



# Country Brief: Botswana

**Region:** Africa

**Natural Capital:** Known mainly for its extensive diamond reserves, which have been the mainstay of the economy for decades, Botswana also has rich biodiversity. The Okavango Delta, for example, is a Ramsar and World Heritage Site and just one of many ecosystems in the country that have significant biodiversity value and also play a key role in the economy. These ecosystems underpin tourism as well as the livelihoods of herders, farmers and fisherfolk.

**Critical Decision:** Despite being a middle-income country for many years, Botswana still has high levels of poverty. Keen to stimulate growth, diversify its economy and eradicate poverty, Botswana has identified several options for development, including nature-based tourism, expanded mining and agriculture. How can it optimize its natural resource use to achieve these goals, especially with scarce water resources?

## Natural capital accounting as a diversification tool

Botswana's vast stock of natural resources — a combination of minerals, energy, protected areas, crops, pastureland and non-timber forest products — account for one-third of the country's total wealth and underpin many important contributions that drive the economy such as nature-based tourism, mining and agricultural activities.

Natural capital accounting (NCA) can help the government determine the true value of those natural resources, optimize their use, and determine how they can be used to diversify the economy and reduce poverty.

Botswana has a long history of economic planning for development and is currently formulating the 11<sup>th</sup> plan, which incorporates NCA as a tool to inform their strategies on climate change adaptation, poverty eradication and the post-2015 development goals.

## Making waves in Botswana

The WAVES partnership enables Botswana to fill key information gaps to support policy dialogue and improve economic decision-making. As a core implementing country, Botswana has access to international expertise to build their own capacity to be able to construct the accounts regularly.

Botswana is working on four priority areas for NCA:

**Water Accounts:** To better assess the availability, uses, and economic contribution of water.

**Land and Ecosystem Accounts:** Inform management of ecotourism and land use in four key ecosystems: Okavango, Chobe, Makgadikgadi Pans, and Central Kalahari.

**Mineral and Energy Accounts:** Determine the optimal energy mix for the future and examine the role of Botswana's coal in a green economy.

**Macroeconomic Indicators of Sustainable Development:** Develop indicators like adjusted net national income, adjusted savings, and national wealth accounts to assess the prospects for long-term, sustainable growth.

### How will WAVES help?

WAVES is helping Botswana use environmental accounting to access the economic information it needs to answer that question and improve decision making. The project is collecting detailed information to optimize natural capital use, and looking beyond GDP as a measure of economic growth to find indicators that take natural capital into account.

#### Accounts Being Developed:

Water, Land and Ecosystems, Mineral and Energy, Macroeconomic Indicators of Sustainable Development

#### WAVES lead government

**agency:** Ministry of Finance and Development Planning

#### Country steering committee:

The WAVES-Botswana Steering Committee is composed of representatives from the: Ministry of Finance and Development Planning (Chair); Ministry of Environment, Wildlife and Tourism; Ministry of Lands; Ministry Of Minerals, Energy and Water Resources; Ministry of Agriculture; Ministry of Infrastructure, Science and Technology; the Botswana Confederation of Commerce, Industry and Manpower; and Botswana Tourism.

#### Country Coordinator:

Ms. Portia Segomelo

#### World Bank Contact:

Glenn-Marie Lange  
Glange1@worldbank.org

#### Resources:

For a range of Botswana resources go to: <https://www.wavespartnership.org/en/botswana-natural-capital-diversification-tool>



Curt Carnemark / World Bank

## The story so far

The first task of WAVES Botswana was to review data availability, gaps, and lessons from previous natural capital accounts with the ultimate aim of being able to institutionalize NCA.

The government welcomed preliminary results from the first water accounts, and a second phase is underway. Work has begun on ecosystem, mineral and energy accounts.

The WAVES-Botswana steering committee provides regular updates to the Botswana Economic Advisory Council (BEAC), a ministerial-level group from the government and private sector chaired by Botswana's President Ian Khama. In 2014 for the second year in a row, President Khama highlighted the importance of NCA to Botswana's economic development in his annual State-of-the-Nation address.

Institutionalization has already begun: The Department of Water Affairs has established a water accounting unit. A unit has been set up within the Macroeconomics Policy Division of the Ministry of Finance and Development Planning to coordinate NCA objectives across relevant sectors.

Some of the preliminary findings emerging from accounts are the following:

### Water Accounts

- Groundwater accounts for the largest share of water use.
- Botswana's total water use has increased by one third between 1993 and 2011 — a slower rate than the rate of economic and population growth because of water use efficiencies. Water use per person has fallen by 10 per cent in the same period.
- The agricultural sector (livestock and irrigation), is the highest water user (43 and 44 per cent in 1993 and 2011 respectively), but a low contributor to GDP and formal employment. The sector supports a large share of informal employment, providing a social service.

### Mineral Accounts

- Mineral (resource) rents have made a major contribution to Botswana's economic growth; however, rents are declining in real terms and in relation to GDP. The declining contribution of resource rents to GDP means that new sources of growth will be needed, emphasizing the importance of diversification.
- Mineral accounts show the vast majority of resource rents have been derived from diamond mining, with a small contribution from copper-nickel mining; the resource rent from coal has been negative, which suggests that it has been underpriced relative to its economic cost.

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