registrar of ies.

2.18 CERTIFICATE OF ORIGIN

The Customs and Excise Duty Act (Cap. 50:01) explains in section 46 that a Certificate of Origin is issued to manufacturing companies in the case where the final process of production is carried out in Botswana and at least 25% of the production cost of the product is represented by direct labour cost, electricity, water and local material inputs.

In the case of exports to Zimbabwe, these costs are provided to the Customs office in Harare who assess these figures and on approval issue an Open General Licence to the Zimbabwean importer. There is the added restriction on garments exported to Zimbabwe. This is in the form of a Quota Allocation System whereby Botswana is allowed to export garments to the value allocated by Zimbabwe.

The Botswana Customs issues the EUR 1 for exports under the Lome Convention and Certificate 1 under GSP. Producers can seek advice from Customs on the costings the Zimbabwe customs require in order to issue the Open General Licence.

Details can be requested from the Dept of Customs and Excise located in the Botswana Insurance Company building along Nyerere Drive and the address is

Dept of Customs and Excise
Private Bag 0041
Gaborone
Tel. 2455 - 7

2.19 DRAWBACK OF DUTY

The Customs and Excise Duty Act (Cap. 50:01) section 76 explains that drawback is the refund of duty. The manufacturing company registers with the Dept. of Customs and Excise after it has been granted permission to import raw materials required for its manufacturing process by Ministry of Commerce and Industry. After production, customs officers are invited to verify that the finished goods were derived from the imported raw materials. This enables the manufacturer to reclaim the duty paid on the imported raw materials. Drawback of duty is only applicable where the finished goods are being exported.

Contact the Dept of Customs and Excise and the Ministry of Commerce and Industry.

2.20 LOCAL PREFERENCE SCHEME

This scheme was introduced by the Central Tender Board as a way of enabling local manufacturers to compete with foreign manufacturers for government tenders. This scheme operates a 12.5% value preference on tender bids from local companies registered with Central Tender Board. The scheme is available to resident companies, even the non-citizen owned. The qualification for the local preference scheme is that, at least 25% of the final cost of the product must be made up of local materials, utilities labour and also, the final process of production should occur in Botswana.

Application forms are available from the Ministry of Commerce and Industry.

2.21 SOUTHERN AFRICAN CUSTOMS UNION - SACU

Botswana, Lesotho, South Africa and Swaziland form the SACU. The Union allows for free movement of goods and services between the member countries.

The infant industry clause of the SACU Agreement states that an infant industry can be given tariff protection for a period of eight years. Government's criteria for giving such

protection to an industry requires that the industry should have the potential to cover the whole market and to be competitive, price-wise and quality-wise.

The application forms for such protection should be completed in quadruplicate and submitted to the Ministry of Commerce and Industry for consideration. Once it goes through all the processes successfully, it becomes operational through an Act of Parliament.

For further information, contact the Ministry of Commerce and Industry.

2.22 TRADE AGREEMENT WITH ZIMBABWE

Botswana's present agreement with Zimbabwe eliminates the need for import duty on goods grown, produced or manufactured in either country. In order to export to Zimbabwe, the manufacturer should submit his costings, of which at least 25% should be the cost of local inputs, to the customs office in Harare. There, after successful evaluation, an Open General Licence is issued. Recently, a quota system was introduced on garments exported to Zimbabwe. That is, Zimbabwe makes an allocation to Botswana to cover the value of garments that can be exported to Zimbabwe for a given period. This allocation is distributed to the garments manufacturers, who export to Zimbabwe in the form of permits for a given value for a given period.

Presently, a new trade agreement is being negotiated to replace the existing one.

Contact the Dept of Customs and Excise for advice on the costings to be submitted to Harare.

2.23 TRADE AGREEMENT WITH MALAWI

The trade agreement that Botswana has with Malawi allows for free duty on goods grown, produced or manufactured in either country. However, it is important to note that Malawi should have a certificate of origin indicating the 25% local content which is calculated by customs office in Gaborone.

For detailed information contact the Dept of Customs and Excise.

2.24 LOME CONVENTION

The Lome II agreement which expires in 1985 was signed by the 57 African, Caribbean and Pacific states (ACP) and the 9 states of the European Economic Community (EEC).

Under the trade provisions, unrestricted and duty free access to the EEC market is granted for most processed products of the ACP states on a non-reciprocal basis.

Discussions are underway to draw up a new agreement before the present one expires.

For details of the agreement, contact the Ministry of Commerce and Industry.

