INTEGRATED SDG INSIGHTS

BOTSWANA

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.

HOW TO READ THIS REPORT

Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).

It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).

Combined, these insights are mapped against SDG interlinkages to define policy choices the accelerate SDG progress, tailored to national context (**SDG Interlinkages**).

These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

SDG MOMENT: BOTSWANA

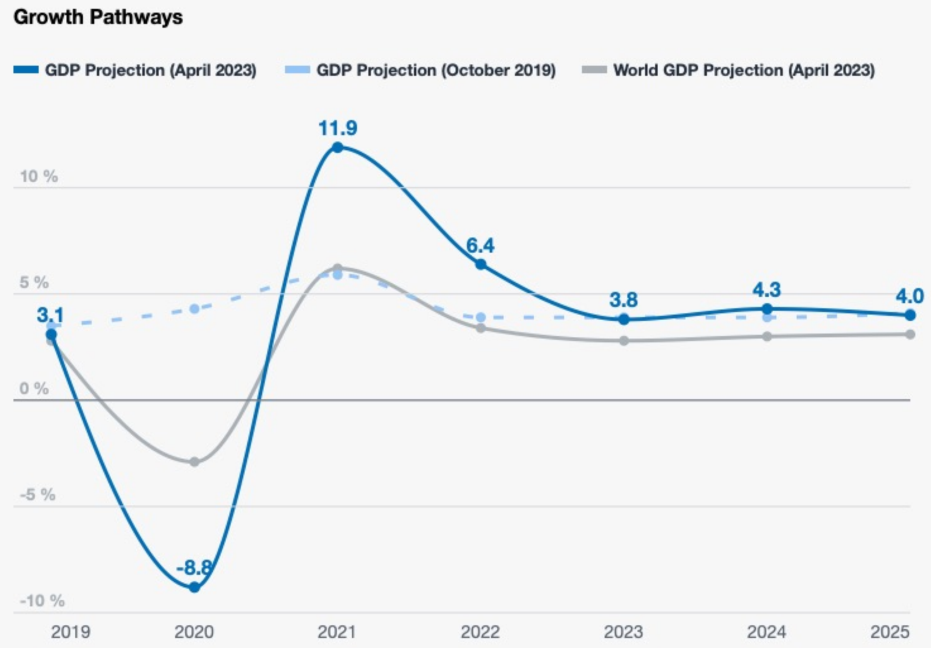
While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Botswana's economy is coping in 2023 and it is projected to accelerate in 2024 before returning to a coping phase again in 2025.[1] This pace of growth is characterized by being 35 % higher, on average, globally, and aligned to the country's growth trajectory projected before the pandemic —thanks to prudent macroeconomic policies, robust economic institutions, particularly around managing diamond revenue, and the fast-tracked implementation of the government's Economic Recovery and Transformation Plan.

In a context of high inequality and structural unemployment, a small domestic private sector focused on non-tradables, poor outcomes on health and education, low rural access to sanitation and electricity, water scarcity and natural resource vulnerability, and medium-term fiscal vulnerabilities, the sources of growth in Botswana's undiversified economy will continue to mainly be diamonds and tourism, as well as public administration for the next coming years. This pace of economic growth will continue to be primarily dependent on fossil fuels (as the country's carbon emissions intensity of GDP is expected to increase at an annual rate of 3.4% under current conditions), with limited impact on poverty reduction. The country's commitment to achieving the SDGs should focus on reducing extreme poverty and on shared prosperity.

[1] The economic cycle is determined by adjusting the country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.
[2] CO_2 emissions intensity of GDP is computed as tonnes of CO_2 per $1,000 (2017 PPP).

GDP



Source: IMF World Economic Outlook (WEO) (April 2023 and October 2019).

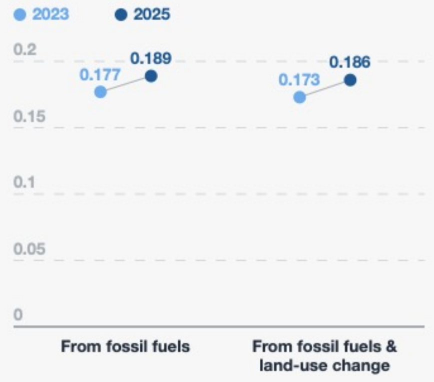
PEOPLE

Poverty: Percentage of the population under each threshold (PPP$ a day)

Source: Projections based on binned distributions ($0.10-bins, 2017 PPP) reconstructed from the World Bank's Poverty and Inequality Platform through the pip: Stata Module.

