

Republic of Botswana TAUTONA TIMES vol. 10 no. 3 (4/2/2012) The Electronic Press  
Circular of the Office of the President “REAL LEADERSHIP FOR REAL DELIVERY”

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“Botswana is endowed with vast coal resources of about 212 billion tonnes, which up to now have not been fully exploited. For a long time economic situations have conspired against significant exploitation of these coal resources. It is gratifying to observe that the situation has changed, and Botswana coal is in demand outside the borders of this country.”– H.E. the President [B1]

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### A. THE WEEKS THAT WERE:

Dear Readers – Welcome to this edition of Tautona Times, your window into issues and events involving the Botswana State Presidency.

On Monday, H.E. the President, Lt. General Seretse Khama Ian Khama, will depart for the Federal Republic of Germany for a three day Official Visit, during which he meet

with the German Chancellor Dr. Angela Merkel and other prominent figures from the country's public and private sectors. [C1] His Excellency is being accompanied during the visit by the Ministers of Foreign Affairs and International Cooperation, the Hon. Phandu Skelemani, Environment, Wildlife and Tourism, the Hon. Kitso Mokaila, and Trade and Industry, the Hon. Dorcus Malesu, as well as senior Government and parastatal Officials.

On Friday morning the President once again held joint, interactive discussions, followed by a working lunch, with Permanent Secretaries of line Ministries. Besides being the first such gathering of 2012, the meeting was convened in the context of last week's Permanent Secretaries retreat in Maun and this week's presentation of the Executive's Budget Proposals for the coming Financial Year. Given the need for Government to enhance its value for money outputs at all levels, the discussions, among other things, explored ways of achieving greater efficiency and effectiveness through an increased commitment to work together on common measures to improve public service delivery. Such intra-ministerial collaboration already lies at the core of the current development planning and budgeting processes, which are now being driven by Thematic Working Groups that bring together relevant stakeholders from across Government.

Also on Friday morning, the Secretary for Presidential Affairs and Public Administration, Mr. New Kahiya, on behalf of the Minister who had to attend urgent business, launched the Ministry of State President's Youth Mainstreaming Strategy. [B2] [C3] In the context of Government's overall commitment to undertake affirmative measures in the creation of greater opportunities for young people, each Ministry is putting into place its own mainstreaming strategy to ensure that youth perspectives are embedded in both their internal processes and public delivery.

#### President at Palapye

On Thursday the President was in Palapye, where addressed residents at a Kgotla meeting, where he reiterated the need for Botswana to do more with less in the context of current economic conditions. He further observed that in the light of volatility in key international markets, as reflected in the recent downturn in diamond sales, there was a continued need for wage restraint in the public sector.

Among the issues raised at the forum was the future of the Botswana Development Corporation supported Fengue Glass manufacturing project. His Excellency affirmed that notwithstanding ongoing investigations about aspects of the project, Government was committed to ensuring that the project itself was completed for the benefit of the local economy.

He further reassured Palapye residents that notwithstanding unfortunate delays, Government also remained committed to the completion of Phase 1 of the campus of the Botswana International University of Science and Technology in the village. The first intake of the new University's students is currently being housed at the Oodi College of

Applied Arts and Technology but will be transferred to the Palapye campus as soon as it is ready to accommodate them.

On other matters the President expressed concern at the poor performance of some schools in the country, which called for greater partnership between teachers and parents as well as additional interventions by the Ministry of Education and Skills Development.

Government's commitment to education was reaffirmed on Wednesday when the Minister of Finance and Development Planning Delivered his Budget Speech for the 2012-13 Financial Year [TT Special Edition 1/2/12], proposing the Ministry of Education be allocated the largest share of the recurrent budget – P 7.8 billion being 27.3% of the total recurrent budget of P 28.5.

### Coal Pitso

In addition to Wednesday's delivery of the annual 2012 Budget Speech by the Minister of Finance and Development Planning, a highlight of the past week was the Coal Roadmap Pitso, which was convened on Tuesday to provide the public with a better understanding of the Government's intentions for the development of coal resources.

In delivering his keynote address at the Pitso's opening, the President stressed the value of having a common platform where Government and investors can come together to facilitate the on-going development. [B1] [D3] He further noted that Government looked upon Botswana's vast coal reserves as a significant strategic asset whose commercial development opened the door to a wide range of utilisation options such as coal for export, electricity generation and the production of liquid fuels and nitrogen-based fertilizers. Government commissioned the Coal Road Map project to draw up a blueprint for maximizing the mineral's beneficial exploitation.

His Excellency further explained that Government's decision last year to place a temporary moratorium on licensing of coal and associated minerals had arisen due to the need to curb unproductive speculation. In this respect, he informed the Pitso that the study had highlighted a number of areas requiring urgent administrative attention, including a need to overhaul the licensing regime to ensure that the licenses are issued to individuals with adequate resources to prospect and develop the mine and associated infrastructure, while upholding fairness and transparency. With news guidelines in place the moratorium will be lifted.