2.25 BOTSWANA EMPLOYERS' FEDERATION

The Federation was formed in November, 1971 by a small group of employers who recognised the need to have a representative voice on the manpower, labour and social affairs of the country. The primary purpose is to protect and promote the interests of its members and participate in the social and economic development of the country. The Federation is a member of the International Employers' Organisation based in Geneva. The Federation is represented on many government committees and Boards. The Federation has over 420 members. To become a member, an application is submitted to the Secretariat with subscription fees calculated on the number of employees in the company.

The offices of the Federation are on the 3rd Floor of Botsalano House numbered 16 on the map. The address is

Director
Botswana Employers' Federation
P.O. Box 432
Gaborone.
Tel. 53459

2.26 PROSPECTING LICENCE

To be able to prospect for minerals, an application must be submitted to the Minister of Mineral Resources and Water Affairs through the Dept of Geological Survey. A map is attached to

the application showing the area for prospecting. A statement of expenditure for the period of prospecting also has to be attached to the application. On approval, a prospecting fee of 20 thebe per square kilometre has to be paid.

The offices of the Dept of Geological Survey are in Lobatse, about 70km south of Gaborone. The address is

Director
Dept of Geological Survey
Private Bag 14
Lobatse.
Tel. 428

2.27 MINING LEASE

To undertake a mining operation, the Mines and Minerals Act (Cap. 66:01) requires that an application be made to the Minister of Mineral Resources and Water Affairs through the Commissioner of Mines for a mining lease. The application should include the name of the applicant, location of land applied for and a sketch map of the area, financial status of the applicant, minerals for which application is made and all other information that might be required by the Minister. On approval of the application by the Minister, the applicant should have the area demarcated and the Commissioner of Mines furnished with a diagram and survey plan approved by the Dept of Surveys and Lands before the lease document is issued.

Further information may be obtained from the

Commissioner
Dept of Mines
Private Bag 0049
Gaborone
Tel. 52641

ANNEX D

MANUFACTURING PROJECTS SEEKING
EXTERNAL ASSISTANCE^{1/}

^{1/} This list includes industrial projects in Botswana for which foreign co-operation, such as joint venture or other partnerships, acquisition of technology, management expertise and marketing assistance, is sought. Enterprises interested in the possibility of participating in any of these projects may obtain more detailed information, including the name and address of the sponsor, from UNIDO Investment Promotion Service. This information usually takes the form of a standard industrial investment project questionnaire. Copies of studies, when these are available, may then be obtained from the project sponsor. UNIDO does not accept responsibility for accuracy or completeness.

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 000499
ISIC: 3115
PROJECT NUMBER: BOT/014/V/83-05 COUNTRY: Botswana
PROJECT TITLE: Vegetable Oil Mill and Refinery Project
PRODUCT & CAPACITY: 13,860 tons/year of refined oil
15,300 tons/year of oil cakes
5,400 tons/years of husks to be used as roughage for animal
fattening
COOPERATION SOUGHT: LNS, AFM
TOTAL PROJECT COST: US\$ 4,322,300 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 831108

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 000501
ISIC: 3231
PROJECT NUMBER: BOT/016/V/83-05 COUNTRY: Botswana
PROJECT TITLE: Leather Processing
PRODUCT & CAPACITY: 352,000 hides/year at full capacity
COOPERATION SOUGHT: EQY, LNS, AFM
TOTAL PROJECT COST: US\$12,960,000 PROJECT IS: Expansion
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 831108

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 000502
ISIC: 3412
PROJECT NUMBER: BOT/017/V/83-05 COUNTRY: Botswana
PROJECT TITLE: Pulp Moulding Plant
PRODUCT & CAPACITY: 1,769,000 egg boxes/year from waste paper
COOPERATION SOUGHT: LNS
TOTAL PROJECT COST: US\$ 400,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 850808

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 000503
ISIC: 3523
PROJECT NUMBER: BOT/018/V/83-05 COUNTRY: Botswana
PROJECT TITLE: Detergents Production (Kgalagadi Soap Industries)
PRODUCT & CAPACITY: 5,000 tons/year of domestic detergent powders
COOPERATION SOUGHT: SOT
TOTAL PROJECT COST: US\$ 2,850,000 PROJECT IS: New
STUDY AVAILABLE: No LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 850806

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 000505
ISIC: 3620
PROJECT NUMBER: BOT/020/V/83-05 COUNTRY: Botswana
PROJECT TITLE: Production of Glass Containers
PRODUCT & CAPACITY: Amber glass containers for the local brewery industry
COOPERATION SOUGHT: EQY, LNS, SOT
TOTAL PROJECT COST: US\$11,517,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 831108