PLANET

Carbon Intensity: CO_2 emissions intensity of GDP (tCO_2 per PPP $1,000)



Source: Projections based on GDP data from the IMF WEO Database (April 2023), and on CO2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

SDG TRENDS

Understanding how Botswana performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.

SDG PRIORITIES

Botswana's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.

Key documents used for this analysis:

1. Botswana Common Country Analysis 2020
2. UNSDCF 2022-2026
3. Botswana Vision 2036
4. Second Transitional NDP 2023 – 2025
5. Botswana VNR 2022 Report
6. Budget Speech 2023
7. Botswana Sustainable Finance Strategy
8. National Energy Policy
9. The Climate change Policy
10. Tourism Cluster Strategy

SDG INTERLINKAGES

SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Botswana to achieve the 2030 Agenda for Sustainable Development and navigate trade-offs.

Based on a global framework for interlinkages, Botswana's SDG progress is colour-coded at the target level.

Building from national trends and priorities, the following integrated SDG pathways reflect policy choices with the most potential to accelerate the SDGs for Botswana:

- Target 7.2: Increase global percentage of renewable energy
- Target 8.2: Diversify, innovate and upgrade for economic productivity
- Target 10.1: Reduce income inequalities
- Target 16.6: Develop effective, accountable and transparent institutions

ACCELERATION PATHWAYS

SYNERGIES

TRADE-OFFS

SDG INTERLINKAGES

8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Economic diversification has been a key priority for Botswana for decades, given the economy's extreme dependence on a single natural resource, diamonds. However, diversification continues to be elusive as the country remains heavily dependent on diamond exports which made up 80-85% of export earnings before the COVID-19 pandemic. Lack of economic diversification makes the Botswana economy vulnerable to external shocks and slows progress on reducing inequality, poverty and unemployment. Diversification offers multiple benefits such as macroeconomic stability, economic growth, job creation and development, alongside promoting greater private sector activity, more sustainable public finances and greater skill diversity in the labour force.

To promote economic diversification, it is essential to prioritize investments in core infrastructure, energy, telecommunications, transport and logistics that would support diversification into non-resource intensive activities, such as manufacturing and services, as well as cut delays and improve market access.

Acknowledging the increasing importance of services in supporting the country's diversification efforts, it would be beneficial for Botswana to develop new “deep trade agreements” covering the whole range of services and digital services (e-services, e-commerce, and others). Such services-oriented trade policies could lead to higher levels of employment and greater labour and overall productivity.