To promote better monitoring of mineral prospecting and development, the President further announced that the licence divisions of the Department of Geological Survey and Department of Mines are to be merged.

Also this week

Earlier in the week the President received a quarterly briefing from the Ministry of Local Government, as well as the latest report of the Ombudsman, which as per procedure will be tabled before Parliament.

Also during the week, Minister Masisi was interviewed by Xinhua (New China) news agency on Botswana's efforts to promote economic diversification and eradicate poverty. [C2] [D1] Much of the interview focused on Chinese interest in Botswana's relative success in reducing the number of its citizens living below the Poverty Datum Line, from 59% in 1986 to 20% in 2010, while the percentage of person living below the international poverty measure of living on less than US\$ 1.25 a day stood at 6.5% in 2010, which is down from 23.4% in 2003.

In keeping with Botswana's compassionate neighbour principles, on Thursday a BDF plane loaded with supplies departed for Mozambique under Presidential authority to deliver relief to the victims of severe flooding in that country.

Finally, yesterday Botswana of all walks of life welcomed back their Football Team – the Zebras – who notwithstanding their elimination from further AFCON 2012 Competition remain the pride of the nation.

- Dr. Jeff Ramsay, Deputy Permanent Secretary for Government Communications  
(4/2/12)

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## B. STATEMENTS

### B1) 31/1/12: KEYNOTE

ADDRESS BY H.E. LT. GENERAL SERETSE KHAMA IAN KHAMA, PRESIDENT OF THE REPUBLIC OF BOTSWANA, AT THE COAL ROAD MAP PITSO

Honourable Ministers and senior government officials Honourable Members of Parliament Head of Diplomatic Missions and International Organisations Captains of Industry, Heads of Parastatals Distinguished guests, Ladies and gentlemen, Good morning

1. It is my pleasure to address you on this important occasion. Today marks a very important day for the mineral industry in Botswana, in particular with regards to the development of Coal resources. This Pitso is intended to create a platform where Government and investors can constructively discuss issues of concern and strategies with regard to on-going development of the coal sub sector.

2. The mineral sector is one of the important drivers of the economy of this country. Ancient mining in Botswana is thought to have been taking place as early as 400AD. However, modern mining commenced in the 19th century with the discovery and

subsequent mining of Gold in the North East part of Botswana and mining of Copper Nickel, diamonds and coal in the early 70's.

3. Botswana is heavily dependent on a single and finite commodity, namely diamonds. Diamond prices and demand are mainly driven by global economic events.

4. In this regard the thrust of our economic policy is value addition to the minerals we extract as well as diversification away from diamond mining to diamond beneficiation and large scale mining of other minerals such as coal.

Just like diamonds, coal is a strategic mineral as it has various utilisation options such as, coal for export, electricity generation for domestic consumption and export, cement manufacturing, producing liquid fuels, production of LPG gas, and production of nitrogen-based fertilizers.

5. Botswana is endowed with vast coal resources of about 212 billion tonnes, which up to now have not been fully exploited. For a long time economic situations have conspired against significant exploitation of these coal resources. It is gratifying to observe that the situation has changed, and Botswana coal is in demand outside the borders of this country. In particular a number of emerging economies have led the growth in demand for coal internationally and represent potential markets for Botswana coal. The limiting factor now is the necessary infrastructure to transport the coal to these markets.

6. It is also pleasing to note that technology is available to reduce emissions from burning coal to produce energy as it is now an international expectation for each country to strive to keep green house gases emissions low. Botswana subscribes to best practices in the preservation of the environment and we expect those standards to be maintained if not exceeded in future developments of coal.

7. Botswana continues to be rated favourably by various international institutions, due to factors such as competitive mining laws, low sovereign and social risks and guaranteed progression from prospecting to mining if the deposit is viable. This favourable investment climate is not limited to the minerals sector but prevails in the wider economy. For instance, Botswana continues to receive very favourable sovereign risk ratings by both Standard & Poor's and Moody's investment agencies for the general economy, and Fraser Institute of Canada and Resource Stocks in mining.

8. We do recognize that economic diversification is a long term process and in our case, the immediate task is to lessen the country's dependence on diamonds. To address this, our fiscal regime for non-diamond minerals is predictable, has low rates for royalties and a competitive variable rate income tax formula. In totality, our fiscal regime is attractive and it imposes a low fiscal burden on the investor.

9. In view of this, the Botswana Government commissioned the Coal Road Map project to develop a national strategy on coal development to create a blueprint for the orderly, timely and beneficial exploitation of coal resources. In preparation of a more meaningful

and productive Coal Road Map, a moratorium was placed on licensing of coal and associated minerals. The aim was to curb speculation because many licence holders neither had the funds nor the technical capability to execute the approved program of prospecting.