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 000506
ISIC: 3813, 3819, 3824, 3842
PROJECT NUMBER: BOT/021/V/83-05 COUNTRY: Botswana
PROJECT TITLE: Foundry Industry
PRODUCT & CAPACITY: Simple castings such as counterweights for tractors, brake shoes for railways, and manhole covers; and thin section castings such as fittings for asbestos cement pipes and cooking pots
Initial capacity will be 1,070 tons/year (710 tons of simple castings and 360 tons of thin section castings); capacity will double by 1991
COOPERATION SOUGHT: EQY, LNS, SOT, TRX
TOTAL PROJECT COST: US\$ 2,348,500 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 831108

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 000507
ISIC: 3901
PROJECT NUMBER: BOT/022/V/83-05 COUNTRY: Botswana
PROJECT TITLE: Semi-Precious Stone Cutting
PRODUCT & CAPACITY: Small items of jewelry and traditional decorations in silver and brass, cut and polished agates
Annual sales revenue in the order of \$ 55,400
COOPERATION SOUGHT: EQY, LNS, AFM
TOTAL PROJECT COST: US\$ 50,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 831108

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002530
ISIC: 3113, 3118, 3522
PROJECT NUMBER: BOT/023/V/86-05 COUNTRY: Botswana
PROJECT TITLE: Wild veid products
PRODUCT & CAPACITY: Morula fruit rolls, mopane worms, dried pressed flowers, various veid products for marketing, grapple for medicinal purposes, breakfast cereal ingredients, jams and jellies
COOPERATION SOUGHT: EQY, LIC, AFM
TOTAL PROJECT COST: US\$ 605,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860708

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002531
ISIC: 3231
PROJECT NUMBER: BOT/024/V/86-05 COUNTRY: Botswana
PROJECT TITLE: Tannery
PRODUCT & CAPACITY: Tanned cattle, goat, sheep and various game hides: Up to 200 hides/day
COOPERATION SOUGHT: EQY, LIC, AFM
TOTAL PROJECT COST: US\$ 1,760,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860708

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002532
ISIC: 3320
PROJECT NUMBER: BOT/025/V/86-05 COUNTRY: Botswana
PROJECT TITLE: Handcraft furniture
PROJECT & CAPACITY: Bookshelves, coffee tables, chests, drawers, bedroom
suites, bar counters, lamp stands, etc.: 30 pieces
each/month
COOPERATION SOUGHT: EQY, LNS, AFM
TOTAL PROJECT COST: US\$ 137,000
STUDY AVAILABLE: Yes
PROJECT STATUS: Active
PROJECT IS: New
LOCAL SPONSOR: Yes
AS ON (DATE): 860708

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002533
ISIC: 3320, 3812
PROJECT NUMBER: BOT/026/V/86-05 COUNTRY: Botswana
PROJECT TITLE: Furniture factory
PRODUCT & CAPACITY: Kitchen units: 250/month
Chairs: 1,300/month
Office units (filing cabinets, desks, etc.): 85/month
COOPERATION SOUGHT: LNS, LIC
TOTAL PROJECT COST: US\$ 578,000
STUDY AVAILABLE: Yes
PROJECT STATUS: Active
PROJECT IS: Expansion
LOCAL SPONSOR: Yes
AS ON (DATE): 860708

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002534
ISIC: 3560
PROJECT NUMBER: BOT/027/V/86-05 COUNTRY: Botswana
PROJECT TITLE: PVC window frames
PROJECT & CAPACITY: Window and door frames, by-products: 50,000 units/year
(first stage), increasing to 500,000 units/year
COOPERATION SOUGHT: EQY, LNS, LIC
TOTAL PROJECT COST: US\$ 740,000
STUDY AVAILABLE: Yes
PROJECT STATUS: Active
PROJECT IS: New
LOCAL SPONSOR: Yes
AS ON (DATE): 860708

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002535
ISIC: 3813
PROJECT NUMBER: BOT/028/V/86-05 COUNTRY: Botswana
PROJECT TITLE: Seamless gutter
PRODUCT & CAPACITY: Gutters, downpipes: 100 metres/day
Reservoir tanks: 300/month
COOPERATION SOUGHT: EQY, LNS, AFM
TOTAL PROJECT COST: US\$ 90,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860708

