



REPUBLIC OF BOTSWANA

2024 BUDGET SPEECH

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I. INTRODUCTION

1. **Mr. Speaker**, I have the honour this afternoon to present to the National Assembly the Budget Proposals for the 2024/2025 financial year.
2. **Mr. Speaker**, 2024/2025 is not only the last financial year of the 12th Parliament but also marks the end of the second Transitional National Development Plan (TNDP). **Mr. Speaker**, I therefore wish to recall the TNDP theme of ***"Towards a High-Income Economy: Transformation Now and Prosperity Tomorrow"*** which is at the core of my message for the 2024/2025 financial year. As a commitment to deliver on this theme, the 2024/2025 budget proposals have been significantly increased compared to the current year. Let me emphasise that this stimulus budget will also drive other national priorities as outlined in the Reset and Reclaim agenda. These offer the greatest opportunity to fundamentally reshape the country's development trajectory. I am confident that the proposed budget allocations will once again be an anchor for a people-centred and transformational spending plan with immense potential for stimulating growth and creating job opportunities.
3. **Mr. Speaker**, in the past years our voice and footprint has grown in the global community. This is as a result of our vision, consistency and predictable policy environment and the results thereof. We have taken a deliberate decision to increase our role and mark in the international arena. For this reason, we will host more international events, thereby enhancing the country's global profile and position ourselves as a world class hosting hub for Meetings, Incentives, Conferences and Exhibitions (MICE). This builds on the successful hosting of a number of international events including the US-Africa Business Summit, 5th Kusi Ideas Festival, Forbes Under 30 Summit Africa, 73rd Session of the World Health Organisation Regional Committee for Africa, Botswana Tourism Investment Summit 2023 as well as the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) Council of Ministers meeting.
4. To this end, Government will extensively upgrade the Gaborone road network and those of its peri-urban areas, to position the City as an events hub by utilising 50 percent of the proceeds of the Road Levy Collections Fund. This model will be replicated in other areas across the country in subsequent years.

5. **Mr. Speaker**, the proposed budget for the 2024/2025 financial year is a stimulus budget with an overall increase of **23.5** percent compared to the current year's approved budget. In this context, a substantial budgetary provision amounting to **P20.82 billion** under both the development and recurrent budget is proposed for *Game-Changing Programmes and Projects as well as High-Value Strategic Investments*.
6. **Mr. Speaker**, as a developing economy, we will continue to stimulate growth, create employment and focus on sectors with great potential to transform the lives of Botswana. In this regard, I am proposing significant increases of **317 percent** for sport development, **280.9 percent** for research and development, **58.8 percent** for creative arts, while infrastructure development will be increased by **33.5 percent**. Another significant provision has been made for the **acquisition of strategic assets**.
7. **Mr. Speaker**, preliminary data released by Statistics Botswana indicates that the informal sector contributed 3.2 percent to economic growth in 2023. We believe there is great potential for the informal sector to play a more meaningful role in overall economic development and job creation. Therefore, we are creating a revolving Fund, named "**Chema Chema Fund**", with an initial capital injection of **P200 million**, aimed at fundamentally transforming the informal sector and creating more employment opportunities. In addition, we will establish an Intellectual Property (IP) Motshelo Scheme and an Intellectual Property Ideas Incubation Centre to support indigenous research and innovation. The Scheme together with the Centre, will empower Botswana to own and protect their Intellectual Property assets.
8. **Mr. Speaker**, in addition to the above key strategic interventions, the 2024/2025 proposed budget recognises agriculture as one of the critical sectors in our economy. This sector, **Mr. Speaker**, remains important to our economy because of the business and export potential it promises as well as its centrality to livelihoods. Therefore, to diversify the economy and create sustainable jobs, we must strive to make agriculture more productive and appealing to the youth. In this connection, the proposed budget for agriculture has also been increased substantially.
9. **Mr. Speaker**, the 2024/2025 proposed budget will also promote equality for all and grant equal opportunities for women, men, girls, boys and vulnerable groups to fully participate in the economic and socio-political development of the country.

Government has therefore proposed an increase in the budget for gender mainstreaming by **536.5 percent**, Youth Development Fund by **92.3 percent** and Social Protection Programmes by **13.8 percent**. Further, Government will introduce political party funding to the tune of P34.60 million, which will further enhance the country's democratic principles.

10. Mr. Speaker, though the budget proposals point to a relatively expansionary fiscal stance, this does not amount to abandoning our time-tested tradition of responsible planning and budgeting that underscores affordability as well as spending restraint. Therefore, our commitment to fiscal consolidation remains, and will continue to be guided by sound macroeconomic and fiscal policy.

II. BUDGET PARTICIPATION AND HIGHLIGHTS OF THE PAST BUDGETS

11. Mr. Speaker, before I present the highlights, I wish to speak to budget participation. As it is tradition, the process of formulating and preparing the budget is characterised by a series of national consultations which extended beyond the confines of the capital city of Gaborone. One of the highlights of these consultations was the first National Budget Youth Pitso. **Mr. Speaker**, let me take this opportunity to appreciate the useful insights and contributions made during these engagements. These include, among others, the urgent need to address infrastructure deficits, invest in Research and Development, allocate more resources to transform agriculture as well as the informal sector and support the creative industry as it has the potential to create employment, particularly for the youth.

12. Mr. Speaker, in addition to these consultations, and consistent with Government's commitment to budget transparency and inclusiveness, this year's Budget Speech is being broadcast live at various Dikgotla and other public areas across the country. This endeavour leverages on the SmartBots Village Connectivity Programme that was launched in October 2023. These are tangible steps, **Mr. Speaker**, and demonstrates that this is a budget for all; hence the tagline **#my budget, #your budget, #our budget**.

- 13. Mr. Speaker,** allow me to provide some of the key highlights of the last four (4) years. These provide a snapshot into how we impacted the lives of Batswana through reforms, initiatives and social protection programmes. In addition, a number of pieces of legislation were reviewed and/or promulgated not only to address emerging challenges but also to take advantage of new opportunities.
- 14. Mr. Speaker,** our socio-economic plans in the last four (4) years were disrupted by two (2) major global events, being the COVID-19 pandemic and the Russia-Ukraine war. These events have implications on economic development and policy execution even now. Against this background, real GDP growth averaged 2.9 percent, lower than 7.6 percent that was projected for the period. Consequently, this lower growth translated into a cumulative deficit of P27.50 billion during this review period. Overall, these developments compounded our unemployment problem and slowed our efforts of reducing income inequalities and abject poverty. The unemployment rate, rose from 22.2 percent recorded in the fourth quarter of 2019 to 25.9 percent by the third quarter of 2023. In the face of these challenges, we commit to formulating optimistic and responsive budgets.
- 15. Mr. Speaker,** despite the challenges and setbacks, there were significant milestones which positively touched the lives of Batswana. These were achieved through increases in total expenditure by 13.3 percent from P65.40 billion in the 2019/2020 financial year to P74.10 billion in the 2022/2023 financial year. This deliberate move was made to spur economic growth and sustain livelihoods. Government also reallocated the budget over this period to finance increases in student allowances, provision for re-sponsorship costs as well as costs arising from the COVID-19 pandemic including the Industry Support Facility and Wage Subsidy.
- 16. Mr. Speaker,** for the 2022/2023 financial year, total revenue collected from non-traditional sources under the revised user fees and service charges was P961.14 million. This represents an increase of P314.56 million, or 48.6 percent compared to the pre-COVID-19 level of P646.58 million. This demonstrates that the implementation of additional revised fees will boost revenue levels consistent with our revenue maximisation drive. Despite these efforts, some Ministries were not expedient enough in implementing the revised fees and service charges. I therefore reiterate the call to all Government agencies to generate an increasing proportion of revenue from domestic sources.

17. Mr. Speaker, I also take a moment to reflect on the strides we have made in addressing budget deficits over the years, especially given the fiscal consolidation challenges we continue to face. In the past years, we have witnessed relatively high deficits, with the 2019/2020 and 2020/2021 deficits reaching P11.10 billion and P16.40 billion, respectively. However, I wish to recognise the significant progress we have made in reducing these deficits to almost balanced budgets in recent years. The 2021/2022 financial year, saw a significant reduction in the deficit, with the budget balance standing at a deficit of only P127.89 million. Similarly, the 2022/2023 financial year showed a further significant reduction in the deficit.

18. Mr. Speaker, Government continues to promote the concept of equal opportunity and equitable distribution of resources as well as the ease of access to development benefits by all. The Gender Responsive Public Finance Management Assessment was conducted during the 2022/2023 financial year, to test the adequacy of Government public finance management systems towards gender equality. The results of the assessment show that more needs to be done, mainly the alignment and recognition of gender issues within the public finance management cycle and daily operational decision making. In addition, the coordination of gender equality policies and the implementation of the budget needs to be strengthened to produce well-structured data for tracking gender mainstreaming across all sectors.