Speculation was clearly unproductive and not in the interest of the optimal development of the coal resource.

10. The recently completed study highlighted a number of areas which require immediate attention for Botswana to develop her coal resources;

- Firstly the prospecting licensing regime for coal will have to be overhauled to ensure that the licenses are issued to individuals with adequate resources to prospect and develop the mine and associated infrastructure. On this note Government will now issue coal prospecting licences over areas with detailed resource information on a tender basis;
- Areas with limited or no geological information will be issued on competitive basis if there is more than one applicant.
- Areas earmarked for tendering but with limited geological information will be reserved for evaluation and development by Government before being issued on a tender basis.

11. Monitoring of prospecting reporting and performance management and compliance with prospecting licence will be looked at more critically. The prospecting licence division of the Department of Geological Survey will be merged with Department of Mines' licensing division. This will create a focused fully integrated team which will be a one stop shop for licensing issues.

12. A dedicated unit is being setup to facilitate the coal development process, including infrastructure. This is done through facilitation by the relevant Ministries. With these amendments to the licensing regime the Moratorium imposed on licensing of coal and associated minerals is lifted with immediate effect. The officials from Ministry of Minerals, Energy and Water Resources will provide more details on the new licensing regime and engage with you in more details from the study during the course of the day.

13. Our country's development in the mining sector is also accompanied by the same development in the drilling sector. We are proud to have in our country some of the best technologies in the drilling sector that we have started exporting to other developed economies. With these technologies we now have the capacity to do underwater mining as well as the capability for "deep Coal bed methane Gas" drilling. I therefore call upon stakeholders in the minerals exploration sector to make use of these technologies which are available in the country.

14. Ladies and gentlemen, distinguished guests, I thank you for your attention. PULA!  
PULA! PULA!

B2) 3/2/12:

STATEMENT DELIVERED BY THE SECRETARY FOR PRESIDENTIAL AFFAIRS AND PUBLIC ADMINISTRATION, ON BEHALF OF THE MINISTER FOR PRESIDENTIAL AFFAIRS AND PUBLIC ADMINISTRATION, AT THE MINISTRY OF STATE PRESIDENCY YOUTH MAINSTREAMING STRATEGY LAUNCH

Below please find the Minister for Presidential Affairs and Public Administration, Hon. Mokgweetsi Masisi, Statement for today's Ministry of State Presidency Youth Mainstreaming Strategy Launch. The Statement was delivered on his behalf by the Secretary for Presidential affairs and Public Administration, Mr. Newman Kahiya, as the Minister was called to attend to an urgent matter.

[START OF STATEMENT] - REMARKS BY THE MINISTER FOR PRESIDENTIAL AFFAIRS AND PUBLIC ADMINISTRATION, HON. MOKGWEETSI MASISI, DELIVERED AT THE MINISTRY OF STATE PRESIDENCY YOUTH MAINSTREAMING STRATEGY LAUNCH, MASS MEDIA COMPLEX

[Salutations]...Ladies and Gentlemen, Ke a le dumedisa ka pula!

1. It is a pleasure to be with you this morning. From the very beginning this administration has prioritised youth issues. Back in May 2008 we thus made an initial decision to establish Principal Youth Officers in all line Ministries and local authorities, including the Ministry of State President.

2. Motivating this initiative was our continuing belief that our youth are best empowered when they are provided with access to opportunities, along with the necessary support, to empower themselves.

3. As the President, himself, affirmed in his 2009 Inauguration address:

“The Youth are our future. Consequently investment in sports, the arts and youth empowerment schemes will remain a key part of our development agenda. I pledge to search high and low for more opportunities for our youth, and we will engage with them to achieve this. I currently have a list of about forty such recommendations for such opportunities from Youth offices which will be considered shortly covering business, employment and social issues.”

4. It was in the context of this overarching commitment to undertake affirmative measures for young people, that it was agreed that each Ministry should further put into place its own mainstreaming strategy to ensure that youth perspectives are embedded in both their internal processes and public delivery.

5. Within my own Ministry 22 Youth Focal Persons have been appointed, who meet together on a monthly basis. As part of the mandate they have already begun to take up the challenge overseeing youth mainstreaming within their departments. An additional 52 young people are also engaged in sub-committees for the planning and implementation of youth oriented activities, including today's event.

6. This morning's launch is thus a further milestone along the path we have been collectively progressing. The Strategy's formulation and adoption is the product of extensive consultations with its stakeholders, specifically young people in the Ministry of State President.