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002536
ISIC: 3819
PROJECT NUMBER: BOT/029/V/86-05 COUNTRY: Botswana
PROJECT TITLE: Drums and containers
PRODUCT & CAPACITY: Drums, containers (water buckets, etc.), dustbins, water
tanks: 30,000 pieces/year
COOPERATION SOUGHT: EQY, LNS, LIC
TOTAL PROJECT COST: US\$ 279,000 PROJECT IS: Expansion
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860708

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002555
ISIC: 3813
PROJECT NUMBER: BOT/03 /V/8 6 COUNTRY: Botswana
PROJECT TITLE: Solar power
PRODUCT & CAPACITY: Solar heaters: 1 /year
Harvey roof tiles: 5,000/year
COOPERATION SOUGHT: EQY, LIC
TOTAL PROJECT COST: US\$ 700,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860709

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002556
ISIC: 3843
PROJECT NUMBER: BOT/031/V/86-06 COUNTRY: Botswana
PROJECT TITLE: Manufacture of vehicles
PRODUCT & CAPACITY: African vehicles: 2,000/year
COOPERATION SOUGHT: EQY, LIC, AFM
TOTAL PROJECT COST: US\$ 10,000,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: Yes
PROJECT STATUS: Active AS ON (DATE): 860709

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002814
ISIC: 3114
PROJECT NUMBER: BOT/032/V/86-06 COUNTRY: Botswana
PROJECT TITLE: Frozen fresh water prawns
PRODUCT & CAPACITY: 155 tons of frozen prawns per year
COOPERATION SOUGHT: EQY, AFM, MAX, TEX
TOTAL PROJECT COST: US\$ 1,580,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: No
PROJECT STATUS: Active AS ON (DATE): 861211

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002815
ISIC: 3231
PROJECT NUMBER: BOT/033/V/86-06 COUNTRY: Botswana
PROJECT TITLE: Manufacture of finished leather
PRODUCT & CAPACITY: 320,000 hides per year
COOPERATION SOUGHT: EQY, LNS, AFM, MAX, TEX
TOTAL PROJECT COST: US\$ 5,644,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: No
PROJECT STATUS: Active AS ON (DATE): 861211

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002816
ISIC: 3691
PROJECT NUMBER: BOT/034/V/86-06 COUNTRY: Botswana
PROJECT TITLE: Manufacture of clay bricks
PRODUCT & CAPACITY: 3 million pieces facing bricks per year
8 million pieces hollow clay bricks per year
COOPERATION SOUGHT: EQY, LNS, MAX, TEX
TOTAL PROJECT COST: US\$ 3,636,000 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: No
PROJECT STATUS: Active AS ON (DATE): 861211

UNIDO INVESTMENT PROMOTION INFORMATION SYSTEM (INPRIS) - PROJECT FILE

CONTROL NUMBER: 002817
ISIC: 3909
PROJECT NUMBER: BOT/035/V/86-06 COUNTRY: Botswana
PROJECT TITLE: Manufacture of horn buttons
PRODUCT & CAPACITY: 5.6 million horn buttons per year
COOPERATION SOUGHT: EQY, LNS, AFM, MAX, TEX
TOTAL PROJECT COST: US\$ 240,125 PROJECT IS: New
STUDY AVAILABLE: Yes LOCAL SPONSOR: No
PROJECT STATUS: Active AS ON (DATE): 861211

ANNEX B

LEADING COMPANIES IN BOTSWANA, 1986

Rank	Company	Type of Business	Sales/ Turnover	Net		Employees
				Profit (Loss)	Net Assets	
1	Botswana Meat Commission	Meat	109.0	1.5	18.7	...
2	Botswana Dev. Corp.	Infra- structure	57.6	3.4	45.8	4,500
3	Botswana RST	Mining	49.5	0.2	189.7	4,272
4	Botswana Power Corp.	Electricity	32.9	7.1	222.1	998
5	Botswana Housing Corp.	Housing	3.8	(0.6)	51.6	...

Source: South, March 1986.