19. Mr. Speaker, as part of legislative reforms, Parliament passed a number of laws to address emerging challenges and financial hardships faced by Botswana. These are; Value Added Tax (Amendment) Act, Transfer Duty (Amendment) Act, Banking Act, Retirement Funds (Amendment) Act and Income Tax (Amendment) Act. In addition, the Botswana Meat Industry Regulatory Authority Act was enacted to liberalise and promote competitiveness of the meat industry, while the Non-Bank Financial Institutions Regulatory Authority Act brought the regulatory and supervisory structure in line with international standards.

20. Mr. Speaker, in line with our principles of prudent financial management, Government commissioned in April 2022, a Special Audit of the Tertiary Education Financing activities under the Ministry of Education and Skills Development which was completed in May 2023.

While the audit took longer than anticipated, due to the extensive field work that covered a scope of ten (10) years, it revealed a number of internal control deficiencies, which include poor record keeping and use of policies, and procedures that are yet to be approved, disregard for basic financial management and governance principles, among others. Government will develop a detailed roadmap to implement firm measures to address the governance and financial management gaps.

21. Mr. Speaker, it is worth noting that following the transfer of the responsibility of managing the Tertiary Education Financing tuition fees account to the Ministry of Finance, we have noted improvement in the spending pattern. In the 2021/2022 financial year, expenditure for this item amounted to P2.29 billion out of an approved budget of P2.41 billion, while in 2022/2023 financial year, expenditure was P1.38 billion out of an approved budget of P1.44 billion. This shows a substantial decline in spending of 39.7 percent year-on-year where previously there were instances of additional funding requirements.

22. Mr. Speaker, the audit further provided valuable lessons on the need to improve and tighten financial management across Government and avert possible corruption. It has also accentuated the need to accelerate similar pieces of work across Ministries and all Government agencies including State Owned Enterprises. In this regard, Government will undertake more targeted audits as stated in my previous Speeches. Consistent with that commitment, a special audit of the Ministry of Health will be commissioned before the end of this financial year with a duration of 12 months. The audit will entail comprehensive investigative and forensic work on a period covering the past 10 years of activity. Other forthcoming special audits will cover the Ministries of; Transport and Public Works, Land and Water Affairs, Local Government and Rural Development, as well as entities such as Botswana Defence Force, Water Utilities Corporation and Botswana Power Corporation, among other key institutions. The Ministry of Finance will also strengthen financial management and internal audit capabilities in Ministries, not only to execute the gatekeeper role but to ensure that Accounting Officers are supported with the requisite expert advice.

23. Mr. Speaker, Local Authorities are a critical delivery arm of Government and are at the centre of local economic development. It is therefore imperative that Local Authorities are held to the highest standards of accountability. Lately, production of the Local Authorities' financial statements and subsequent auditing has been improving compared to previous years. To date, twelve out of sixteen Local Authorities have submitted their financials for the year ended 31st March 2023. While the auditing of Local Authorities Books of Accounts is ongoing, there is a backlog of eight (8) Local Authorities' accounts which are yet to be audited for Financial Years 2020/2021 and 2021/2022. This is a major concern since the non-production of accounts on time not only points to corporate governance failure but also compromises accountability for public resources. This in turn provides a fertile ground for mal-administration and corruption.

24. Mr. Speaker, corruption still remains a threat to our economy. According to the International Corruption Transparency Index report of 2023, Botswana has been ranked at a score of 5.9, being 39 out of the 180 countries. This compares to a score of 6.0 in 2022, which ranked Botswana 35 out of 180 countries. For this to change, a collective effort by all Botswana is required to fight all incidences of corruption, including tightening of our procurement processes.

25. Mr. Speaker, the reform of the State-Owned Enterprises sector to enhance their operational efficiency continues. Due to the complexity of the rationalisation process, most Ministries, Departments and Agencies are lagging behind set targets. To this end, and following the pronouncement made in March 2022, I wish to report progress achieved so far. Several situational analyses have been undertaken in some Ministries to inform the process going forward. Worth noting is the draft structure of at least one (1) proposed new entity resulting from a merger between Botswana Institute for Technology, Research and Innovation and Botswana Digital and Innovation Hub. The draft structure will be presented to Government for consideration during the 2024/2025 financial year.

26. Mr. Speaker, in an endeavour to improve corporate governance among State-Owned Enterprises and enhance their performance, a Code of Corporate Governance has been developed. Further, the newly developed State-Owned Enterprises Ownership Policy for Botswana will enhance oversight and performance monitoring.

In addition, guidelines for appointment of Board Members as well as the establishment or dissolution of State-Owned Enterprises are expected to be completed before the end of the 2023/2024 financial year. These important documents are expected to be implemented during the 2024/2025 financial year.

27. Mr. Speaker, one of the significant highlights of the past four (4) years is improvement of access to water, sanitation, electricity as well as improved road networks. Significant milestones were achieved in connecting areas which had water supply and sanitation deficiencies. Some of these include: the North East and Tutume District Water Supply Scheme; Selebi Phikwe-Serule Water Supply; the construction of the pipeline and pump station connecting the Tswapong South cluster; the North - South Water Carrier 2.2 to supply water to the southern part of the country; the Gamononyane - Molepolole Water Pipeline; the Kasane Water Treatment Plant; the Boteti Southern and Central Cluster Villages Water Supply Scheme; the Maun Water Supply and Sanitation; as well as the Moshupa and Kanye Sanitation projects.

28. Mr. Speaker, we also improved access and connectivity of electricity across the country. This was done through the following projects: Cross Border Electricity Supply to connect Kgatleng and Goodhope border villages to the national grid; the North West Transmission Grid Phase 1 and 2; and Electricity Network Extension and Rural Electrification. To date, electricity access stands at 70.2 percent against a target of 100 percent by 2030 for households. Moreover, Government has contracted Independent Power Producers to diversify electricity supply. To this end, two (2) solar power plants in Bobonong (3 Megawatts) and Shakawe (1 Megawatt) have been commissioned and are in operation, while the Purchase Power Agreement for Mmamabula (300 Megawatts) was signed in September 2023.

29. Mr. Speaker, we have also seen an expansion in the road network with resultant improvements in traffic flows over the years.

Several transport projects have been implemented, including the Gaborone - Boatile road, three (3) interchanges along the Western Bypass as well as long-term maintenance contracts of Kanye and Rakhuna - Tlhareselele - Pitsane - Phitshane Molopo - Mabule roads. Other projects which are still ongoing include; the Tshesebe - Mosojane - Masunga road, together with access roads to Masukwane, Kgari, Pole, Mulambakwena, Mapoka and Letsholathebe villages; as well as Mandunyane - Shashemooke - Borolong - Chadibe - Mathangwane - Makobo - Natale road.

30. Mr. Speaker, I wish to point to yet another important milestone of the removal of Botswana from the list of countries with strategic Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation (AML/CFT/PF) deficiencies, that is, greylisting. To avoid another grey listing, Botswana remains steadfast in curbing financial crime including money laundering and financing terrorism and proliferation. As a commitment to this endeavour, Government is in the process of establishing a centre for Combating Illicit Financial Flows at the University of Botswana. The centre will assist Botswana's compliance with the Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation (AML/CFT/PF) international standards by providing requisite training to all stakeholders. In this regard, the centre will be instrumental for building capacity in preparation for the next Mutual Evaluation expected in January 2027.

31. Meanwhile, to ensure compliance with the Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) International Standards, Botswana conducted the National Risk Assessment which was completed in December 2023. The purpose of the Assessment was to understand, identify and mitigate risks associated with Money Laundering and Terrorism Financing. The Assessment revealed that Botswana needs to strengthen her strategies in order to reduce both the Money Laundering Risks and the Terrorist Financing risks, which were rated medium - high and medium, respectively. Following these findings, an action plan is being developed with implementation during the 2024/2025 financial year.

32. Mr. Speaker, another key achievement of this BDP-led Government is that, on the 30th of June, 2023, the Government of Botswana and De Beers Group agreed to a historic and transformational new diamond sales deal.

This Agreement will significantly increase Botswana's presence and leadership position across the diamond value chain as it includes a gradual but substantial increase of Debswana's rough diamonds allocation to the Okavango Diamond Company. The increase will see Okavango Diamond Company allocation increase from 25 percent to 50 percent over the course of the 10 year Agreement. Among others, the deal will fast-track Botswana's economic diversification through the creation of a multi-billion Pula Diamonds for Development Fund. All these developments are expected to create new jobs for Botswana across the diamond value-chain.

33. Mr. Speaker, further, a comprehensive National Retail Payments Switch which will serve as a foundational payments infrastructure is being established to facilitate clearance and settlement of all retail payments. The Payment Switch will offer an option to route transactions made with locally issued cards to a central point, for settlement at the Bank instead of being routed through the network of international card schemes. The project is being undertaken in two (2) phases, with Phase 1 involving documentation of the current payment system architecture, the development of a roadmap for future payments and analysis of market requirements, expected to be completed before the end of this financial year. The second phase which is the procurement of National Retail Payments Switch will commence in April 2024.