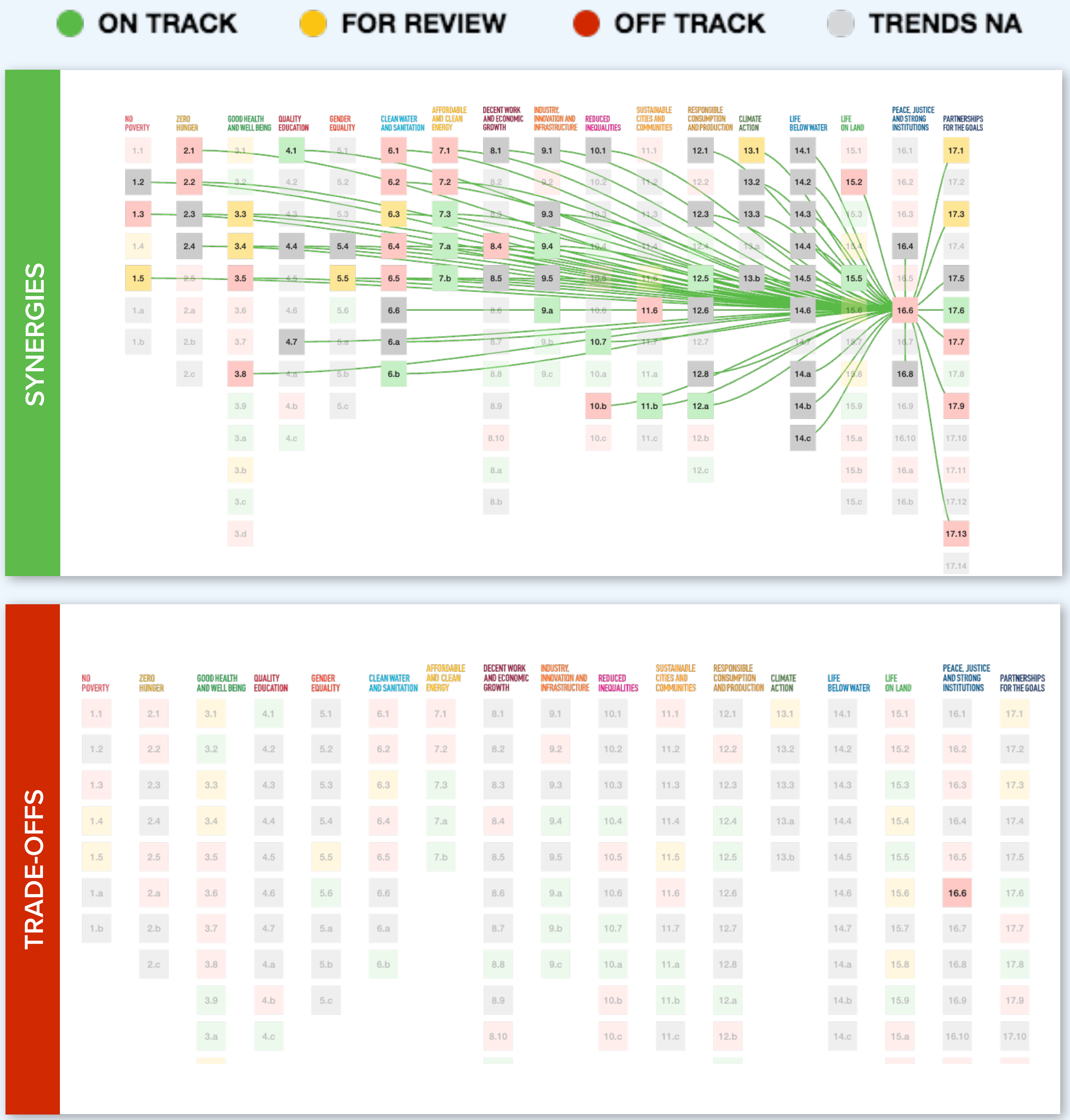
SDG INTERLINKAGES

16.6: Develop effective, accountable and transparent institutions at all levels

In Botswana approximately 64.9% of the population expresses satisfaction with the public services they receive. By focusing on SDG 16 (peace, justice, and strong institutions), and specifically Target 16.6, measures can be implemented to cut across all goals and pillars outlined in the Botswana Vision 2036, where public services are provided.

This offers Botswana the opportunity to set a higher ambition, for example towards the percentage of the population satisfied with public services received. This increase will have a positive multiplier effect on the progress of other SDGs.

However, it is crucial to ensure that this ambition is accompanied by safeguards to prevent the deepening of poverty, or of inequalities.