7. In the context of the Revised National Youth Policy, which itself focuses on the need for mainstreaming youth issues in wider Government policies and programmes, the Strategy emphasises the potential for young people to achieve their own visions of building a better life for themselves and those around them through a set of underlying qualities, which have been categorised as the "5Cs", namely – Confidence, Character, Connections, Competence and Contribution.

8. Taken together they further emphasize the importance of youth assuming leadership responsibility in the success of youth centred initiatives.

9. The Strategy is, moreover, built on the firm foundation of Government's unwavering material support, as reflected in this week's announcement that we shall continue to devote the largest share of our budget to education, while continuing to finance such programmes as Youth Development Fund, Construction Industry Trust Fund and Young Farmers Fund.

10. It is in this context that I wish to use this occasion to once more strongly urge young people in general to take full advantage of the many programmes that are available for them. These include both the dedicated initiatives such as I have mentioned, as well as general programmes such as CEDA, ISPAAD, and opportunities arising from the Economic Diversification Drive (EDD) for which you are also entitled.

11. Ladies and Gentlemen, within the Ministry of State President, we have already adopted a number of specific outreach efforts to provide additional youth opportunities, such as our recent engagement of over a hundred Youth Freelancers in the Departments of Information and Broadcasting, who are now bringing their skills and perspective to BTV, Radio Botswana and the Daily News.

12. We have also been proactive in reaching out to young entrepreneurs to take part in our public events, as reflected in today's exhibits.

13. We have further put in place an active youth office which is constantly engaging younger employees in a range of activities and initiatives ranging from sport and wellness, to vocational mentoring and community outreach.

14. The Strategy is expected to enhance these already ongoing efforts by strengthening stakeholder awareness and coordination. In this respect we hope to set an example for other ministries.

15. Ladies and Gentlemen, let me conclude by paying tribute to the hard work and dedication of the youth in my Ministry who made this launch possible.

In as much as they represent our future it is a future we can look forward to with shared confidence. With these remarks, I wish to officially launch this Youth Mainstreaming Strategy. PULA!

## C. NOTICES & FORWARDING

### C1) 3/2/12: PRESIDENT KHAMA TO DEPART FOR OFFICIAL VISIT TO GERMANY

On Monday 6th February His Excellency President, Lt. Gen. Seretse Khama Ian Khama, will depart for the Berlin for an Official Visit to the Federal Republic of Germany, at the invitation of the Federal Chancellor Dr. Angela Merkel.

During his stay in Germany, President Khama is expected to hold talks with Federal Chancellor Merkel and the President of the Federal Republic, H.E. Mr. Christian Wulff.

President Khama is also expected to meet Members of the Foreign Affairs Committee of the Bundstag (German Federal Parliament), Federation of the German Industry, and attend a presentation on Renewable Energy and Energy Efficiency.

President Khama will be accompanied during the visit by the Ministers of Foreign Affairs and International Cooperation, the Hon. Phandu Skelemani; Environment, Wildlife and Tourism, the Hon. Kitso Mokaila; and Trade and Industry, the Hon. Dorcas Makgato-Malesu, as well as senior Government officials.

Also expected in Germany as part of the President's delegation are officials from BEDIA, Innovation Hub, Health Hub, and Botswana International Financial Services Centre

The visit is expected to boost Botswana-German bilateral cooperation in such areas as trade, investment, environment and tourism.

The President and his party are expected back in Gaborone in the evening of 9th February 2012.

### C2) 31/1/12: MINISTER MASISI INTERVIEWED ON POVERTY ERADICATION BY CHINESE NEWS

The Minister for Presidential Affairs and Public Administration, the Hon. Mokgweetsi Masisi, was interviewed today by Xinhua (New China) news agency on Botswana's efforts to promote economic diversification and eradicate poverty.

Much of the interview focused on Botswana's relative success in reducing the number of its citizens living below the Poverty Datum Line, from 59% in

1986 to 20% in 2010, and Government's current campaign to eradicate abject or absolute poverty.

During the interview, the Minister attributed past progress to Botswana investment of the proceeds of its mineral wealth into the social sector, including health and education.

He further explained that the current Poverty Eradication campaign was especially focused on interventions to assist the approximately 45,000 Batswana who are now living in abject poverty to get on their feet. In this respect he noted that abject poverty was locally measured by such indicators of deprivation as malnourishment, further affirming that food poverty was a critical challenge.

Masisi stated that in forging ahead with its people centred development agenda, Botswana was eager to learn from the success of others, such as China, which in recent years has moved some 300 million people out of poverty.

It was further noted that in both countries abject poverty is mostly found in remote rural areas.

On South-South issues, Masisi observed that win-win trade in areas such as coal exports to China could have a significant impact in the further reduction of poverty in the developing world. In this respect he welcomed the current African Union summit theme of Intra-Africa Trade, as well as Sino-Africa economic partnerships in the context of the Forum of China Africa Cooperation.

