

GOAL 1



ERADICATE POVERTY AND HUNGER

“*But in modern conditions when everyone does not have equal resources on which to base his efforts to improve his lot, we must beware of assuming that everyone who is poor is poor because he is lazy. A lean cow cannot climb out of the mud, but a good cattleman does not leave it to perish... Above all we have to guard against the greatest threat of all to our future welfare a society divided between extremes of wealth and poverty.*”

SIR SERETSE KHAMA

Targets	Will target be reached?	Conducive Environment?
1. No Person Living Below the Income Poverty Datum Line by 2016	Unlikely	Strong
2. Reduce, by 50 percent, the proportion of people who suffer from hunger and malnutrition by 2016	Likely	Strong

Policy and programme support for poverty reduction is strong. Expansive public investment in education and health builds capabilities essential for human agency. More than two decades of sustained macroeconomic stability, economic growth and generous entrepreneurship and job creation incentives provide opportunities for human agency, whilst a comprehensive system of social safety nets provides adequate welfare cover for the indigent. Even so, these measures translate into slow progress in poverty reduction because of structural deficiencies in the economy.

1. WHAT IS THE SITUATION LIKE?

Despite its macroeconomic success, Botswana has a serious problem of poverty compared to countries of similar economic stature. In Botswana, poverty is fundamentally a structural problem. It is a consequence of a narrow economic base, which limits opportunities for gainful employment; a poor endowment of agro resources; a small and sparsely distributed population - 1.7 million in 2001; and, as a result of population size and distribution, a small and fragmented internal market. Collectively, these attributes translate into limited capacity for sustainable employment creation and poverty reduction.

The Botswana Poverty Line (PL) is based on six categories of items which are considered to constitute the basic needs of a family in Botswana (CSO 1991):

- ◆ food ("the minimum necessary to maintain physical health")
- ◆ clothing ("to meet minimum necessary to meet minimum standards of legality, decency, practicality and warmth")
- ◆ personal items
- ◆ household goods
- ◆ shelter
- ◆ and miscellaneous items

PEOPLE LIVING BELOW THE INCOME POVERTY DATUM LINE

Up to date statistics on the nature and extent of poverty will become available only after the results of the 2002 Household Income and Expenditure Survey (HIES) are released in 2004. Available data do however show the following:

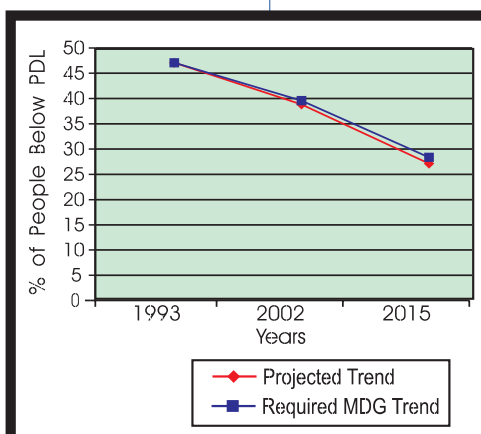
- In 1993, an estimated 47% of the population lived below the poverty datum line of approximately P100 per person per month in 1997 prices, down 12 percentage points from 59% in 1985. Of these, an equivalent of 30% of the total population lived in extreme poverty, compared to 41% in 1986. A 2001 estimate suggests that had the rate of poverty reduction that obtained between 1985 and 1993 been sustained post 1993, the national headcount poverty ratio would have fallen to 36.7% in 2002.
- Rates of poverty are higher in rural areas, possibly because of fewer opportunities for formal sector employment. Over half of the rural population was classified "poor" in 1994 compared to 46 percent in urban villages and 27 percent in towns and cities.
- Poverty has a moderate gender bias. In 1993, 50% of female-headed households were poor compared to 46% for male-headed households, respectively down from 60% and 58% in 1985.

The more immediate causes of vulnerability to poverty are:

- (a) unemployment and underemployment, which are primarily determined by lack of education and skills;
- (b) ill-health, in particular HIV/AIDS, which takes people out of work, destroys accumulated wealth and creates new groups of vulnerable people;
- (c) lack of access to productive assets such as land, water and finance; and
- (d) lack of access to markets.