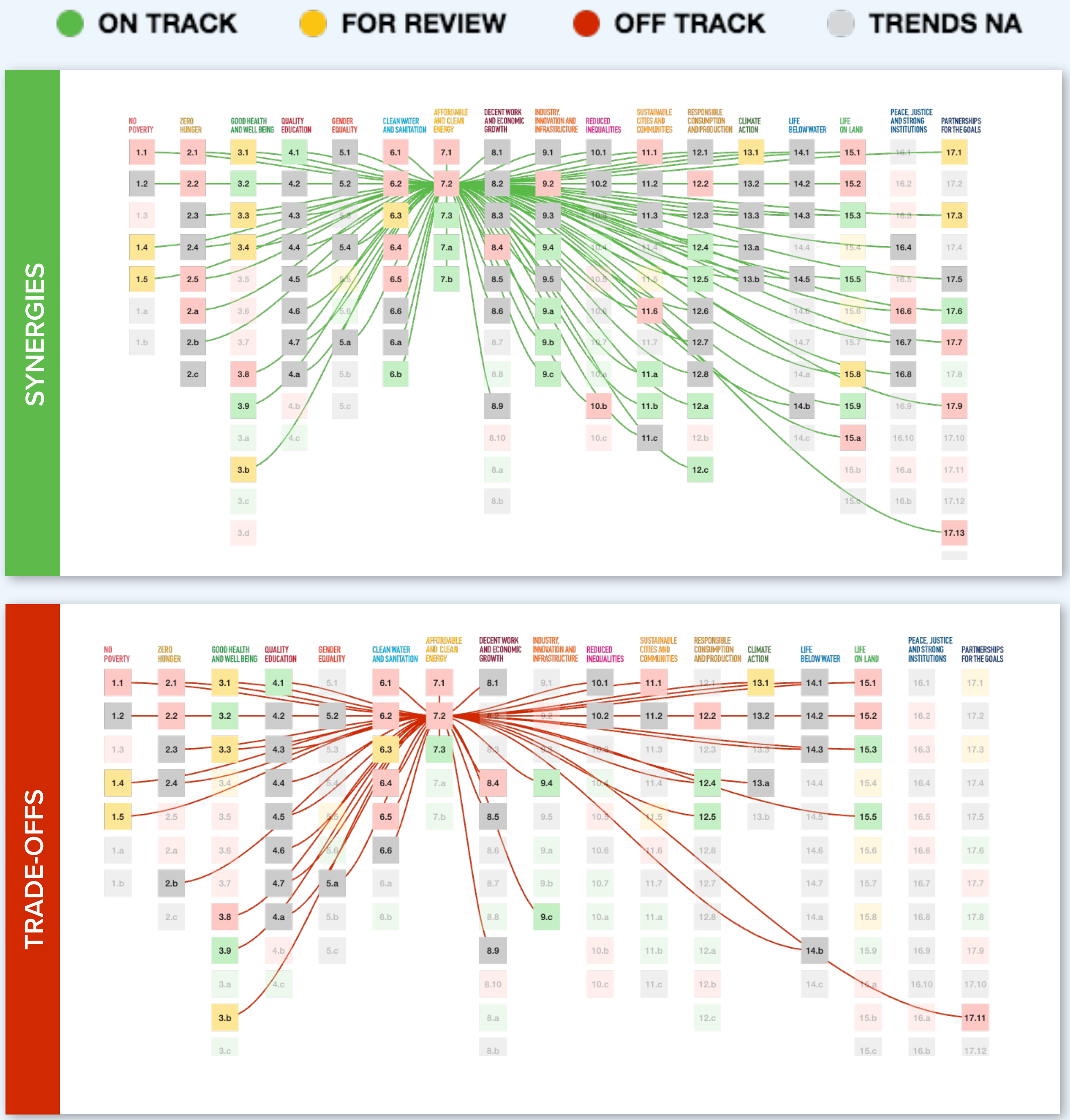
SDG INTERLINKAGES

7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

Access to reliable and secure energy for all is crucial for meaningful progress in Botswana. The persistent risk of electricity load shedding highlights the need for effective short-term and medium-term strategies. However, a long-term focus on significantly increasing the share of renewable energy is essential. This would result in greater electricity availability, including off-grid situations, reduced business disruptions, environmental protection and decreased inequality. A large-scale shift toward renewables would also foster economic diversification through export of electricity.

The country's current installed capacity of 890MW is dominated by coal resources (99%) and the country is rebalancing the power mix by involving the private sector in building additional capacity in renewable energy sources. The country's first Integrated Resource Plan (IRP), which was approved in August 2020, provides the national framework for energy planning, identifies priority renewable and thermal energy projects to meet growing energy demand and a transition to clean energy. This will result in an increase of peak electricity demand supplied by renewable sources from the current 6% to 36% by 2036 .

When undertaking these investments, it is vital to incorporate safeguards to ensure that the bottom 40% of the population (who reside in rural areas, often with no grid connection) is not left behind. This emphasizes the importance of inclusive approaches that consider the needs and welfare of all segments of society.



SDG INTERLINKAGES

10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average

The share of the population living below the US$2.15 per person per day (2017 PPP) declined significantly from 29.1 percent in 2002/03 to 17.7 percent (2009/10) and then more slowly to 15.4 percent in 2015/16 in Botswana. Inequality remains high at 53.3 (Gini coefficient in 2015). Gender, place of birth, parents' education, health and exposure to environmental shocks are key drivers of inequality. Low intergenerational mobility and the large gaps between rural and urban areas further exacerbate inequality.