34. Mr. Speaker, the past four (4) years have provided a number of lessons. First, the COVID-19 pandemic has underscored the need for us to be prepared for future pandemics, as well as build resilience to withstand any shocks to our economy. Second, the ability and foresight to strategically direct and re-direct our financial resources when required and invest in projects and programmes that significantly change the lives of Botswana, while sustaining livelihoods. Third, the need to continuously innovate to reap the fruits of technological advancement and new opportunities. **Mr. Speaker,** in view of these lessons, we will continue to rethink, reset, and reclaim our sustainable development path to address inequality, poverty, and unemployment, especially among marginalised groups.

III. NATIONAL PRIORITIES AND FOCUS FOR FINANCIAL YEAR 2024/2025 BUDGET

35. Mr. Speaker, as is the norm, Government has set priorities for the 2024/2025 financial year budget derived from the country's Vision 2036, the Second TNDP, National Transformation Strategy as well as the Reset and Reclaim Agenda which are aligned to Sustainable Development Goals. Our budget priorities are *Infrastructure Development and Spatial Planning; Sustaining Livelihoods; Agriculture Development; Supporting the Private Sector through Business Environment Reforms and Value Chain Development; Research and Development; Innovation and Digital Transformation; Green Transition; Education and Human Capital Development and Tourism Development.*

36. Mr. Speaker, it is of critical importance that these key priorities are timeously delivered to transform the economy and ensure inclusive growth with emphasis on creating sustainable jobs and eliminating abject poverty.

Infrastructure Development and Spatial Planning

37. Mr. Speaker, during the 2024/2025 budget implementation, the National Spatial Plan, NSP, will be central to infrastructure development as an integral part and a foundation for NDP 12. Through the National Spatial Plan, Government will ensure that developments are promoted in places where they will deliver beneficial impact for all Batswana. **Mr. Speaker,** to propel economic growth that facilitates the creation of jobs and attracts investment, Government will continue to invest in infrastructure. To this end, a significant development budget of **P17.0 billion** is being proposed for this purpose. The proposed budget will address a wide range of infrastructure gaps which threaten our efforts to enhance the quality of life of our people. Some of the projects earmarked to address these deficits include projects in Water, Transport, Energy, Information Communications and Technology, as well as Land Servicing.

38. Mr. Speaker, Government continues to connect villages to the national grid. Therefore, the Village Electrification programme which commenced in the 2022/2023 financial year will continue. Of the 16 new village connections, ten (10) have been completed and of the 80 village network extensions, 53 have been completed. The rest of the projects are scheduled to be completed by May 2024.

Once completed, these will bring national electrification to 473 or 83.7 percent of gazetted villages against the target of 565 villages. The remaining 92 electrification projects will be implemented during the 2024/2025 financial year.

39. Mr. Speaker, Government will, in the 2024/2025 financial year, improve the standard of living for low income households by connecting them to electricity. To this end, Government has reviewed electricity connection fees for this category and **will further provide readymade boxes for free to households which are not wired.**

40. Mr. Speaker, land servicing remains a key priority as an enabler to doing business and by extension facilitating the private sector to set up businesses. Major projects under this programme are land servicing to special economic zones, SPEDU industrial land, Kasane, Metsimotlhabe, Mmopane, Palapye and Ghanzi areas, to mention but a few.

41. Mr. Speaker, as I stated in the 2023 Budget Speech, Government will continue to leverage on the Public-Private Partnership model to accelerate the implementation of projects and also address expenditure inefficiencies. I therefore, wish to apprise this Honourable House of progress made regarding projects being implemented through this model. Three (3) projects namely; Tshele Hills Petroleum Storage, Ikaegeng XTL (Coal to Liquids) and Reclamation and Treatment of Gaborone Wastewater for potable use are at the procurement stage of engaging private sector developers. It is expected that negotiation and signing of the contracts, as well as mobilisation of funding by the private partners, will be undertaken during the 2024/2025 financial year.

42. Mr. Speaker, in addition, drafting of a stand-alone Bill on Public-Private Partnership is at an advanced stage and is expected to be presented to Parliament before the end of 2024. The envisaged law will act as a legal framework for operations of the Public-Private Partnership model, thereby instilling confidence for the private sector to participate in this space.

Sustaining Livelihoods

43. Mr. Speaker, Government will, through Social Protection Programmes, strive to eliminate absolute poverty, enhance social protection and substantially reduce inequalities as well as improve the quality of life of all Batswana.

These programmes include the reformed Ipelegeng, Remote Area Development, Old Age Pensioners, Orphans and Vulnerable Children, World War II Veterans, People Living with Disabilities and Destitute Programme, among others.

44. Mr. Speaker, Government will also improve access to health care services through various projects and programmes. In this regard, construction, upgrading and maintenance of health facilities as well as improving the rollout and uptake of health care programmes will be undertaken as a matter of priority. Further to this, Botswana will have improved access to education, economic empowerment programmes, and job opportunities across different sectors of the economy which are necessary to improve and sustain their livelihoods. In this regard, an overall budgetary provision of **P6.09 billion** is proposed, compared to **P5.35 billion** of the current year's budget, which is an increase of 13.8 percent.

45. Mr. Speaker, the 2019 Informal Sector Strategy will be reviewed during the 2024/2025 financial year with its implementation expected in the same year. The Strategy will consider how Government can facilitate the provision of decent places of operation for informal businesses, provide capacity building that is essential for skills enhancement, improve market access, and most importantly, find ways to incorporate this sector into the mainstream economy. The review will also include the recommendations from the Informal and Formal; Small, Medium and Micro Enterprises Profiling study conducted in 2021.

Agriculture Development

46. Mr. Speaker, it is worth noting that most of our population is self-employed in agricultural activities which is the most direct channel for job creation. Therefore, higher agricultural productivity and output will promote food security and self-sufficiency. It is for this reason that, the necessary supporting infrastructure, including access roads to production centres, will be prioritised to transform the agriculture sector. In addition, Government will through programmes such as *Temo Letlotlo and Thuo Letlotlo*, support micro, small, medium and large farmers through financial assistance and provision of inputs.

47. Mr. Speaker, Temo Letlotlo as a mind-set change and output based programme, is intended to promote the spirit of self-reliance amongst Botswana to produce food for their families and the nation.

The success of this programme will therefore, hinge upon collaborative efforts of all key stakeholders, including the beneficiaries themselves. **Mr. Speaker**, another new flagship programme is Thuo Letlotlo which is expected to be launched during the 2024/2025 financial year. The programme will serve as a catalyst to our animal production sector by increasing the national herd and enhancing the quality of breeds. This initiative will enable Botswana to take advantage of the Government's Artificial Insemination programme aimed at improving the current quantity and quality of breeding stock across the country.

48. Mr. Speaker, regarding land utilisation, the Ministry of Agriculture is actively addressing unsatisfactory agricultural production by releasing land parcels for private investment and farmers use. To date, eight (8) plots are being subdivided for leasing to investors in Molopo Farms, while 14 small stock farms will be subdivided into 57 smaller plots for potential leasing to small stock farmers in different parts of the country. In this regard, a development budget of **P2.82 billion** is being proposed for agriculture development, as a whole to support the above referred initiatives compared to **P2.66 billion** in the current financial year.

Supporting the Private Sector through Business Environment Reforms and Value-Chain Development

49. Mr. Speaker, a development budget of **P2.11 billion** is proposed to support the private sector through business environment reform and value chain development. Reforming the business environment is crucial for fostering economic growth, attracting investment, promoting entrepreneurship as well as supporting value chain development. This requires a multi-faceted approach that addresses regulatory efficiency, financial accessibility, market competition, infrastructure development, and governance standards. **Mr. Speaker**, opportunities exist in our domestic value chains. These comprise mineral beneficiation, tourism, food processing, education, agribusiness (including horticulture), cattle, small stock, finance and indigenous products.

50. Mr. Speaker, the ratification of the African Continental Free Trade Area Agreement in February 2023 stands as an affirmation of our dedication to this historic continental initiative. This important step opened the doors for our private sector to participate in the growing Continental Free Trade Regime, providing access to a market comprising 1.3 billion people.

Therefore, it is paramount that our private sector seizes golden opportunities presented by African Continental Free Trade Area Agreement and become competitive in regional value chains and cross-border trade. Meanwhile, the Botswana Exporter Development Programme (2020 - 2024) will continue to build the capacity of the local private sector to produce goods and services that are competitive in international markets. Further, Government will undertake a comprehensive review of business support products and funding models with a view to provide innovative and tailored financial solutions for the private sector to address the current implementation challenges, emerging issues and gaps that affect businesses at different stages of development.

