

PEOPLE'S GUIDE TO THE BUDGET



2011/2012



Botswana's Economy Improves but Risks Remain

Over four quarters ending September 2010, the economy grew by 10.7 percent compared to a decline of 3.7 percent in 2009, due to the global economic recovery, especially the improvement of diamond and copper sales in the world market. The economy is expected to grow by 6.8 percent in 2011. However, risks to the outlook include depressed demand in advanced economies, uncertainty about global oil and commodity prices.

Labour Market Observatory Launched

Government launched a Labour Market Observatory (LMO) in 2010. Its major functions include bringing together job seekers and employers. Organisations and individuals interested to post jobs and CV's, may access the LMO at www.botswanalmo.org.bw.

Rationalisation of Parastatals

Botswana Post to merge with Botswana Savings Bank; Botswana Technology Centre with Rural Industries Promotions Company; Botswana Export Development and Investment Authority with International Financial Services Centre; and Botswana Training Authority with Tertiary Education Council.

Botswana to buy BTC Shares

Government approved the privatisation of Botswana Telecommunications Corporation and has committed to sell up to 49 percent of the shares to Batswana, while Government retains the remaining 51 percent. The process for implementing this decision is ongoing and is coordinated by the Public Enterprise Evaluation and Privatisation Agency in collaboration with the Ministry of Transport and Communications.

National Development Bank to be Privatised

The Privatisation Strategy for National Development Bank will be submitted for consideration and approval by Cabinet during the first quarter of 2011.

Government to Outsource Services

Cabinet will consider a mandatory Public Service Outsourcing Programme through which all Ministries will be required to outsource office cleaning, grounds maintenance, landscaping, and security services.

Citizen Economic Empowerment Policy

The Citizen Economic Empowerment Policy will be presented to Cabinet for approval during the first quarter of 2011.

Parliament to Consider Amendment of Some Laws

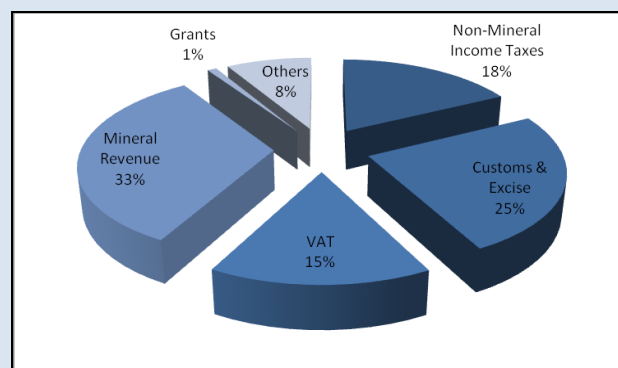
The following proposed amendments will be debated by Parliament during 2011.

- The Income Tax Act, proposal to abolish the two tier corporate tax system and replace it with a single corporate tax rate, and increase threshold for individual taxpayer from P30000 to P36000 per annum.
- Amend the Transfer Duty Act by increasing the threshold of Value Added Tax (VAT) personal allowance for goods imported as accompanying baggage from 500 to 1200 UA.
- Exempt farming implements, such as ploughs planters and harvesters from VAT.
- The Securities Bill; Public Finance Management Bill; Insurance Industry Act as well as Pensions and Provident Funds Act are to be tabled during the 2011 Parliament sitting.
- Micro-lenders Regulations are to be gazetted.
- Introduction of regulations to establish a Non-Bank Financial Institutions tribunal is underway.

Government Budget

Total Revenue and Grants for 2011/12 estimated at P34.1 billion.