Botswana should tackle issues that contribute to inequality and inhibit shared prosperity by supporting economic diversification and a focus on private-sector job creation. Social interventions will need to continue to support the most vulnerable members of society. Developing a more effective, full coverage social protection system, based primarily on a life-course approach, could significantly reduce inequality on a broadly fiscally neutral basis.

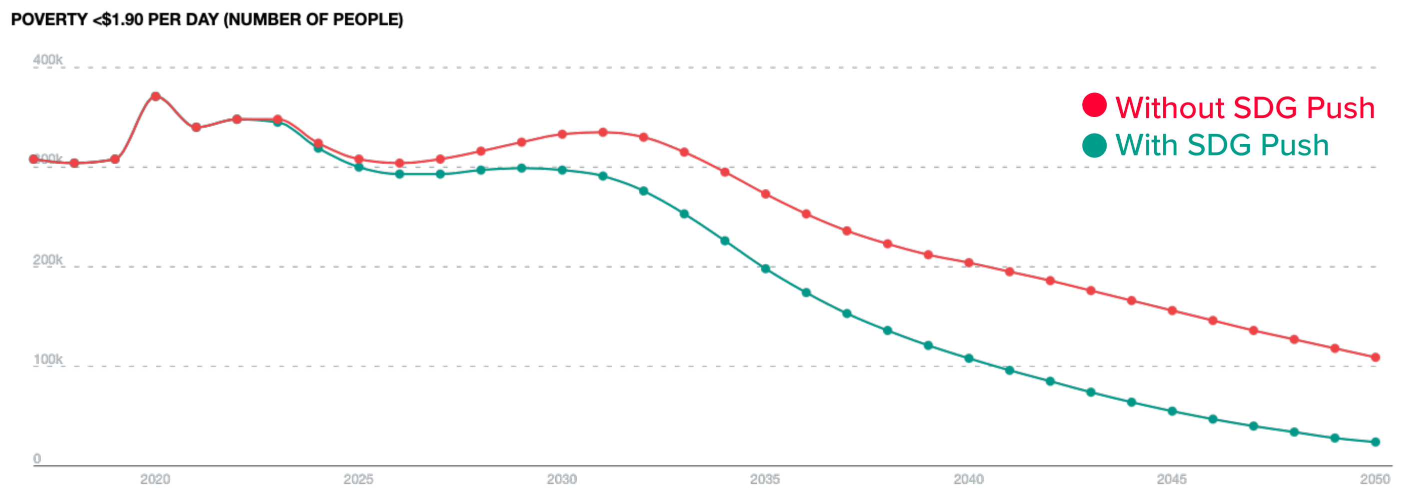
THE SDG PUSH - FUTURES SCENARIOS

Achieving the SDGs is possible.

The ‘SDG Push’ is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating ‘SDG Push’ accelerators into development interventions in Botswana can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	330,000	110,000
With the SDG Push	300,000	24,000



FINANCE & STIMULUS

Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low frequency data points linked to government revenue and debt as a proportion of GDP as well as the natural resource share of total revenue. The financial indicator graphs show external debt servicing relative to revenue as well as the 10-year bond yield.

