



## HIGHLIGHTS OF STANBIC BANK BOTSWANA QUARTERLY ECONOMIC REVIEW, FIRST ISSUE 2020

This first issue of the Stanbic Botswana Quarterly Economic Review focuses on the 2020 Budget Speech. The first paper reviews the entire budget. Its key observations are that this budget is prepared as prescribed by the Public Finance Management Act; the priorities it seeks to address are drawn from Vision 2036 and the eleventh national development plan (NDP 11); and its proposed allocations are aligned to the national development objectives.

It supports many of the proposed economic structural reforms and policy initiatives that are intended to put the economy on the path of high-incomes status such as reforming parastatals, developing infrastructure and human capital and curbing wastage. Moreover, it supports the need to restore fiscal sustainability whilst ensuring that the vulnerable groups are not excluded. It urges Government to implement the measures as a matter of urgency whilst ensuring that corruption is decisively dealt with.

The second article examines the transformation agenda that has been rolled out. It argues that the agenda calls for a new set of rules and approaches for it to be realised. It observes that it is unfortunate that the problems currently addressed have long beset our economy. The review urges government to commit to address these problems and, in particular, corruption for Botswana to graduate to high income status. Further, it stresses the need to address the challenges faced by the education and health sectors for a knowledge-based economy to materialise. The development of agriculture is identified as a key priority for addressing the country's socioeconomic problems. It concludes by remarking that while private sector development is key to achieving the transformation agenda, it has been very elusive for decades. Radical measures are needed to ensure that the private sector plays its expected role in transforming the economy.

After addressing conceptual issues of a knowledge economy, the third paper assesses whether the 2020/21 FY budget system is poised to contribute towards a knowledge-based economy. The tentative finding is that it demonstrates the appetite for knowledge economy; there is some evidence of connection between the budget system and economic transformation. It concludes by urging Government to implement the transformation agenda as a matter of urgency. It further urges the Minister of Finance and Economic Development to ensure that this time around, Botswana does not live to its reputation of being good at instituting good strategies that it either not execute them or not well executing them.

The fourth paper was influenced by the fact that Government plans to apply zero-based budgeting to 'other charges' item of the budget in 2020 in order to eliminate wastage. It explains how zero-based budgeting system can reduce wastage.

The last part of the budget commentary provides monitoring and evaluation insights and reflections from the 2020/21 budget speech. The paper is presented against the background that an Orientation Seminar on Budget Analysis for all Members that was held in Selibe Phikwe in January 2020. One of the key topics was "the Role of Parliament in Monitoring and Evaluation (M&E) of the National Budget". The key observation is that while it is generally accepted that M&E is important for assessing the performance of projects and programmes including the National Budget, the budget proposals and estimates of expenditure from the consolidated and development funds seem to only assist parliamentarians to partially monitor the budget at the national level. Much still needs to be done at the project and constituency levels.