Research and Development

- 51. Mr. Speaker,** in a time where knowledge holds immense value, there is need to build capacity for generating novel knowledge, while at the same time closing the gap between basic research findings and transforming the same findings for practical use and economic benefit. To this end, a development budget of **P1.02 billion** is being proposed for Research and Development compared to **P267.80 million** in the 2023/2024 financial year. This is an increase of P752.20 million or 280.9 percent.
- 52. Mr. Speaker,** the Research and Development Programme, through the Research Fund and other research windows will drive research across strategic intervention categories such as Mining, Minerals and Mineral beneficiation; Human Health and Social Sciences; Food and Agriculture; Livestock and Veterinary Research, Water, Environment and Climate Change, among others.
- 53. Mr. Speaker,** as stated in my introduction, the Intellectual Property Motshelo Scheme and an Intellectual Property Ideas Incubation Centre, will empower Batswana to own and exploit Intellectual Property assets with commercial potential. This will also ensure the protection of such assets with the support of an oversight body together with the Companies and Intellectual Property Authority. This initiative will require close partnership between Government, research institutions and industry to ensure that there is a solid and inseparable link between IP and entrepreneurship. To this end, the Intellectual Property Motshelo Scheme will be an all-encompassing scheme that includes large enterprises, start-ups as well as Small and Medium Enterprises to ensure that the benefits of the IP are widespread.

Innovation and Digital Transformation

54. Mr. Speaker, a development budget of **P1.83 billion** is proposed to accelerate the implementation of programmes and projects geared towards innovation and digital transformation. This budget will be expended through the Digital Transformation Strategy for Botswana which is spearheaded by SmartBots. In addition, implementation of the Village Connectivity programme Phases 2 and 3 which were planned for completion this financial year, will spill over to financial year 2024/2025. Furthermore, the preparation for the implementation of Phase 4 projects targeting more than 301 villages is progressing well and commencement is planned for April 2024 with completion expected in the same financial year.

55. Mr. Speaker, as stated in the second TNDP, Government remains committed to putting services online to facilitate both citizens and businesses. To this end, 170 online services, including but not limited to, licenses and permit applications, Societies Services, Private Security Services, Marriages Services, Social Services, Youth Services and Police Services have been successfully launched. In addition, a cumulative total of 400 online services are expected to be completed by the end of 2025/2026 financial year.

Green Transition

56. Mr. Speaker, the economy has become highly vulnerable to climate change, which affects mainly the agricultural and tourism sectors. This therefore calls for urgent and targeted responses to climate change. In this regard, a development budget of **P1.37 billion** is being proposed to augment the existing donor funds to enhance economic resilience and protect livelihoods, especially the most vulnerable in our society.

57. Mr. Speaker, Government is aware that fostering sustainable green growth requires adequate climate adaptation and mitigation measures. Consequently, building on progress made in reviewing existing environmental legislation and integrating climate change requirements into our public finance management strategies, the 2024/2025 budget will also focus on projects and programmes that mitigate climate change shocks as well as ensure that we sustainably adapt to the emerging adverse situations.

58. Mr. Speaker, Botswana continues to meet her obligations to Multi-Lateral Environmental Agreements such as the United Nations Convention on Biological Diversity, United Nations Framework Convention on Climate Change, United Nations Convention on Combating Desertification and the Stockholm Convention on Persistent Organic Pollutants through the cross sectoral implementation of national action plans. These international agreements assist Botswana in achieving her conservation objectives and addressing environmentally related effects such as pollution. It also supports the implementation of international environmental conventions on biodiversity, climate change and desertification, amongst others.

59. Mr. Speaker, the 28th Conference of Parties (COP28) emphasised the urgent need for nations to transition away from fossil fuels to renewables and energy efficiency. In this regard, Botswana plans to increase the rate of transition from fossils to renewables from 2 percent to 30 percent by 2030. To facilitate these developments, there is need to scale up climate financing which is a key enabler for green transition. In this connection, Botswana has joined the Coalition of Finance Ministers for Climate Change to support countries to strengthen institutional capacities and enhance international collaboration and collective climate action, including mobilising climate finance.

Education and Human Capital Development

60. Mr. Speaker, Government recognises the transformational potential of investing in a knowledge-based economy where the creation and application of knowledge become central to economic growth. It has been proven elsewhere that a skilled and knowledgeable workforce drives innovation, increases productivity, and fosters competitiveness in the global market. This makes human capital development an indispensable investment for building a prosperous future and nation. In this connection, a combined budget of **P28.60 billion** comprising recurrent budget of **P26.89 billion** and development budget of **P1.71 billion** is proposed for this priority area in the 2024/2025 financial year.

61. Mr. Speaker, the development of an economy-wide integrated digital Labour Market Information System which is expected to be completed by September 2024 will ensure that, the Education Sector produces requisite skills for the economy. This system will play a critical role in ensuring development of effective policies and programmes that address unemployment, productivity and skills mismatch, among others.

62. In addition, Government will continue to direct resources towards transforming and enhancing the delivery of education and training to address the mismatch between available human capital and the requirements of employers and the overall economy. In line with the Education and Training Sector Strategic Plan, Government will implement some of the spill-over projects to enhance the alignment between educational qualifications and the evolving demands of the labour market. To this end, the General Education Curriculum will be reviewed to support outcome-based education in line with Education and Training Sector Strategic Plan. It is also crucial that the Education and Training Sector Strategic Plan of 2015-2020 be reviewed as a matter of urgency to be in sync with emerging needs of the economy.

Tourism Development

63. Mr. Speaker, tourism remains an integral part of Botswana's economic growth and development. Government is therefore, committed to ensuring that the aspirations of the Tourism Policy of 2021 are attained. This will be driven by the implementation of the National Tourism Strategy and Master Plan which spans the decade 2023-2033. To facilitate the implementation, budgetary provisions have been made to continue upgrading infrastructure in the Kasane-Kazungula Tourism Areas. Further, Government will construct two (2) entrance gates at Khawa and Tsetseng as a way of improving infrastructure in protected areas for tourist attraction purposes. Further, new tourism sites will be made available to support tourism land ownership by citizens in the Kasane-Kazungula Tourism area.

IV. MACROECONOMIC PERFORMANCE AND OUTLOOK - CONTEXT FOR THE 2024/2025 BUDGET

Global Economy

64. Mr. Speaker, the global economic prospects remain uncertain due to multiple shocks such as the ongoing geo-political tensions, slow and uneven recovery from the COVID-19 pandemic, widening growth divergences across regions, climate change effects and tight financial market conditions, among others. Against this background, the International Monetary Fund in the January 2024 World Economic Outlook Update estimates global economic growth to remain well below the historical average in the short to medium term. Global economic growth is therefore, estimated to slowdown from 3.5 percent in 2022 to 3.1 percent in both 2023 and 2024, largely reflecting weaker growth in major economies.

65. Mr. Speaker, the slowdown in global growth is expected to trickle down to the Sub-Saharan region, which is estimated to have grown by 3.3 percent in 2023 from 4.0 percent in 2022, before picking up to 3.8 percent in 2024. Growth in the Southern African Development Community (SADC) and Southern African Customs Union (SACU) regions is also estimated to have slowed down in 2023, averaging 2.5 percent and 1.2 percent, respectively. However, growth is expected to pick up to 3.2 percent and 2.0 percent in both regions in 2024 as regional economic conditions remain positive.

Domestic Economy

66. Mr. Speaker, economic performance in Botswana tends to mirror that of the global economy. In this regard, while the domestic economy grew by 5.5 percent in 2022, it is expected to slowdown in 2023 in line with global events. The latest national accounts data released by Statistics Botswana in December 2023 indicate that the domestic economy averaged 3.0 percent during the first three (3) quarters of 2023, compared to an average of 5.5 percent realised over the same period in 2022. This slowdown in growth largely reflects the relatively weak performance of diamond trading and mining activities throughout 2023. Against this background, the domestic economy is estimated to grow at 3.2 percent in 2023, revised downwards from 3.8 percent that was earlier estimated for the year. Over the short to medium term, we anticipate the domestic economy to rebound to 4.2 percent and 5.4 percent in 2024 and 2025, respectively, as the world economy recovers.

The non-mining sector on the other hand is estimated to grow, on average by 5.7 percent, and this has the potential to generate new jobs across both the formal and informal sectors during this period.

67. Mr. Speaker, according to the World Bank Group, Botswana needs to boost her productivity levels by an annual average growth of 2 percent to attain the desired Vision 2036 growth target of 6 percent. **Mr. Speaker,** this growth can be achieved through inclusive drivers of growth such as effective implementation of investment projects; creation and growth of dynamic local firms; adopting new technologies and enhancing connectivity to increase markets through trade, transport and digitalisation as well as developing skills in the labour force.

68. Mr. Speaker, on another note, the level of inflation has moderated and reverted to the Bank of Botswana's objective range of 3 - 6 percent, following record-high peaks in 2022. In this regard, inflation reached 3.5 percent in December 2023 compared to 12.4 percent recorded in December 2022. The moderation of inflation during 2023 reflected the fading effects of increases in domestic fuel prices as global energy prices reduced. In line with the lower inflationary pressures, Bank of Botswana reduced the Monetary Policy Rate from 2.65 percent to 2.40 percent in December 2023. The reduction in the policy rate is prudent from a financial stability perspective given the sustained risks of high debt servicing costs that prevailed in 2022. Going forward, inflation is expected to remain within the objective range of 3 - 6 percent over the medium term.

