



ILES BUDGET SPEECH RESPONSE 2024/2025

Her Honourable Minister of Finance Ms. Peggy O. Serame delivered to the National Assembly on the 5th February 2024 Botswana's budget proposal for the 2024/25 financial year. An expansionary fiscal policy budget with an overall increase of 23.05 percent from this current fiscal year, indicating a potential to tackle the socio-economic distress of unemployment, that was recorded at 25.90 percent during the 3rd quarter of 2023. Her presentation focused on allocations in line with Vision 2036, the second and last Transitional National Development plan (TNDP), National Transformation Strategy, and national priorities that are aligned to Sustainable Development Goals outlined in the Reset and Reclaim agenda.

In her presentation, the Honourable Minister, indeed made numerous admirable initiatives that have the potential to create jobs and reduce unemployment in the country, as well as foster decent work. The Institute for Labour & Employment Studies (ILES) in representation of the Labour Movement encourages that adequate coordination of structures should be appropriately in place by mandated ministries and organizations. Furthermore, robust policy coherence, monitoring and evaluation of programmes should be put in place for the intended objectives of job creation and decent work to be achieved.

National priorities for the Labour Movement

Key national priorities that are in alignment with the country's labour market space include:

- 1. Infrastructure Development & Spatial Planning-** A proposed significant development budget of P17.0 Billion allocated to infrastructure development that includes projects in Water, Transport, Energy, Information Communications and Technology, as well as Land Servicing sectors is appreciated. Moreover, Investing in infrastructure development, promotes entrepreneurship and job creation. It is imperative that youth should be allocated a significant share of earmarked projects, and be equipped with the required skills and a conducive environment necessary to succeed. This will create a better future for the country with decent jobs that are sustainable and secure. The proposed Development Manager (DM) Model and the Public Private Partnerships (PPP) Model, are respectable models that will initiate inclusion of the private sector, together with proper monitoring and evaluation mechanisms in place create significant jobs for the country.

- 2. Sustaining livelihoods-** Introduction of reforms for social protection programmes such as Ipegeleng, Remote Area Development, amongst others proposed by the government require to be accompanied by steps that ensure that systems are properly managed such that funds are allocated to those in greatest need. This will entail strict administrative measures that prevent double dipping and misuse of funds. Inception of the “Chama Chama fund” allocated to the informal sector, is a significant and welcome empowerment initiative. This provision will enable a conducive environment for growth of the informal sector and empower those in the sector to be self reliant, generate income, create jobs and eradicate poverty. The past exclusion of the Informal sector by previous economic allocations and policy discourse has had severe effects that hindered the sector to generate income for their households, as a result increased income disparities and unemployment in the country. Strategies and mechanisms in place for rolling-out the fund should be thorough as they will determine the funds effectiveness in achieving its goal.
- 3. Agriculture Development-** There is a critical need for the country to transform the agricultural sector through financial aid and infrastructure development. The newly introduced programs, Temo Letlotlo and Thuo Letlotlo that target and support SME’s, will indeed promote entrepreneurship and support development of value chains across the sector. Moreover, agriculture is a labour intensive sector which has potential to contribute immensely to job creation. It is therefore, essential that guidelines and requirements to access the aforementioned programs are made understandable and easily accessible for the benefit of all Batswana. Awareness raising to the public for these programmes has to be intensified to increase reach all citizens. As the Honourable Minister postulated, these programmes are output based and promote self reliance, in addition, these initiatives will also encourage entrepreneurship and job creation.
- 4. Supporting the Private Sector through Business Reforms and Value-Chain Development-** A conducive business environment and value chain development initiates entrepreneurship and attracts foreign investments, this results in establishment of foreign industries locally that absorb citizens and contribute to job creation. In addition, to regulatory efficiency that encourage Foreign Direct Investments (FDI), capacity building and provision of support through funding specific to initiate growth of

the private sector, will contribute to an increased export base and initiate labour exports. Surplus labour in the domestic labour market will be absorbed by international markets and will help reduce unemployment in the country.

- 5. Research & Development-** An increase by 280.90 percent of investment in Research & Development with a budget allocation of BWP 1.02 Billion this fiscal year is a progressive initiative that will initiate research studies that inform recommendations for policy reforms, and are specific to job creation, skills match and decent work. The research fund will drive research that is not only reliant on donor funding as it has been the case, but will be beneficial to multiple sectors to capacity to conduct informed and evidence based recommendations for progressive national policies. Researched skills from the surplus labour force and insufficient demand in the labour market will be investigated and the structural issues that exist discovered. Research studies have potential to enhance job matching, most especially for the youth population who constitute the most representation to the country's unemployment rates.
- 6. Innovation and Digital Transformation-** In addition to projects geared towards innovation and digital transformation that prospects to create jobs, government ought to take into consideration up-skilling the existing labour force towards futuristic skills and arrest catastrophic transitions such as retrenchments and job replacements as the global village migrates towards Artificial Intelligence (AI).
- 7. Green Transition-** Targeted climate financing to supplement donor funding on projects that address environmental effects indicates commitment and support by the Government to a Green Transition. The role of the Government in achieving A Just Transition and Decent Work is critical for protection of citizens. This calls for specific focus on inclusive employment creation strategies that encourage an environmentally sustainable inclusive socio-economic growth.
- 8. Education & Human Capital Development-** It is essential to create an environment where young Batswana can access quality education, gain required and relevant skills, and foster innovation. Development and completion of the of the Labour Market Information System (LMIS), is an initiative that will assist in addressing skills mismatch

for the overall economy. This requires that mandated organizations should fully implement this strategy and advance full employment for the country. Furthermore, a review of the education strategy postulated by the Honourable Minister will ensure a synchronised stock of skills and aid towards sustainable supply and demand in the labour market. Furthermore, focus needs to be shifted to Technical and Vocational Education Training (TVET) as this training has the most potential to provide skills that are currently required in the labour market.

9. **Tourism Development-** Investment in this labour intensive industry continues to be a priority for job creation. The proposed budget speech was an opportunity to demonstrate a commitment by the government but it lacked emphasis on creating a conducive environment especially for youth to run profitable enterprises that will create jobs, sustain livelihoods and reduce unemployment.
- **Mining-** The massive transformation agenda by government could result in retrenchments of multitudes of workers. The mining sector remains the greatest contributor to our country's GDP and an increase in employment in this sector will surely alleviate the high levels of unemployment. This could be done through the revival and reopening of some mines such as Selebi-Phikwe Nickel Mine.