Other topics covered during the interview included Botswana's ambition to become a global diamond centre and the need for self-reliance in obtaining food security.

### C3) 30/1/12: MEDIA ASDVISORY – MINISTER TO LAUNCH MINISTRY OF STATE PRESIDENT YOUTH MAINSTREAMING STRATEGY

On Friday (3/2/12) the Minister for Presidential Affairs and Public Administration, the Hon. Mokgweetsi Masisi, will launch the Ministry of State President Youth Mainstreaming Strategy, at 08:00hrs at the Mass Media Complex.

The Ministry of State President's adoption of the new strategy follows extensive stakeholder consultations. It emphasizes the importance of youth work and also reinforces measures for better implementation of the Revised National Youth Policy.

Youth concerns to be addressed by the Strategy include such challenges as unemployment and underemployment, alcohol and drug abuse, and lack of markets for the young entrepreneurs to mention a few. The Ministry's Youth Mainstreaming Strategy is based on an "Emergent Thinking Approach", which helps young people to address their problems through dialogue, while at the same time working to prevent problems by ensuring access to basic support and opportunities.

Should you require additional information please contact Dr Jeff Ramsay on 395 0867, or e-mail [jramsay@gov.bw](mailto:jramsay@gov.bw).

Thank you

#### C4) 1/2/12: PEOPLE'S GUIDE TO 2012-13 BUDGET

##### Uncertainties in the Global Economy Continue

Indications are that growth for the global economy will decline from the original forecast of between 4.3 and 4.5 percent to 3.8 percent in 2011 and 3.3 percent in 2012. Similarly, the growth rate of 3.2 percent attained in 2010 for advanced economies is forecast to be merely 1.6 percent in 2011 and projected to be 1.2 percent in 2012. Consequently, prospects for emerging and developing economies like Botswana, that depend on exports to the major advanced economies have now become less certain.

##### Domestic Economy Performs Moderately Well

In real terms, year-on-year GDP growth for the third quarter of 2011 was 7.8 percent compared to 12.5 percent recorded for the third quarter of 2010. Growth of the overall economy is expected to slow down and grow by 5.1 percent in 2011 and by 4.4 percent in 2012. Growth to the third quarter of 2011 was largely led by the Construction and the Manufacturing sectors which grew at 24.3 percent and 13.8 percent, respectively. The Agriculture sector, which has been affected by the outbreak of Foot and Mouth Disease (FMD) during the first half of 2011, recorded a growth rate of 10.1 percent.

Though foreign exchange reserves have improved, from P50.8 billion at the end of December 2010 to P62.1 billion at the end of October 2011, there is still need to build the reserves even further to prepare for uncertainties ahead. Inflation has however remained high, at 9.2 percent for December 2011 compared to 7.4 percent in December 2010 owing largely to increase in some administered prices namely public transport fares, electricity tariffs and fuel prices.

##### Priority Areas for 2012/13 Budget

Priority will be given to completion of on-going projects, maintenance of existing infrastructure, projects such as energy generation, dams and roads, poverty eradication initiatives and projects aimed at reducing unemployment.

##### Wage Bill to be reduced

Government is concerned that the public sector wage bill is high as compared to other comparable middle income countries. To address this, Government has instructed each Ministry to reduce its wage bill by 5 percent each year for the next 3 years. Outsourcing of non-core activities and freezing of new posts will also be continued.

## P163 million allocated for Poverty Eradication Programmes

Government has launched a robust poverty eradication programme and has spent a substantial amount of money on some of these programmes which include: a total of P19.7 million on LIMID; P660 million on ISPAAD, and P278 million on Ipelegeng during the 2010/11 financial year. Over and above this, for the 2012/13 financial year, a total of P163 have been specifically allocated to the Poverty Eradication Programme, with P155 million under development budget and P8 million under the recurrent budget.

## P1.84 billion committed to Maintenance

Government has considered the urgent need to maintain, repair and refurbish existing facilities and assets. To this end, P1.84 billion has been allocated towards this purpose. This will benefit some schools which in some extreme cases have become uninhabitable.

### Government to improve Internet Connectivity

A total of P50 million has been allocated for upgrading the local bandwidth capacity that connects Botswana to the eastern coast of Africa. This will make internet connection faster, cheaper and improve communication in the country and abroad and further boost Botswana's competitiveness globally.

### Botswana to establish a Dry Port in Namibia

To improve efficiency of trade routes between Botswana and the rest of the world, Government is developing a Dry Port Facility at Walvis Bay, Namibia. Upon completion, the facility will serve as an alternative gateway for Botswana to and from Europe, America and other destinations.

## Parastatals continue to pay dividends to Government

During the 2010/11 financial year, the majority of commercial public enterprises performed satisfactorily with total dividend paid to Government amounting to P107 million. It is however important that all commercial parastatals should continue paying dividends to Government as the shareholder.