69. Mr. Speaker, with respect to external sector, provisional balance of payments data indicates a surplus of five billion, one hundred million Pula (P5.1 billion) in the first nine (9) months of 2023, compared to a surplus of five billion, four hundred million Pula (P5.40 billion) during the corresponding period in 2022. This surplus is attributable to a large current account surplus (P7.40 billion) supported by increased Southern African Customs Union receipts and mineral exports proceeds. The latter two (2) resulted in an increase in the foreign exchange reserves, which, as at October 2023, stood at sixty-four billion, nine hundred million Pula (P64.90 billion) compared to sixty billion, eight hundred million Pula (P60.80 billion) registered in 2022, during the same period. This level of foreign exchange reserves were equivalent to nine (9) months of import cover of non-diamond goods and services when compared to 8.4 months in the previous year.

Risks to Macroeconomic Outlook

- 70. Mr. Speaker,** there are several risks which, if not mitigated can reverse some of the macro-fiscal gains achieved so far. These include risks in the diamond sector stemming from weak economic activity in the major trading economies. Risks in the diamond sector, particularly in the beneficiation sub-sector will also be worsened by the G7 plan to verify the origin of non-Russian goods through diamond certification in Antwerp, Belgium. This may have adverse effects on the country's ability to accumulate foreign exchange reserves and Government revenue.
- 71. Mr. Speaker,** the on-going geopolitical tensions which continue to disrupt global economic prospects have strong negative spill over effects on Botswana's growth. This growth risk has the potential to lengthen the time required to reach the annual average growth rate of 6 percent needed to transform Botswana into a high-income country by 2036. This lower growth may also increase the revenue risk and compromise the Government's ability to provide critical services such as water, sanitation, education, health and some of the growth-enhancing physical infrastructure. This revenue risk when combined with expenditure risks from increased demands on Government spending emanating from the rising wage bill and subventions to State-Owned Enterprises can widen the fiscal deficit and compromise fiscal sustainability. This may delay the planned fiscal consolidation and compromise the current fiscal strategy of generating surpluses and rebuilding buffers and further reduce Botswana's ability to respond to future shocks in a timely and effective manner.
- 72. Mr. Speaker,** expenditure risks may also arise due to inflation risks emanating from supply-chain disruptions which could affect Government expenditure items that are largely indexed to inflation. Nonetheless, while inflation has moderated, any inflationary pressures beyond currently projected levels could prompt the central bank to hike policy rates and tighten financial market conditions, raising borrowing costs. This could elevate debt risks making it costly for Government to finance future budgets through borrowing.

73. Mr. Speaker, other negative risks to the macro-fiscal profile may come from inadequate capacity to appraise, prioritise, monitor and evaluate development projects as well as the inability of relevant bodies to effectively perform their oversight roles. These capacity constraints can lower budget execution during the year and widen the current 31 percent gap in public investment efficiency. Furthermore, the proposed expansionary budget also presents opportunities for opportunistic behaviours, while climate related risks can disrupt human and physical capital as well as economic activity during the year.

74. Mr. Speaker, all these risks require effective policy responses and mitigation efforts to enhance competitiveness and diversify the economy to build resilience against external shocks. Accordingly, measures will be implemented during the year to focus on improving domestic revenue maximisation coupled with reduced expenditure leakages, intensified monitoring of both recurrent and development spending as well as climate change mitigation and adaptation, among others. All of these efforts could lessen the impact of the identified risks on the economy and improve fiscal sustainability and ultimately strengthen Government's ability to provide critical services to Batswana.

V. FISCAL STRATEGY

Public Expenditure Reforms

75. Mr. Speaker, Public Finance Management Reforms have been entrenched in the budgeting process over the past years to reshape the formulation, preparation and execution of the budget. As I indicated in 2023, the Public Investment Management Assessment of 2022, demonstrated that there has been an improvement in the efficiency gap from 37 percent to 31 percent. We however believe that there is room to improve our infrastructure governance to increase effectiveness in Public Investment in order to considerably reduce the gap. Consequently, Government has put in place other initiatives to address efficiency in spending. Following the launch of the Development Manager Model, nine (9) Agreements were signed to manage 143 projects at a total estimated budget of P13.05 billion. Government will also strengthen the implementation of the Three-Stage Appraisal Process to ensure projects that are planned for NDP 12 are thoroughly screened before inclusion in both the Plan and the budget.

76. Mr. Speaker, the Zero-Based Budgeting and the Budget Options approach continue to be enhanced in order to improve the costing of budgetary requirements by Ministries, Departments and Agencies especially for the operational budget, which takes up over 70 percent of the national budget. The reforms seek to, among others, moderate the gap between the projected revenue envelope and expenditure priorities, through cost containment and revenue maximization initiatives.

Tax Reforms

77. Mr. Speaker, the review of tax laws is still firmly on course and remains a priority. However, the work has taken more time than was planned due to a few factors ranging from the complexity of the exercise itself, the level of consultations involved, and the ever-changing international tax environment. The objective of the review is to consolidate, simplify and modernise the existing Income Tax Act to deal with evolving nature of the business environment in the global economy. Further, it will provide an opportunity to rationalise various concessions under the VAT Act and harmonise the administrative provisions under the Income Tax Act as well as the Value Added Tax Act in order to enact a new Tax Administration Act.

Sustained Revenue Maximisation

78. Mr. Speaker, Government is stepping up its revenue maximisation drive through various policy and administrative measures. This entails diversifying and expanding the revenue base and further improving operational efficiencies. On the tax administration side, reforms are also ongoing including introduction of digital sales of products and services by remote service suppliers into the tax net.

79. Mr. Speaker, as previously mentioned, to close leakages and maximise revenue, Botswana Unified Revenue Service is implementing Electronic Invoicing (E-Billing) for efficient VAT collection, with the first phase of the three-year project (Pilot) scheduled for completion in December 2024. Furthermore, Botswana Unified Revenue Service is implementing a solution to digitally mark and track excisable goods (track and trace), and the digital solution will be fully implemented by July 2024. In addition, Botswana Unified Revenue Services continues to optimise efficiency of its e-services; online tax filing systems, online customs declarations, electronic payment (electronic funds transfer) as these platforms simplify tax compliance for individuals and businesses, fostering a business-friendly environment and encouraging investment.

80. Mr. Speaker, to enhance trade facilitation through adoption of a One-Stop Border model, the Kazungula One-Stop Border Post has been fully operationalised. The model will also cover other critical borders with Mamuno One-Stop Border Post operations scheduled for May 2024, while the construction of facilities for Pioneer Gate (Lobatse) will be completed in June 2024. The Tlokweng Gate and Ramatlabama will follow in the coming years. To further enhance efficiency in international supply chain, the Botswana Unified Revenue Service, in collaboration with other key stakeholders in international trade, has commenced the implementation of a National Single Window. Further, the Readiness Assessment was completed in January 2024, and the implementation is expected by December 2027 in accordance with Botswana's commitment under the World Trade Organisation trade facilitation agreement.

81. Mr. Speaker, to complement the One-Stop Border Post and National Single Window initiatives, Botswana Unified Revenue Service has entered into a Systems Connectivity and Data Exchange program with Zambia and Namibia to foster integrity and greater transparency in cross border transactions, for customs and tax purposes. The Zambia project was completed in May 2023 while implementation for the Namibia project is expected to be complete by May 2024.

Debt Management

82. Mr. Speaker, though public debt levels remain within the statutory debt ceiling of 40 percent of GDP, public debt has slightly increased in the recent past. As at end of December 2023, total external debt to GDP was 9.5 percent, while domestic debt to GDP was at 10.7 percent, making a total exposure of 20.2 percent of GDP. Despite this increase, the medium-term risk of debt distress remains low. A total of six (6) budget support loans were contracted externally as well as the domestic issuance of Government securities to finance structural deficits experienced over the years. Further, to improve the domestic capital markets, the Government Borrowing Strategy and Issuance Calendar for financial year 2023/2024 was unveiled in June 2023. The purpose of the Strategy is to provide domestic market participants with a more secure basis for making future investment decisions. In addition, Government will, in the 2024/2025 financial year, implement a new three-year Medium-Term Debt Management Strategy which will align future borrowing choices with the Government's preferred cost and risk levels.

Government's Net Financial Asset Position

83. Mr. Speaker, the Government Investment Account was P11.40 billion as at November 2023 from P16.80 billion registered in November 2022. The decline in the Government Investment Account was mainly due to lower mineral receipts which have been affected by lower diamond sales during the year. Similarly, the level of the Government Investment Account remains low by historical trends and as such continues to limit the extent to which Government can cushion the economy from future shocks. As such, Government will remain committed to its medium-term objective of rebuilding the financial buffers.

VI. 2022/2023 FINANCIAL YEAR BUDGET OUTTURN

84. Mr. Speaker, the 2022/2023 preliminary budget outturn is a deficit of one million, two hundred and twenty-seven thousand Pula (P1.27 million), which is almost a balanced budget. This compares favourably to the previous financial year's deficit of one hundred and twenty-seven million eight hundred and ninety thousand Pula (P127.89 million). The deficit is also lower than the four billion, eight hundred and eighty million Pula (P4.88 billion) deficit that was projected in the revised budget estimates. This almost balanced budget is due to higher-than-expected total revenue and grants arising from a high collection in mineral revenue as well as more than expected Bank of Botswana receipts. The underspending of the development budget by two billion, one hundred and fifty million Pula (**P2.15 billion**) also contributed to the outcome.