The erosion of traditional support mechanisms as the economy modernises is also considered a source of vulnerability. For instance, the *Mafisa* system, through which a poor family could get a small number of livestock, usually cattle, from a better off family for purposes of milking, draught power and possibly seed stock of its own, has all but disappeared. Similarly, it is now difficult for poor families to barter their labour for draught power

Proportion of Population Living Below the Poverty Line

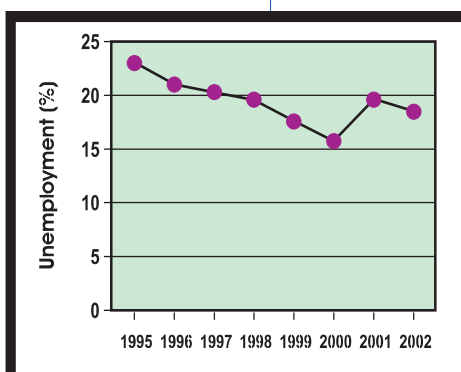


because cash is the dominant medium of exchange. The extended family support system is also collapsing under pressure from modernisation and HIV/AIDS.

Botswana's approach to poverty reduction is three pronged. The *first* prong is that of empowerment through health, education and skills development. The *second* focuses on the creation of opportunities for gainful employment through growth and incentives for entrepreneurship and job creation. The *third* is social welfare. Thus, trends in patterns of livelihood, unemployment, education, health, economic growth and investment, warrant close attention.

Livelihood sources have changed profoundly in post Independence Botswana, due in part to an unexpected mineral led economic boom. Agriculture, which was the dominant sector at independence, accounting for 40% of GDP, has become a marginal source of income for the majority of rural households, eclipsed by, amongst others, private income transfers from the non-farm sector. Its GDP share is now less than three (3) percent while its contribution to employment has declined from 15% in 1991 to three percent in 2001.

Rate of unemployment
1995-2002



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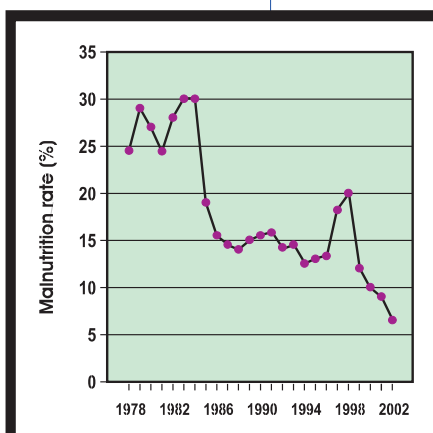
Botswana has made modest progress against unemployment in the last decade. In 2001, the rate of unemployment was estimated at 19.3%, a small improvement from the seven-year peak of 20.9% in 1995 but more or less on a decade long average. The persistence of high rates of unemployment in the 1990s despite high rates of economic growth is a result of the dominance of mining, which is a capital-intensive activity. Available data show that unemployment is concentrated amongst the lowly skilled people and the youth, and that it is a bigger problem in rural areas.

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NUTRITION, HUNGER AND FOOD SECURITY

Although Botswana is drought prone and has a high incidence of poverty, it has made good progress against hunger and malnutrition. In 2002, under-five malnutrition, which is adopted as the proxy for malnutrition in this report, was estimated at 6.5%, down from 14% in 1991, due in part to a comprehensive supplementary feeding programme for children under five and an effective system of social safety nets. These results are also due to improvements in household income and food security, and access to health services.

Annual Under Five
Malnutrition Rate From
1978 to 2002



Overall nutrition for the nation also benefits from a school feeding programme and a range of welfare/development programmes - the Remote Area Development Programme (RADP), the Old Age Pension, World War II Veterans grants, Destitution Policy, Orphan Care Programme, Home Based Care etc. - with a focus on basic needs for groups vulnerable to poverty and hunger.

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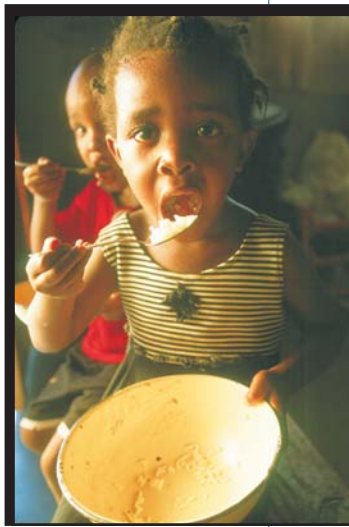
food supplies to supplement domestic production. Household food security is assured through a combination of measures that enhance household income security and transfers from Government to vulnerable groups.

In the specific case of national food security, a critical question is whether Botswana should pursue food self-sufficiency more aggressively. The New National

Master Plan for Arable Agriculture and Dairy Development (NAMPAADD), a bold initiative that seeks to raise agricultural productivity and output through commercialisation, modern crop and animal husbandry techniques, and improved infrastructure and extension services, does in fact take Botswana in this direction but there are concerns about possible crowding out of small farmers.

Amongst poor households, an important source of vulnerability to hunger is inflation, which erodes real incomes. Botswana has managed to contain inflation to levels below ten per cent. Over the six years to 2003, the annual rate of inflation has remained below 8.5 percent. Food prices have also remained relatively stable. Food price stability and Government welfare support for vulnerable groups - the elderly, orphans and children – impact positively on household food security.