## Revenues and Grants for Financial Year 2012/13

Total revenues and grants are estimated at P42.91 billion with Customs and Excise revenue contributing the largest share at P14.16 billion (Figure 1). The second largest source is Mineral revenue at P12.05 billion. Non-Mineral Income Taxes comes third at P7.76 billion, while Value Added Tax comes fourth at P6.0 billion.

## Ministerial Budget Allocations

The total recommended expenditure from the consolidated fund is P34.01 billion. The Ministry of Education and Skills Development has been allocated the largest share of the recurrent budget of P7.77 billion (Figure 2). This represents a reduction of the Ministry's budget from P8.79 billion in 2011/2012.

The Ministry of Local Government takes the second largest share of P4.27 billion, while the Ministry of Health accounts for the third largest share of P4.17 billion. The fourth largest share of P3.999 billion goes to the Ministry of Defence, Justice and Security. Other Ministries share the remaining P8.26 billion.

### Government Committed to Improve Management of Projects

In order to address the problem of project implementation, management and cost overruns, the Department of Buildings and Engineering Services has instituted audit and inspection teams to review and audit all project designs and monitor implementation of projects with a view to introduce stringent controls on specification of designs, scope of ongoing projects and containing of costs within budgets.

Total development budget is P10.06 billion. The largest share of P2.69 billion goes to the Ministry of Minerals, Energy and Water Resources (Figure 3). The major projects that constitute 93 percent of the Ministry's development budget include: P800 million for BPC Finances to cover Morupule "B" Power Station and Emergency Power; P94 million for Renewable Energy and Power to finance rural electrification; P1.24 billion for Water Planning and Development (to cover construction works at the three dams of Thune, Lotsane and Dikgatlong as well as North South Carrier II project) and P380 million for Major Villages Water Supply project for connections of the villages of Kanye and Molepolole to the North South Carrier.

The second largest allocation of P2.10 billion goes to the Ministry of Transport and Communications to cover on-going projects such as Kasane Airport and other new projects of Charleshill to Ncojane road, Tonota to Francistown road as well as associated bridges of Shashe, Tholodi and Tati. The allocation also covers construction of the new Kazungula and Thamalakane bridges. P100 million has been allocated towards e-government programme. The Ministry of Local Government takes the third largest share of P1.18 billion for Ipelegeng at P530 million, Village Infrastructure projects at P272.2 million and P44.6 million for provision of destitute housing.

### Overall Budget Balance

Total revenues and grants for the financial year 2012/13 are forecast at P42.91 billion whilst total expenditure and net lending is proposed to be P41.76 billion. The net result is a budget surplus of P1.15 billion (Figure 4).

Surpluses realised now or in the immediate future, should be used to pay our debt, replenish our reserves and where necessary, be invested in high return, self-liquidating projects and programmes. This is in recognition of the fact that our economy is still fragile and subject to risks posed by international economic and financial shocks.

## External Debt Increases

Since the crisis, our external debt ratio has increased from 3 percent of GDP in 2008/09 to a forecast of 16.5 percent of GDP at the end of the 2011/12 financial year but is expected to fall slightly to 15.9 percent of GDP at the end of the 2012/13 financial year (Figure 5). The domestic debt to GDP ratio, as at the end of 2010/11, stood at 7.0 percent and is estimated to increase to 7.4 percent by the end of 2012/13.

Experience from some developed countries has shown us that if debt is not managed properly, it can escalate and lead to economic and political turmoil.

## Conclusion

Despite risks, we need to sustain economic growth from available resources without incurring unsustainable debt or jeopardising current and future economic growth prospects.

## SUMMARY OF BUDGET ALLOCATIONS

Consolidated Fund Expenditure= P34.01

Ministerial Expenditure Budget= P28.49:

- Ministry of Education and Skills Development = P7.77 billion.
- Ministry of Local Government = P4.27 billion.
- Ministry of Health = P4.17 billion
- Ministry of Defence, Justice and Security = P3.999 billion.
- Other Ministries = P8.26 billion.

Statutory Expenditure = P5.52 billion

- Public Debt service = P3.77 billion.
- Other Statutory expenditure = P1.75 billion.

Development Fund Ministerial Budget = P10.06 billion:

Ministry of Minerals, Energy and Water Resources = P2.69 billion.

- Morupule "B" Power Station and Emergency Power.
- Renewable Energy and Power and rural electrification.