85. Mr. Speaker, total revenues and grants amounted to seventy-four billion, one hundred million Pula (P74.10 billion), compared to seventy-one billion, five hundred and thirty million Pula (P71.53 billion) in the revised budget. Total expenditure stood at seventy-four billion, one hundred million Pula (P74.10 billion) compared to seventy-six billion, four hundred and ten million Pula (P76.41 billion) in the revised budget. Recurrent spending amounted to fifty-nine billion, seven hundred and ten million Pula (P59.71 billion) against the sixty billion, one hundred and twenty million Pula (P60.12 billion) that was budgeted. On the other hand, Development spending amounted to fourteen billion, two hundred and eighty million Pula (P14.28 billion), compared to sixteen billion, four hundred and thirty million Pula (P16.43 billion) that was initially allocated.

VII. 2023/2024 FINANCIAL YEAR REVISED BUDGET ESTIMATES

86. Mr. Speaker, the revised budget estimates for the financial year 2023/2024, point to a slightly lower deficit of seven billion, one hundred and thirty million Pula (P7.13 billion) compared to a deficit of seven billion, five hundred and ninety million Pula (P7.59 billion) in the original budget. Total revenues and grants are estimated to increase by two billion, one hundred and sixty million Pula (P2.16 billion) to eighty-one billion, six hundred and seventy million Pula (P81.67 billion). This increase is attributed to better-than-expected mineral receipts due to exchange rate gains from the depreciation of the Pula against the US dollar over this period.

87. Mr. Speaker, total expenditure and net lending, on the other hand, is estimated to increase by one billion, four hundred and twenty million Pula (P1.42 billion) to eighty-eight billion, seven hundred and ninety million Pula (P88.79 billion). This increase is due to the growth in the recurrent expenditure, particularly Personal Emoluments, Grants and Subventions and Other Charges which increased by six hundred and sixty-four million Pula (P664 million), three hundred and thirteen million Pula (P313 million) and four-hundred and thirty-nine million Pula (P439 million), respectively.

VIII. 2024/2025 FINANCIAL YEAR BUDGET PROPOSALS

88. Mr. Speaker, I will now present the last budget for the 12th Parliament, that is, the 2024/2025 financial year budget proposals.

Total Revenues and Grants

89. Mr. Speaker, total revenues and grants for the 2024/2025 financial year are projected at ninety-three billion, five hundred and eighty million Pula (P93.58 billion).

90. The largest contributor is customs and excise receipts which is estimated at twenty-six billion, four hundred and sixty million Pula (P26.46 billion) due to the increase in Botswana's share of the Southern African Customs Union revenues. The second largest contributor is mineral revenue which is estimated at twenty-five billion and fifty million Pula (P25.05 billion) or 26.77 percent of total revenues. Non-mineral income tax and VAT are estimated at P22.0 billion or 23.5 percent and P15.24 billion or 16.28 percent of total revenues and grants, respectively. This performance is expected to be driven by increased revenue collection efforts by the Botswana Unified Revenue Service.

The balance of four billion, five hundred and ninety million Pula (P4.59 billion) is expected to be accounted for by other revenues and grants.

Total Expenditure and Net Lending

- 91. Mr. Speaker,** total expenditure and net lending for the financial year 2024/2025 is projected at one hundred and two billion, two hundred and eighty million Pula (P102.28 billion). This compares with the revised 2023/2024 financial year amount of eighty-eighty billion, seven hundred and ninety million Pula (P88.79 billion). This includes seventy-two billion, six hundred and ten million Pula (P72.61 billion) proposed for the recurrent expenditure and twenty-nine billion, seven and seventy-seven million Pula (P29.77 billion) for the development budget. These compare to the originally approved recurrent budget of sixty-seven billion, nine hundred and thirty million Pula (P67.93 billion) and the development budget of twenty-one billion, and ten million Pula (P21.01 billion) in the 2023/2024 financial year, respectively, as well as net lending of minus P93.66 million. The increase in the proposed budget reflects to a large extent increased fiscal spending to support public investment as part of the second Transitional National Development Plan.

Statutory Expenditure

- 92. Mr. Speaker,** statutory expenditure for the 2024/2025 financial year is estimated at twenty-four billion, three hundred and ninety million Pula (P24.39 billion), which is an increase of three billion, four hundred and twenty million Pula (P3.42 billion) or 16.3 percent compared to the 2023/2024 revised budget of twenty billion, nine hundred and seventy million Pula (P20.97 billion). The proposed statutory expenditure estimates will cater for public debt servicing obligations, terminal benefits for Members of Parliament, Government's pension contribution for civil servants to the Botswana Public Officers' Pension Fund (BPOPF) and other statutory commitments. The growth recorded in the public debt estimates is attributed to the maturing of Bond BOTGB0325 amounting to P2.22 billion in March 2025 as well as the increase in interest rates. The growth also includes an amount of two billion, six hundred and forty million Pula (P2.64 billion) for the acquisition of land measuring about 45 000 hectares from the Tati Limited Company, acquisition of a 24 percent stake in HB Antwerp and to support a partnership between Botswana Government and CTL AMEDICA. The acquisition demonstrates Government's commitment to investing in strategic assets for furtherance of socio-economic development.

Ministerial Recurrent Budget

- 93. Mr. Speaker,** the total proposed budget for Ministerial Recurrent expenditure is estimated at sixty-three billion, seven hundred and forty million Pula (P63.74 billion), which is an overall growth of 5.7 percent over the current year's approved budget. The major drivers of this growth include the obligation to pay 5 percent adjustment of salaries and allowances for public servants, adjustment of social welfare benefits, terminal benefits for Councillors, provision for vehicle replacement and re-sponsorship of Government funded tertiary education students. The budget will also cover provisions for increases in the number of Council Wards, Councillors and Members of Parliament and maintenance of facilities, among others.
- 94. Mr. Speaker,** the largest share amounting to fifteen billion, five hundred and forty million Pula (P15.54 billion), which is 24.4 percent of the proposed recurrent budget, is allocated to the **Ministry of Education and Skills Development**. This amount is an increase of five hundred million Pula (P500 million) over the approved budget for the current financial year amounting to fifteen billion and forty million Pula (P15.04 billion). The proposed budget will cover teachers' salaries and allowances, operational costs for State Owned Enterprises under the Ministry, allowances for tertiary education students, food and books for learners in public schools.
- 95. Mr. Speaker,** further to this, the increase is also proposed to cover operational costs for the Institute of Health Sciences, Brigades, Invigilation and Course-work costs under the Botswana Examinations Council, medical examination for students, maintenance of fire-fighting equipment at schools and provision for temporary teachers. In addition, the proposed budget will be utilised to ensure the delivery of quality curriculum development needed to enhance the knowledge and capability skills of learners.
- 96. Mr. Speaker,** the **Ministry of Defence and Security** is allocated the second largest share of the proposed Ministerial Recurrent Budget amounting to ten billion, six hundred and fifty million Pula (P10.65 billion), an increase of 8.4 percent over the current year's approved budget of nine billion, eight hundred and forty million Pula (P9.84 billion).
- 97.** The budget will assist the Ministry to provide safety and protection through implementation of relevant national policies and programmes required to achieve peace and tranquillity in the country.

The allocation will mainly cover operational costs for security agencies such as Botswana Defence Force, Botswana Police Service as well as Botswana Prisons Service. The budget will also cater for costs for the newly established Drug Enforcement Agency to combat the alarming rate of drug use, creation of 1000 positions and associated costs at Botswana Police to enhance law enforcement, procurement of branded uniform for Botswana Prisons, uniform and protective clothing for prisoners and operations by the Botswana contingent under the Southern African Development Community Mission in Mozambique.

- 98. Mr. Speaker,** the third largest share of the proposed Ministerial Recurrent Budget amounting to nine billion, four hundred and eighty million Pula (P9.48 billion) goes to the **Ministry of Local Government and Rural Development**. The budget will support among others, initiatives aimed at improving local governance and strengthening social and community-driven economic development at the local authority level. This budget represents an increase of one billion, two hundred and twenty-sixty million Pula (P1.26 billion) or 15.3 percent compared to the approved budget of the 2023/24 financial year. Nine hundred and twenty-four million Pula (P924 million) of this budget is allocated for Councillors termination benefits, the operational expenses of upgrading Sub-Districts into fully-fledged Districts, and the projected growth in the number of Council Members and Council Wards as well as increase of the allowance for Village Development Committees.
- 99. Mr. Speaker,** Revenue Support Grants to District and Urban Councils constitute the largest portion of the Ministry's projected Recurrent Budget, amounting to five billion, one hundred and ninety million Pula (P5.19 billion) or 55.5 percent of the total budget. Additionally, provision for food supplies for primary schools and health facilities have been included in the proposed budget. These will be procured from local farmers to support the Reset Agenda priority of value-chain development. The proposed budget allocation also includes increases of P100 per month, per beneficiary for each of the social protection allowances, that is; Old Age Pension Allowance, Destitute Cash Allowance, World War II Veteran Allowance, Disability Cash Allowance and P130 per member, per sitting for Village Development Committees allowances. In addition, funds have been allocated for maintenance of customary courts, the replacement of vehicles, and for the procurement of equipment and furniture for Tribal Administration department.