Although Botswana's natural agro-resources – soils and climate – are poor, quantum improvements in road and telecommunications infrastructure have reduced production and marketing costs and delivered an increasingly more integrated food production, marketing and distribution system. Further infrastructure development and the infusion of modern technology could further improve agricultural productivity and output and significantly enhance Botswana's food self-sufficiency position.



2. THE MAJOR CHALLENGES

The major challenges to the eradication of poverty in Botswana are threefold, viz.,

- (a) employment creation,
- (b) HIV/AIDS, and
- (c) adverse climatic conditions.

The underlying challenge, especially for (a) and (c) is in productivity growth and competitiveness.

CREATING OPPORTUNITIES FOR SUSTAINABLE GAINFUL EMPLOYMENT

Botswana's broad macroeconomic priorities can be summed up as macroeconomic stability, economic diversification and rapid and sustainable growth. On the basis of these, Botswana has enjoyed phenomenal success. Furthermore, sectoral strategies have been pursued with a view to translating this success into broad-based individual and household prosperity through two key entry points, human capital formation and employment creation. Employment creation has however been sluggish.

The overall strategy for employment creation emphasises private sector growth and investment, economic diversification, and export growth and diversification. Policy developments have since the early 1980s, when the Financial Assistance Policy (FAP) of 1982 and the Industrial Development Policy (IDP) of 1984 were introduced, reflected this policy conviction. How then, should future strategies for employment creation evolve?

First, FDI and export promotion are essential pursuits. FDI improves access to external markets and delivers the managerial, marketing, technical and techno-



logical resources necessary to raise productivity, product quality and competitiveness. Increasing the volume and range of non-traditional exports is an economic imperative because Botswana's domestic market is too small to sustain the levels of production necessary to deliver enough quality jobs to reduce poverty.

Second, citizen entrepreneurship development is a necessary requirement, socio-politically and economically, for developing sustainable industrial capability. It crowds in and legitimises FDI. It also forestalls future political instability over ownership

of the economy. Furthermore, being less flighty than FDI, growth in citizen investment is a matter of national economic security.

Serious reflection on the content of strategies for citizen entrepreneurship development is necessary though. In particular, the bottlenecks to be broken through state intervention must be thought through more carefully. For instance, should improving access to finance necessarily entail subsidised credit? Is access to finance in fact the priority bottleneck on growth in citizen entrepreneurship?

Third, job creation also requires a policy shift towards jobs with high skill and technology content and a similar shift in skills development. Investment in labour intensive activities, e.g., low skill manufacturing, has its own merits but only if it does not trap the economy in inefficient modes of production.

Slow modernisation of production systems and low rates of innovation are a threat to industrialisation in developing countries. Unless Botswana is adept at modernising its economy, it runs the risk of having its products competed out of both the export and domestic markets. Low technology labour intensive production that eschews modernisation cannot produce sustainable employment in an integrated and knowledge driven world economy. Rather, future growth can be more effectively secured through improvement in skills, technology, productivity, and export competitiveness across sectors.

The challenge therefore is to successfully make the transition to a high skill high tech economy as a response to the constraints imposed by the structure of the economy and the challenge to compete in an increasingly integrated and freer economy.

OVERCOMING HIV/AIDS AND MITIGATING ITS IMPACT

HIV/AIDS has made the battle against poverty considerably more difficult. At the household and individual levels, it erodes capacity to work, destroys accumulated wealth and creates new groups of vulnerable people. At the macro level, it erodes

state capability, the very foundation for poverty reduction. It also distorts public sector priorities and shifts resources from investment in incremental capacity towards capacity replenishment and maintenance.

HIV/AIDS has seriously eroded human wellbeing and the nation's accumulated assets, especially human and institutional capital, with dire consequences for poverty reduction.



A 2000 study on the "Macro-economic Impacts of HIV/AIDS in Botswana" predicts that by 2011, the proportion of households living below the poverty datum line will have risen by 6 per cent as a result of HIV/AIDS; that the headcount poverty rate will have risen by 4 percent; and that the economy will, by 2021, be 33% smaller than it would have been without HIV/AIDS.

HIV/AIDS also reduces returns on development resources across sectors. In some, like education, agriculture and health, the effect may be so severe as to

cause deterioration in key indicators. How effective development can be in the context of HIV/AIDS is thus a matter of great concern.

COPING WITH ADVERSE CLIMATIC CONDITIONS AND MANAGING RISK AND VULNERABILITY TO NATURAL DISASTERS

So far, Botswana has coped well with drought, animal diseases and intermittent low intensity floods. Even so, the threat of natural and manmade disasters requires adequate disaster preparedness and management capacity.