- Water Planning and Development- construction works at the three dams of Thune, Lotsane and Dikgathong as well as North South Carrier II project.
  - Major Villages Water Supply for connections of the villages of Kanye and Molepolole to the North South Carrier.
- Ministry of Transport and Communications = P2.10 billion.
- Kasane Airport.
  - Charleshill to Ncojane and Tonota to Francistown roads and associated bridges of Shashe, Tholodi and Tati.
  - Construction of the new Kazungula and Thamalakane bridges.
  - E-government programme.
- Ministry of Local Government = P1.18 billion.
- Ipelegeng.
  - Village Infrastructure Projects.
  - Destitute Housing Development Budget Allocation

#### D. ALSO IN THE NEWS:

NB: NEWS REPORTS, STATEMENTS AND/OR VIEWS REPRODUCED BELOW ARE FROM NON-GOVERNMENT SOURCES AND THUS ARE NOT NECESSARILY THOSE OF GOVERNMENT OF BOTSWANA.

D1) 2/2/12: FROM XINHUA (NEW CHINA) NEWS AGENCY - BOTSWANA TO ERADICATE ABJECT POVERTY BY 2015: MINISTER

With confidence in a sustainable economy supported by economic diversification and promising trade, Botswana aims to eradicate abject poverty and reduce significantly the number of people who live below the poverty datum line by the year of 2015, said Mokgweetsi Masisi, the Minister for Presidential Affairs and Public Administration.

"Botswana has been lucky in some ways and we are taking advantage of that luck," said Masisi in a recent interview with Xinhua.

The "luck" the minister talks about refers to the tremendous deposit of diamonds in the country. Botswana is now the biggest diamond producer by value in the world, accounting for about 30 percent of worldwide production.

The precious stones have transformed the landlocked Southern African country from one of the poorest countries in the world at independence to its current status as an upper middle income country. Meanwhile, the government's poverty alleviation efforts

have benefited greatly from the economic boom, with the number of people living below the Poverty Datum Line decreased from 59 percent in 1986 to about 20 percent in 2010.

"We have now decided to re-energize and focus more specifically on the abject poor. We want to eradicate abject poverty hence we have committed resources," said Masisi. His Ministry acts like a coordinator and initiator of poverty eradication programs, mobilizing and concerting resources in various ministries and social communities, and at the same time monitoring and assessing progress of different programs.

According to the official statistics, there are approximately 45,000 people living in abject poverty across the country. "I know that 45,000 might seem small, but everything is proportionate, 45,000 is very big for us," Masisi said.

The Preliminary results of the 2011 Population and Housing Census indicate that Botswana's population has realized a growth rate of 1.9 percent between 2001 and 2011 from 1.68 million to 2.04 million people.

"We believe that if we eradicate the abject poor who are 45,000, the ripple effect of that will translate to even those who are living on below the poverty datum line reducing in number. So wipe those out, we even reduce the number of poverty," he said.

"This is strategic move. We can do it at once," he added.

According to the Minister, most poor people in Botswana live in rural areas, who are short of clean portable water, electricity, health facilities, roads and telecommunications. "We move in great haste, exerting as much energy as we can to provide access to those basic services to as many as can be throughout Botswana," he said.

Aside from diversification on benefits from diamonds, Botswana expects the coal development to be the other engine to fuel the economy in coming years. The country is endowed with vast coal resources of about 212 billion tonnes, which up to now have not been fully exploited.

Botswana President Ian Khama announced on Tuesday at a coal conference lift of a moratorium imposed in June 2011 on licensing of coal and associated minerals after a recently completed study on how to optimise benefits from coal, unveiling a big boost for investors who are interested in mining coal in Botswana.

Masisi said he expects the coal could be exported to the emerging markets such as China, so that the government will have new funds to continue investment in proving water, electricity and other basic service for those who are poor.

As for challenges facing the poverty eradication efforts, Masisi refers to the biggest one as the food security. Botswana depends heavily on food imports as a result of various constraints on the expansion of production from arable land, such as poor soil is poor and inadequate rainfall. Growing population and rising food price impose pressure on the government's efforts in poverty eradication.

"Most of our poverty is food hunger; we are in pretty hash climate environmental religion. We are susceptible to insects and pests for crops and illnesses to people and Malaria being one of them. As you would know the poor tend to get more afflicted by these as their capacity to protect themselves is limited," he said.

Masisi said the government is aggressive in trying to mobilize direct technique assistance from international community. "I know for fact that in China you migrated more than 300 million people out of poverty ... We want to know, we want to get help not just in hearing about it or reading about, we want you to come here and be part of us in doing that; in terms of exchange of technology personal now that would be wonderful," he said.

The minister continued Botswana wants to rely on itself and have food security, and this is an idea that bring forth a new poverty eradication program in 2010 -- "the backyard gardening programme." The government encourages people to make full use of their backyards to grow vegetables by offering necessary funds and technique assistance, and people can sell them as an alternate source of income.

Currently there are quite a few poverty eradication programmes managed by the government, such as the Integrated Support Programme for Arable Agriculture Development (ISPAAD), the Livestock Management and Infrastructure Development (LIMID), the Ipelegeng and other poverty eradication programs.