- 100. Mr. Speaker,** the fourth largest share is allocated to the **Ministry of Health** with a proposed Ministerial Recurrent Budget amounting to nine billion, four hundred and sixty million Pula (P9.46 billion) which is a decline of P850 million or 9.0 percent compared to the 2023/2024 approved budget. The decline is mainly due to a reduction in the COVID-19 budget allocation, as the scourge has now subsided, as well as the once-off payment for salaries in respect of the Multiple Graded C-band positions.
- 101.** The proposed budget will enable the Ministry to provide sustainable preventative, curative and rehabilitative health services to the nation. The proposed provision will also target interventions post COVID-19 while reducing the possibility of new infections or resurgence. The funds will also be used to pay for the acquisition of vaccines, medicines, including ARV drugs, laboratory supplies and equipment, medical and surgical equipment, contribution to the Public Officers' Medical Aid Scheme, fees for medical specialists, and the restructuring of District Health Management Teams (DHMTs) as well as continue with the operationalisation of Sir Ketumile Masire Teaching Hospital to full capacity.
- 102. Mr. Speaker,** the proposed budget allocation for the **Ministry of Finance** amounts to two billion, nine hundred and forty million Pula (P2.94 billion). The amount has increased by 14.8 percent, or three hundred and eighty million Pula (P380 million). The major budget items are the Tertiary Education Tuition Fees and transfers to parastatals under the Ministry.
- 103.** The provision also covers the continuation of Eastern & Southern Africa Anti-Money Laundering Group (ESAAMLG) activities, engagement and promotional activities by the Ministry to enhance Botswana's presence and visibility in the African continent and worldwide. The proposed budget allocation will also cover the establishment of a centre at the University of Botswana for combatting illicit financial flows to maintain the country's good standing, among others. The provision for operationalising the Public Procurement Tribunal to full capacity, is also included in this budget.
- 104. Mr. Speaker,** the proposed budget allocation will also cater for the Weather Based Crop Insurance premiums, to support the Temo-Letlotlo programme. The insurance, which is a transition from the Agricultural Credit Guarantee Scheme, will cover the proposed lending components of the programme.

The lending component is being administered by the National Development Bank, which started in the 2023/2024 ploughing season, while the insurance component will be transferred to the private sector during the 2024/2025 financial year.

105. Mr. Speaker, the proposed budget allocation for the **Ministry for State President** is two billion, seven hundred and forty million Pula (P2.74 billion). This represents an increase of four hundred and twenty-five million, nine hundred and twenty-two thousand Pula (P425.92 million) or 18.6 percent from the current year's approved budget of two billion three hundred and ten million Pula (P2.31 billion). The proposed budget will support the Ministry's mandate of organising and coordinating Government business as well as safeguarding and promoting good governance. The provision will cater for copyright and author fees, an expected rise in the number of freelancers and broadcasting services following the introduction of more television channels, conducting special external investigations by Directorate on Corruption and Economic Crime as well as carrying out National AIDS and Health Promotion Agency operations.

106. Mr. Speaker, the proposed budget allocation for the **Ministry of Transport and Public Works** for the 2024/2025 financial year amounts to two billion and ninety million Pula (P2.09 billion). This is an increase of eighty million Pula (P80 million) or 4.0 percent of the Ministry's current approved budget of two billion and ten million Pula (P2.01 billion). The increase is proposed to cater for the replacement of Government fleet at an amount of P430.01 million, as well as, provide for operations of parastatals under this Ministry including wages and benefits for the recently formed Catalyst Project Team, among others. **Mr. Speaker,** the proposed budget allocation for the **Ministry of Agriculture** amounts to one billion, five hundred and sixty million Pula (P1.56 billion), which is an increase of one hundred and ten million Pula (P110 million) or 7.6 percent over the current year's budget.

107. This proposed budget is meant to support the national imperative of increased domestic food production to reach a higher level of agricultural product self-sufficiency, as part of Value-Chain Development. The budget will also go towards supporting innovative initiatives like Temo Letlotlo and Thuo Letlotlo, which are aimed at supporting the country's food security and agricultural export efforts.

It will also cover subventions to the National Agricultural Research and Development Institute, contain the spread of Foot and Mouth Disease, maintenance of existing facilities, including Artificial Insemination camps, plant and equipment and computer systems such as the Botswana Animal Information and Traceability System. Moreover, funds will be used to operationalise the recently formed Department of Aquaculture and Apiculture to promote fish and bee production.

108. Mr. Speaker, the proposed budget for the **Ministry of Youth, Gender, Sport and Culture** amounts to one billion and sixty million Pula (P1.06 billion) or an increase of 19.4 percent over the current year's budget. The budget will cover priority budget lines which include arts, sport, youth, gender and cultural activities. Further, provision will cater for grants to oversight bodies such as Botswana National Youth Council and National Women's Exposition, among others.

109. Mr. Speaker, the proposed budget allocation for the **Ministry of Lands and Water Affairs** amounts to one billion and twenty million Pula (P1.02 billion) which will pay for expenses related to land and water administration as well as systems maintenance. The proposed budget will also cover subventions to Land Boards, which accounts for 54.0 percent of the proposed Ministerial budget.

110. Mr. Speaker, the remainder of the proposed Ministerial recurrent budget allocation of six billion, seven hundred and eighty million Pula (P6.78 billion) or 10.6 percent will be shared among the remaining Ministries and Extra-Ministerial Departments.

Development Budget

111. Mr. Speaker, the proposed development budget for the 2024/2025 financial year is a sum of twenty-nine billion, seven hundred and seventy million Pula (P29.77 billion), an increase of P8.76 billion or 41.7 percent over the 2023/2024 approved budget. Through this budget, Government aims to propel the implementation of projects to unlock opportunities for sustainable jobs, improving the quality of life, reducing poverty, eliminating gross inequalities and ultimately achieve a high-income status. To this end, a substantial amount of the budget has been allocated to infrastructure development given its role in promoting economic growth and facilitating participation of the private sector.

- 112. Mr. Speaker,** the largest share of the proposed development budget goes to the **Ministry of Lands and Water Affairs** amounting to eight billion and ten million Pula (P8.01 billion), or 26.9 percent. The allocated funds will cover various projects including the completion of the North South Carrier 2.2, Maun Water and Sanitation, Goodhope Water Supply Scheme Phase 2.2, as well as, final payments for Moshupa Sanitation, Kanye Sanitation and Boteti South Central Water Supply Scheme.
- 113. Mr. Speaker,** the proposed budget will also cover the implementation of on-going Molepolole Sanitation (Wastewater Treatment Plant), Kgalagadi North Water Supply, Sowa Water Supply and Kanye Network Rehabilitation. Further, a significant budget has been provided to cater for water supply network rehabilitation and upgrade in nine (9) localities including; Molepolole, Serowe, Bobonong, Tsabong, Francistown and Gaborone. The following land servicing projects have also been catered for; Metsimotlhabe, Ghanzi Expansion, Maun Central Business District (Botshabelo Infill), Kasane (Plateau and Nnyungwe), Sir Seretse Khama International Airport Special Economic Zone, Mmopane Block 1, Chobe (Kachikau) and Letlhakane (Letsibogo). Other land management projects include the preparation of Spatial Plans, Surveying of Plots and Land Acquisition in preparation for land allocation.
- 114. Mr. Speaker,** the **Ministry of Transport and Public Works** has been allocated the second largest share of the proposed development budget amounting to three billion, nine hundred and fifty million (P3.95 billion) or 13.3 percent. The budget will cover ongoing road infrastructure projects such as Traffic Signal Modernisation and Centralised Traffic Control for Greater Gaborone, Botswana Integrated Transport Project, Makalamabedi - Motopi, Mmandunyane - Shashemooke - Borolong - Chadibe - Mathangwane and Gaborone - Boatle Dualling roads.
- 115.** The proposed allocation will also cover upcoming road projects, which will be executed using the Development Manager model.

These road projects include the Mogoditshane - Gabane - Mmankgodi Junction (Dualling), Maun - Sehithwa, Sehithwa - Mohembo, Mohembo - Gudigwa, Shorobe - Kachikau, Francistown - Nata, Nata - Maun, Nata - Kasane, Mmathethe - Bray - Werda, Palapye - Martin's Drift, Modipane - Mabalane; Mabalane - Mmaphashalala, Ghanzi Junction 44 - East/West Hanahai - New Xade and Molepolole Bypass. Additionally, the budget will cover other roads such as Medie - Lentsweletau and access road to Gaborone Central Business District which are still at design stage, as well as Three-Grade Separated Interchanges at Molapo Crossing, Block 8 Traffic Circle and Airport Junction which is at pre-contract stage. Further, a considerable budget provision has been allocated for construction of other access roads connecting villages and production areas.