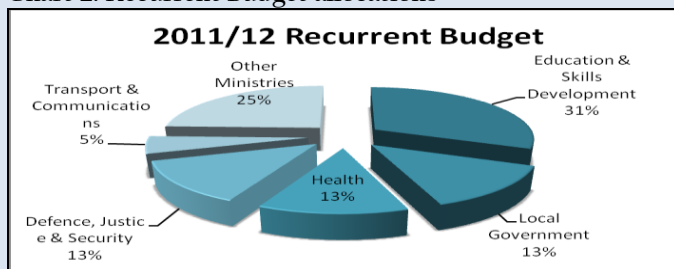
Chart 1: Total Revenue and Grants Estimates for 2011/12



Education Gets the Biggest Share of Recurrent Budget

To show Government's commitment to education, the highest share of the recurrent budget amounting to P8.7 billion (Chart 2), is allocated to Ministry of Education for post secondary bursaries and to cover costs related to opening of the newly built senior secondary schools of Nata, Mmadinare and Mogoditshane. The 4th senior secondary school in Shakawe will be opened next year. The second largest share of P3.8 billion goes to Ministry of Local Government to support social welfare and other programmes.

Chart 2: Recurrent Budget allocations



Government Committed to Poverty Eradication

Additional P100 million from Alcohol Levy Fund has been allocated towards poverty eradication initiatives to complement existing programmes such as Destitute Housing, Ipelegeng, Self Help Housing Agency, Integrated Support Programme for Arable Agriculture (ISPAAD), various youth programmes, Livestock Management and Infrastructure Development (LIMID) programme and Backyard Gardening.

Maintenance of Government Facilities Given Priority

P526 million has been allocated towards major maintenance of facilities and reconstruction of dilapidated infrastructure like schools, roads and refurbishment of some border posts. Another P200 million has been allocated for development of sewerage systems in Kanye, Kasane, Molepolole and Serowe.

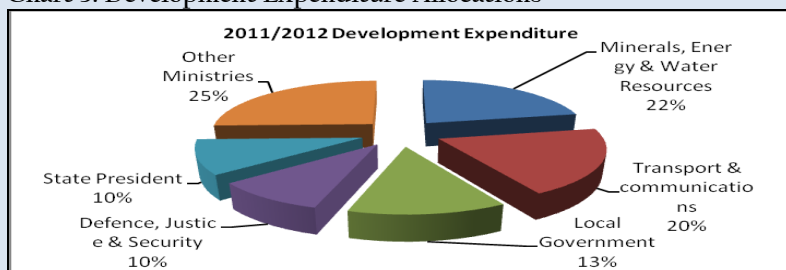
Government Allocates Larger Share towards Infrastructure, Water and Energy

To support private sector growth and diversification of our economy, the largest share of the development budget totalling P2.37 billion (Chart 3), has been allocated specifically for the on-going construction of Morupule "B" Power Station, three dams of Thune, Lotsane and Dikgatlong, supply of water at major villages of Kanye, Serowe and Molepolole and for the Emergency Power Generation Project.

Another P2.13 billion has been allocated towards on-going construction of roads and airports of Maun, Sir Seretse Khama and Francistown. The roads include the Western Bypass Circle - Metsimotlhabe, Gaborone - Tlokweng Border Post, Nata-Kazungula as well as Ngoma to Kachikau.

Village Infrastructure, District and Urban Roads, Labour Intensive Public Works and Urban Land Servicing have been allocated P1.4 billion.

Chart 3: Development Expenditure Allocations



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Budget Allocations

Total Revenue and Grants
= P34.1 billion

Recurrent Budget = P30.35 billion

- P8.7 billion to Ministry of Education and Skills Development
- P3.8 billion to Ministry of Local Government
- P3.68 billion to Ministry of Defence, Justice and Security
- P3.5 billion to Ministry of Health
- P1.5 billion to Ministry of Transport and Communications
- P2.15 billion shared by Other Ministries

Statutory Budget = P4.6 billion

Development Budget = P10.77 billion

Construction of Roads and Airports

- P2.13 billion for Major Roads and Airports development

Local Government Projects

- P1.4 billion for Local and District Projects.

Power Generation

- P800 million for the Construction of Morupule "B" Power Station.
- P500 million for Emergency Power Generation Project.

Water Supply

- P942 million for Water Planning and Development

- P119 million for Major Villages Water Supply

Health Programmes

- P981 million for HIV/AIDS Programme.

Total Expenditure and Net Lending = P41.03 billion

Overall Balance = Deficit of P6.93 billion