Botswana Finance Minister Kenneth Matambo announced Wednesday that the government has allocated 163 million pula (about 22.33 million U.S. dollars) to poverty eradication programs for the 2012/2013 financial year, "in addition to the budget allocation for the broad programmes aimed at addressing poverty."

Mindset may be another challenge, Masisi said, but the government "can do it with incentives and guidance" so that some of the poor will not just sit still and wait.

"We are very encouraged by the rate of decline of the poverty datum line but when we look at the figures it still presents a challenge to us ... We will meet more difficult challenges that we want to resolve. In any social development, eliminating the last 5-10 percent (poverty) is the most difficult," Masisi said.

"But the political commitment from the President down is not questionable, it is absolute, we will find the money, we will find the energy, the human resources, we will find the people, the places and arrest the abject poverty," he said.

D2) 2/2/12: FROM BUSINESS DAY (SOUTH AFRICA): BOTSWANA TARGETS POVERTY, PRIVATE SECTOR INVESTMENT BY SELLO MOTSETA

BOTSWANA's finance and development planning minister yesterday stressed the government's commitment to completing poverty eradication initiatives and sought to boost job creation through private sector growth.

Kenneth Matambo said spending cuts in the country's public works programme would result in a budget surplus. "Government had promised a balanced budget for the coming financial year. Instead, a modest surplus is projected, demonstrating that Botswana is indeed committed to maintaining fiscal sustainability."

He said the surplus would be used to pay debt and replenish reserves, and "where necessary be invested in high-return, self-liquidating projects and programmes".

Total revenue and grants for the 2012-13 year are forecast at 42, 91-billion pula (\$5,9bn), with expected expenditure at 41, 76-billion pula. The net result is a budget surplus of 1, 15-billion pula.

According to official estimates, Botswana's economy is expected to grow 4, 4% in real terms this year and 3, 9% next year. However, inflation has remained high, at 9, 2% last December, although the proportion of people living below the poverty datum line fell from 30, 6% in 2002-03 to 20, 7% in 2009-10.

Unemployment is at 17, 8%, up slightly from the last Labour Force Survey.

The government intends to spur investment to create jobs by cutting expenditure as a share of gross domestic product by 40%, to create space for the private sector. Each ministry has been asked to reduce its wage bill by 5% each year for three years, and a new privatisation plan is reportedly in the offing.

There are several pieces of legislation in various stages of preparation such as the Insurance Industry Bill and the Retirement Funds Bill. Amendments are being made to the Collective Investment Undertakings Act and value added tax (VAT), including exemptions from VAT of certain farm implements. The tax and bank laws are also being reviewed.

Union leaders, who led a strike for salary raises in April last year, were unimpressed by yesterday's budget. "The government had created the impression of doom and gloom all along and it turns out that we have a surplus budget as opposed to a balanced budget. It, however, does not address a number of issues unsettling the unions," said Andrew Motsamai, secretary-general of the Botswana Federation of Public Service Unions.

"The problem is there is an inability to stem corruption.

Government has all along pretended that there are implementation challenges when the real problem is that well-connected tenderpreneurs are given massive projects despite an incapacity to deliver on them. For example, stadiums in Lobatse, Gaborone, Francistown and Serowe," he said.

### D3) 3/2/12: FROM STEEL GURU (INDIA) HODGES RESOURCES CONFIRMS EXPORT QUALITY COAL IN MORUPULE PROJECT

Hodges Resources Ltd announced the initial wash test analysis results for the first two diamond core holes at the Morupule South project in Botswana, with the quality and the shallow depth of the initial coal seams exceeding the Company's initial expectations of the project. Highlights:

1. Initial wash test analysis results received for first two core holes targeting shallow coal seams at the East Block, Morupule South.
2. Hole MSD40 returned a calorific value of 6,638 Kcal/kg (using a 1.6 wash fraction) from the upper seam which starts 28m below surface.
3. Hole MSD46 returned a calorific value of 6,030 Kcal/kg (using 1.6 wash fraction) from the upper seam which starts 33m below surface.
4. Coal quality and seam geometry support the potential for extraction via open pit methods.

After a positive reconnaissance drilling program in the eastern bloc during late September, which identified numerous shallow thick coal seams, a program of follow-up infill diamond drilling was undertaken. The initial two diamond core holes (MSD40 & MSD46) confirmed the presence of major coal seams. These holes were sampled and sent to the Inspectorate M&L laboratory in Middleburg, South Africa for undertaking proximate analysis. Subsequent to receiving the initial results several selected samples underwent initial wash testing.

Mr. Mark Major MD of Hodges said the wash testing was the first wash testing on this project and has revealed export quality coal with viable yields.

END NOTE - TAUTONA TIMES

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