This challenge is three fold, viz., to minimise exposure to natural disasters, to respond quickly and effectively when they occur, and to ensure speedy recovery. Meeting these challenges would, in the words of UN Secretary General, Kofi Annan, require "better decision-making, improved planning, effective risk management, innovation in development and environmental protection activities".

On the few occasions when disasters other than drought and animal diseases had struck, for instance, the occasional flood and veldt fires, Botswana's response has been adequate. Botswana's disaster preparedness capacity resides in several key institutions, including the Office of the President, which is in charge of strategy and coordination, the Ministry of Finance and Development Planning, which is responsible for drought, the Botswana Defence Force, which provides equipment and specialised personnel when required.

3. SUPPORT POLICIES AND PROGRAMMES

The battle against poverty requires, in the first instance, an efficient macro policy framework. The consensus view is that Botswana's fiscal, monetary and exchange rate policies meet this standard, as do its legal and regulatory regimes.

The second tier of interventions comprises sectoral and targeted interventions. The National Poverty Reduction Strategy is the latest of second tier interventions,

adding to a wide array of employment creation and welfare programmes. Increasingly, NGOs and CBOs play a significant role in the implementation of these programmes, for instance, in the Community-Based Natural Resource Management Programme.

Poverty and Hunger Reduction Policies, Strategies and Programmes

The Instrument	Year	Objectives
Policies, Strategies and Programmes to Eradicate Poverty		
National Poverty Reduction Strategy	2003	To link and harmonise anti poverty initiatives, provide opportunities for people to have sustainable livelihoods through expansion of employment opportunities and improved access to social investment, and to monitor progress against poverty.
Revised National Policy for Rural Development	2002	To reduce rural poverty, promote sustainable livelihoods, stimulate rural employment and income generation, diversify the rural economy, reduce dependency on Government, maintain and improve rural capital, increase agricultural productivity and promote participation in development.
Industrial Development Policy of 1984	Revised 1998	To diversify the economy, foster the growth of the private sector, assist small-scale rural entrepreneurs, support growth and employment creation in towns and villages; and achieve higher levels of productivity
Financial Assistance Policy	1982-2002	To create employment opportunities and encourage investment in a range of economic activities.
Citizen Entrepreneurial Development Agency (CEDA)	2002	To promote citizen entrepreneurship, support economic diversification and create employment opportunities.
The 1980 Destitute Policy	Revised 2000	To provide income support to people defined as destitute according to criteria set by the GoB
Policies, Strategies and Programmes to Reduce Hunger		
Labour-Based Drought Relief Programme	To provide work and income in rural areas for people whose livelihoods are temporarily disrupted by drought.
National Policy on Disaster Management	1996	To provide a comprehensive framework for disaster management; reduce the potential loss due to disasters; ensure timely assistance to victims and achieve rapid and durable recovery
The Revised National Food Strategy	...	To provide a framework for attaining national and household food and nutrition security through (a) the attainment of household income security; (b) physical and economic access of households to adequate supplies of safe and nutritionally adequate food; and (c) availability of food through import and production.
The Strategic Grain Reserve	...	To store enough grain to meet the national requirement of cereals for at least three (3) months.
The Botswana Agricultural Marketing Board	...	To offer a favourable price regime and extend marketing services to isolated parts of the country through depots and cooperatives.

4. TRACKING PROGRESS TOWARDS THE TARGETS

The Table below provides an assessment of Botswana's capacity to statistically monitor poverty and to incorporate statistical analysis into policy and programme design, implementation, monitoring and evaluation.

Botswana's experience with the collection of poverty related data dates back to the 1974 Rural Income Distribution Survey (RIDS) and includes Household Income and Expenditure Surveys (HIES) in 1985/86, 1993/94 and 2002.

Systems for monitoring poverty do, however require improvement. Whilst they provide quality household data essential for the measurement and analysis of poverty, HIES occur after long intervals, 8-10 years. Statistical capacity to track and monitor poverty requires further strengthening, whilst capacity to measure and analyse poverty is fragmented.

Capacity to Monitor Poverty

Elements of Monitoring Environment	Assessment		
Data gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacity to incorporate statistical analysis into policy	Strong	Fair	Weak
Monitoring and evaluation mechanisms	Strong	Fair	Weak

The capacities that reside at the Central Statistics Office (CSO), the Rural Development Coordination Division (RDCD), the Botswana Institute for Development Policy Analysis (BIDPA), and the University of Botswana, could perhaps be pooled together under a Poverty Observatory along the model of Uganda, which produces bi-annual poverty assessments.