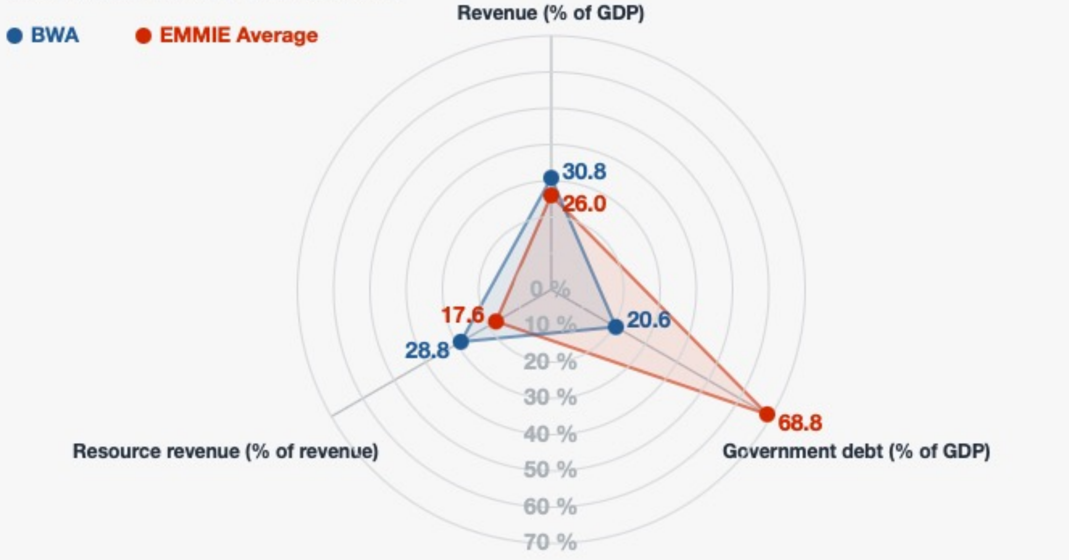
Botswana's gross government debt, expected at 20.6% of GDP in 2023, is less than a third of the emerging market and middle-income economies (EMMIE) average of 68.8%. The country is expected to collect 30.8% of GDP in revenue this year – 4.8 percentage points (pp) more than the average EMMIE country at 26% – with natural resources accounting for nearly a third of said revenue.

Botswana's external debt servicing relative to revenue, at an expected 2.8% this year, is less than a quarter the EMMIE group's 12.3%. The country's 10-year bond yield is trading at 7.3% – 2 pp below the EMMIE average of 9.3%, thus suggesting higher investor confidence than in comparable economies – and 3.5 pp above a 10Y US Treasury bond. Due to larger buffers and less government debt at the start of the pandemic, Botswana faces comparably fewer fiscal constraints than other sub-Saharan African countries, but struggles with structural challenges, continuous negative external shocks, and high unemployment rates.

Boosting human development without raising indebtedness may be achieved by expanding the revenue base, streamlining subsidies, supporting state-owned enterprises, and using the fiscal space created specifically for enhanced SDG attainment. Greater openness for trade and improved SME access to financing would boost employment and further expand the tax base.

Botswana is using an Integrated National Financing Framework to address key fiscal and financial constraints and build a more sustainable financial architecture at the national level. Priority actions have been identified in the areas of domestic revenue mobilization and tax administration, especially in relation to estimating the national tax gap by tax types, including income tax, VAT, sales tax, customs duties, property and environmental taxes; intensifying tax audits focused on the largest sources of revenue such as corporate income tax, VAT and personal income taxes; digitalizing the tax administration system to improve efficiency, reduce errors, and increase compliance. Identified actions also include the implementation of a national PPP law; establishing sustainable and green financing taxonomies; shifting from non-concessional external pubic borrowing to the domestic financial market to facilitate the building of a robust yield curve and increased depth in benchmark bond issuance; business environment improvement by simplifying business registration process, improving access to credit, enhancing property registration procedures, fostering efficient contract enforcement, facilitating cross-border trade, and strengthening insolvency frameworks.

LOW-FREQUENCY INDICATORS



FINANCIAL INDICATORS

Notes: External debt covers public and publicly guaranteed debt. The EMMIE average of resource revenue (% of revenue) includes the 60 economies that reported data for that indicator, that of 10-year bond yield (%) includes 30.

Sources: UNU-WIDER GRD (resource revenue, data from 2020), IMF WEO April 2023 (debt and revenue, forecasts for 2023), IDS (external debt, data from 2023), worldgovernmentbonds.com and Haver Analytics (yields as of 8 June 2023).