ANNEX F

THE COMPLETED AND OPERATIONAL TECHNICAL CO-OPERATION PROJECTS OF UNIDO
A: The Completed Projects since 1972

Backstopping Responsibility	progr.Element (old S.A.C.)	Project Number	Project Title
IO/INFR	(31.4.01)	AR/BOT/72/009	Botswana enterprises infant industries
IO/INFR	(31.4.01)	DP/BOT/71/018	Development of small enterprises
IO/INFR	(31.3.D)	CS/BOT/72/009	Botswana enterprise development
IO/INFR	(31.3.D)	DP/BOT/72/009	Botswana enterprise development
IO/INFR	(31.3.L)	RP/BOT/79/001	Study on the possibilities of developing and assisting Botswana-owned earthmoving and road construction enterprises
IO/INFR	(31.3.L)	RP/BOT/80/001	Study on the possibilities of developing and assisting Botswana-owned earthmoving and road construction enterprises
IO/FCTY	(31.3.01)	TS/BOT/74/001	Evaluation of the management and consulting services needed by the Botswana Development Corporation, exploratory mission
IO/IIS/FCTY	J12206	SI/BOT/85/801	Management assistance to Thusano Workers Co-operative Society Ltd.
IO/TRNG	(31.5.B)	RP/BOT/80/002	Industrial estates management
IO/TRNG	(31.5.B)	RP/BOT/80/003	Small industry and entrepreneur development
IO/TRNG	(31.5.B)	RP/BOT/81/005	Public management development training
IO/TRNG	(31.5.B)	RP/BOT/82/003	Training in financial management
IO/FEAS	(31.6.A)	RP/BCT/78/001	Industrial planning mission
IO/FEAS	(31.6.A)	RP/BOT/81/003	Follow-up to the feasibility study on the establishment of a wool knitwear industry in Botswana
IO/FEAS	(31.6.A)	SI/BOT/78/801	Feasibility study on the establishment of leather protective clothing and footwear industry
IO/FEAS	(31.6.A)	SI/BOT/78/802	Feasibility study on the establishment of wool knitwear industry

ANNEX F: A (cont.)

<u>Backstopping Responsibility</u>	<u>Progr. Element (old S.A.C.)</u>	<u>Project Number</u>	<u>Project Title</u>
IO/FEAS	(31.6.A)	SI/BOT/79/801	Feasibility study on the production of wire fencing materials and allied industries
IO/FEAS	(31.6.A)	SI/BOT/79/802	Feasibility study on sorghum mills in Botswana
IO/IIS/FEAS	J12516	SI/BOT/84/801	Updating of the feasibility study on the establishment of wool knitwear industry in Botswana
IO/T/AGRO	J13102	XP/BOT/86/142	Visit to UNIDO of Mr. Mikgosana, Director, Ministry of Finance and Development Planning, Botswana
IO/CHEM	(32.1.B)	RP/BOT/82/002	Use of non-metallic minerals in building materials manufacture
IO/CHEM	(32.1.B)	SI/BOT/78/803	Assistance to the Gaborone brick plant
IO/CHEM	(32.1.B)	SM/BOT/73/001	Assistance to the establishment of clay products and non-metallic building materials industries
IO/CHEM	(32.1.D)	RP/BOT/82/001	Survey of the potential for plant derived pharmaceuticals and meat by-products in Botswana
IO/CHEM	(32.1.E)	SI/BOT/81/801	Identification mission to assess the possibility of starting a pulp and paper industry
IO/CHEM	(32.1.E)	SI/BOT/82/801	Identification mission to assess the possibility of starting a fibre moulding plant
IO/CHEM	(32.1.Z)	DP/BOT/74/027	Industrial construction consultancy
IO/T/CHEM	J13419	SM/BOT/84/001	Assistance to the small-scale Portland Pozzolana Cement Plant (multifund to DP/BOT/84/001)
IO/T/CHEM/PH	J13422	RP/BOT/85/001	Preparatory mission on viability of producing plant-derived pharmaceuticals and the establishment of a laboratory to investigate the chemistry and the pharmacology of herbal medicines
PC/ECDC	(30.9.Z)	RP/BOT/85/002	TCDC Botswana/China - study tour in the field of cement industries

ANNEX F (cont.)

B: The operational and/or approved technical co-operation projects
of UNIDO

Backstopping Responsibility	Progr.Element	Project Number	Project Title
IO/IIS/FEAS	J12517	DP/BOT/85/002*	Assistance to the Project Research Unit
IO/T/AGRO	J13102	DP/BOT/86/002	Establishment of a knitwear factory in Lobatse
IO/T/AGRO	J13102	UC/BOT/86/296	Co-ordinating unit for uniform manufacture - preparatory assistance
IO/T/CHEM	J13419	DP/BOT/84/001	Assistance to the small-scale Portland Pozzolana Cement Plant (multifund to SM/BOT/84/001)

* Large-scale project (= total allotment \$150,000 or above).
** Total allotment \$1 million or above.

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