116. Mr. Speaker, in addition the proposed budget will cater for air, rail and bridge infrastructure projects. The air projects to be catered for include; maintenance of airports, improvement of surveillance of Botswana airspace, upgrading of air navigation services infrastructure, installation and improvement of airports security systems, mandatory engines replacement, procurement of airport safety equipment as well as improvement of existing airport security and safety. The railway projects catered for in the proposed budget include; optimal utilisation of dry port at Walvis Bay, development of inland dry ports, Botswana Railway workshop equipment, Mmamabula - Lephale railway line, Moseitse-Kazungula Railway and the construction of Martins Drift Bridge. The 2024/2025 development budget also includes provision for ICT projects such as Local Access Network Upgrade and purchase of ICT equipment.

117. Mr. Speaker, the proposed budget will also make provision for social housing projects namely; SHHA (Home Improvement and Turnkey) Scheme, Integrated Poverty Alleviation and Housing Scheme (Revamping), Public Officers Housing Scheme and District Housing Programme.

118. Mr. Speaker, the third largest share of the proposed Development Budget at two billion, eight hundred and ninety million Pula (P2.89 billion) or 9.7 percent is for **the Ministry of Local Government and Rural Development**. The proposed budget will be used to boost Local Government Infrastructure, improve Primary Education Services and implement Social Welfare Programs which include Ipelegeng, the Destitute Programme, and Remote Area Development Programme.

All projects under the Social Welfare Programmes have been maintained at the current level except for Community Constituency programme and Ipelegeng which have been increased from P570 million and P628.82 million to P610 million and P848.70 million, respectively on account of the expected increase in Constituencies.

119. Mr. Speaker, the fourth largest share of the proposed Development Budget of two billion, seven hundred and eighty million Pula (P2.78 billion) or 9.3 percent is allocated to **the Ministry of Defence and Security**. The funds are mainly for provision of infrastructure, defence and communication equipment to strengthen the Botswana Defence Force capabilities for protection of the territorial integrity of the country. The budget will also be used to strengthen Botswana Police Service capabilities to fight crime and for the Botswana Prisons Service to provide safe custodial care and correction to offenders through effective rehabilitation and re-integration programmes.

120. Mr. Speaker, the fifth largest share of the proposed Development Budget goes to the **Ministry of Minerals and Energy** at two billion, three hundred and ninety million Pula (P2.39 billion) or 8.0 percent. A significant portion of the funds, amounting P1.5 billion, is proposed for the Botswana Power Corporation for purposes of power importation into the country as well as to facilitate the annual loan repayment. Other projects that are funded include: Phase 2 of the Northwest Electricity Grid, Rural Electrification and Network Extension, as well as Network Reinforcement projects. Furthermore, funds are proposed for the construction of the Ghanzi Oil Depot as well as rehabilitation of old mines.

121. Mr. Speaker, the proposed budget allocation for **the Ministry of Agriculture** amounts to two billion, and twenty million Pula (P2.02 billion) or 6.8 percent of the development budget. The focus under this Ministry is the promotion of national self-sufficiency in food production especially given the increase in climatic shocks resulting from climate change, investing in agricultural value chains, as well as commercialisation of both arable and livestock farming. As such, the bulk of the 2024/2025 proposed budget will cater for the Temo Letlotlo Programme. Temo Letlotlo programme budget will cover the provision of grants to farmers for procurement of inputs and production services for the household food security component.

Similarly, the commercial component of the budget will cater for cluster development, including electrification of the clusters, automated meteorological weather stations, construction of re-engineered roads to clusters, drilling and equipping of cluster boreholes and construction of silos at Mosisedi - Goodhope, Matopi Cluster, Masunga Cluster, Leshibitse, Naledi Cluster-Jwaneng, Makhi - Rakops, Kgoro-Goodhope, Phuduhudu and Malwelwe.

122. Mr. Speaker, the proposed budget for the **Ministry of Communications, Knowledge and Technology** amounts to one billion, seven hundred and thirty million Pula (P1.73 billion) or 5.8 percent. The proposed budget will cover ICT Projects such as Online Services Implementation, Government Data Network Expansion, National ICT Backbone, International Connectivity, as well as Local Access Network, Aggregation of Citizen Identifiers, and Service Management Robotics and Analytics. Further, the proposed budget will cater for Cyber security, Orphan Radioactive Storage Facility and Border Detection Systems projects, Research Fund as well as other ongoing research projects including climate change, natural resources and materials research studies, ICT and electronics research studies, energy research studies, and building material science research studies. The budget will also cater for establishment of the Intellectual Property (IP) Motshelo Scheme and IP Ideas Incubation Centre.

123. Mr. Speaker, the **Ministry for State President** proposed budget is one billion, five hundred and twenty million Pula (P1.52 billion) or 5.1 percent of the development budget. The proposed budget will fund the following programmes and projects; Village Connectivity to facilitate digital transformation across the economy, facilitation of Creative Industry, National AIDS and Health Promotion Agency Programmes, Social Protection and Disaster Preparedness programme as well as strengthening of the Directorate of Intelligence and Security. Additionally, as a measure of strengthening our democratic system, the proposed budget will cover political party funding.

124. Mr. Speaker, the remaining Ministries/Departments share the balance of the proposed budget of four billion, four hundred and eighty million Pula (P4.48 billion) or 15.0 percent. Some of the major projects covered include; construction and expansion of schools facilities across secondary and tertiary levels, as well as digitisation activities for Senior Secondary Schools, provision of education equipment to colleges of Education,

Brigades and Vocational Training Centres; Recapitalisation of National Development Bank and Botswana Development Cooperation; construction of the Citizen Entrepreneurial Development Agency Horticulture Market; construction of the Leather Park, establishment of Livestock marketing concentration centres (Tsabong and Serowe); National Agro-processing centres (Gaborone and Francistown); Market Shelters for the informal sector along the A1 highway and Wealth Creation Programme, among others.

Overall Balance and Financing

125. Mr. Speaker, a budget deficit of P8.69 billion, or 2.8 percent of GDP is projected for 2024/2025 financial year. Due to the current fiscal policy priority to allow accumulation of Government cash balances, drawing on the Government Investment Account will be moderated as part of financing the budget. Consequently, Government will have to mobilise additional resources including using part of the fiscal savings, special funds proceeds and domestic borrowing through the issuance of new instruments such as inflation linked bonds and green bonds, among others.

IX. CONCLUSION

126. Mr. Speaker, the proposed 2024/2025 budget sets a strategic tone and foundation to provide a stable macroeconomic environment necessary to deliver on the Vision 2036 goals, Second Transitional National Development Plan as well as the Reset and Reclaim Agenda. As the BDP-led Government, we remain resolute in ensuring this is realised in our lifetime. And **Mr. Speaker,** let me reiterate that, despite the expansionary budget with an overall balance in deficit, Government will strengthen fiscal sustainability measures by maximising domestic revenue collection as well as curb expenditure growth and leakages, while addressing overall spending inefficiencies.

127. Mr. Speaker, on behalf of the Government and people of Botswana, I wish to take a moment to recognise our Development Partners for the continued support to our development agenda. It is not an understatement to say that their assistance over the years has helped deliver on the aspirations of Botswana and the nation at large.

128. Mr. Speaker, I also wish to thank Botswana in general for their patience and understanding during the difficult process of restoring our economy to its sustainable path.

Let me encourage everyone of us to join hands in doing things differently and better, going forward. I also wish to urge those in the public sector to improve their performance by being competent and remain committed to the implementation of the reforms that are being proposed in this budget.

129. Mr. Speaker, I wish to recognise the contribution by the private sector as a key driver of economic growth and job creation. In addition, the role of the informal sector cannot be over-emphasised. It is therefore fitting that a new employment creating and transformational Fund has been proposed for the 2024/2025 financial year to support this critical sector. I take this moment to urge, challenge and encourage all aspiring entrepreneurs, innovators and hustlers to take advantage of the new Fund; **“Re ka Chema Chema Betsho!”**. And, while we create and innovate, we must protect our intellectual property.

130. As I conclude, **Mr. Speaker,** I wish to repeat the unwavering commitment of this Government to deliver on the promises we made to Batswana. Through the leadership of the BDP Government, Botswana has been able to ride the tide of COVID-19 pandemic, increasing budgetary pressures, significant inflationary pressures arising from geo-political tensions and the resultant supply-chain disruptions and reasonably mitigated the effects of drought. I have, for the 2024/2025 financial year, proposed a stimulus budget that will create opportunities for all to play a meaningful role and contribute towards transforming our economy to be more inclusive, innovative and knowledge based. I, therefore, invite all Batswana to take advantage of opportunities that will be created by this expansionary budget. This concludes my presentation.

131. Mr. Speaker, I now move that the **Appropriation (2024/2025) Bill, 2024 – Bill No. 1 of 2024** be read a second time.

132. I thank you, **Mr. Speaker.**