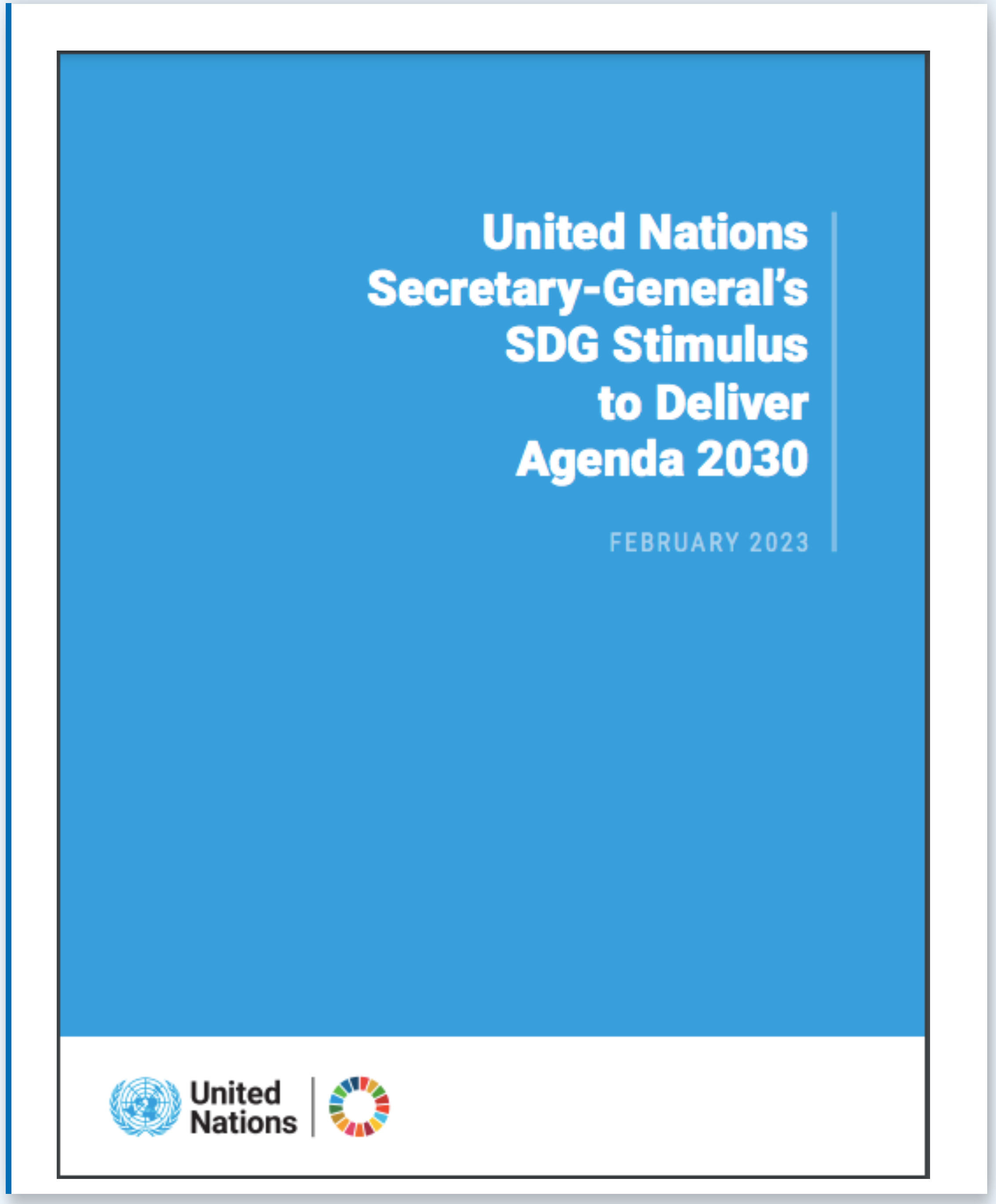
SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by Botswana, possible funding options for the investments derived from the identified interlinkages are mechanisms identified in the SDG Stimulus, as relevant to Botswana:

- Tax and revenue reform, including reviewing the budget's revenue and expenditure side for more efficiency and conduciveness to SDG attainment, and to reduce the SDG financing gap
- Climate finance, including carbon markets
- Blended and public-private finance
- SDG-aligned business environment and investment
- Deepening financial markets and expanding insurance
- Remittances, philanthropy and faith-based financing


United Nations Secretary-General's SDG Stimulus to Deliver Agenda 2030

FEBRUARY 2023

United Nations

METHODOLOGY

Click here to view the Methodological Note for the Integrated SDG Insights

SDG MOMENT

Methodology

Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

Data Sources

Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO_2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

TRENDS & PRIORITIES

Methodology

SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents.

Data Source

Trends utilizes official UN statistics to assess SDG progress, supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.

INTERLINKAGES

Methodology

Global target-level interlinkages are drawn from the KnowSDGs Platform by European Commission. SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

Data Source

The exercise globally considered a total of 454 documents published from 2015 to August 2022. (Miola et al., 2019 updated in 2021-2022)

FINANCE & STIMULUS

Methodology

Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

Data Source

Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).