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THE ECONOMIC DEVELOPMENT OF BOTSWANA

Abstract: this article studies the economic development of Botswana including the main economic sectors, the GDP and its growth rates, the nominal and real GDP per capita of recent years.

Key words: economic development, Botswana, economics sectors, GDP

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ЭКОНОМИЧЕСКОЕ РАЗВИТИЕ БОТСВАНЫ

Аннотация: в статье рассматриваются тенденции экономического развития Ботсваны, включая основные сектора экономики, ВВП и темпы его роста, номинальный и реальный ВВП на душу населения за последние годы.

Ключевые слова: экономическое развитие, Ботсвана, секторы экономики, ВВП.

Botswana is a hot semi-arid country of the southern region of Africa with mainly the desert and tropical savanna climate, sandy soils and a low average of rainfall which is usually less than 500 ml per annum. It is a land locked country with no claim to any

seaports Africa, which mean it is surrounded but other countries namely Namibia, South Africa, Zambia and Zimbabwe. The country has a population of only 2.2 million inhabitants but a relatively large area of 600 375 km squared. The economy of Botswana is currently one of the world's fastest growing economies, averaging about 5% per annum over the past decade. [1]

Just after its independence in 1966, Botswana was known as one of the poorest countries in the world with nothing to show in its economical field. Until the beginning of the global recession in 2008, Botswana maintained one of the world's highest economic growth rates since its independence in 1966 [2]. Now the country is known as one of most of the rich countries in the African Region.

Botswana is a fast-developing country with a world ranking of 114th with GDP with \$18.615 billion in its name. The government has consistently maintained budget surpluses and has extensive foreign-exchange reserves[3]. The major sector of economics is the mining sector as it is renowned across the globe for its production and exportation of quality diamonds both by weight and by value. Other sectors include the agricultural (mainly beef production) and the famous tourism sector.

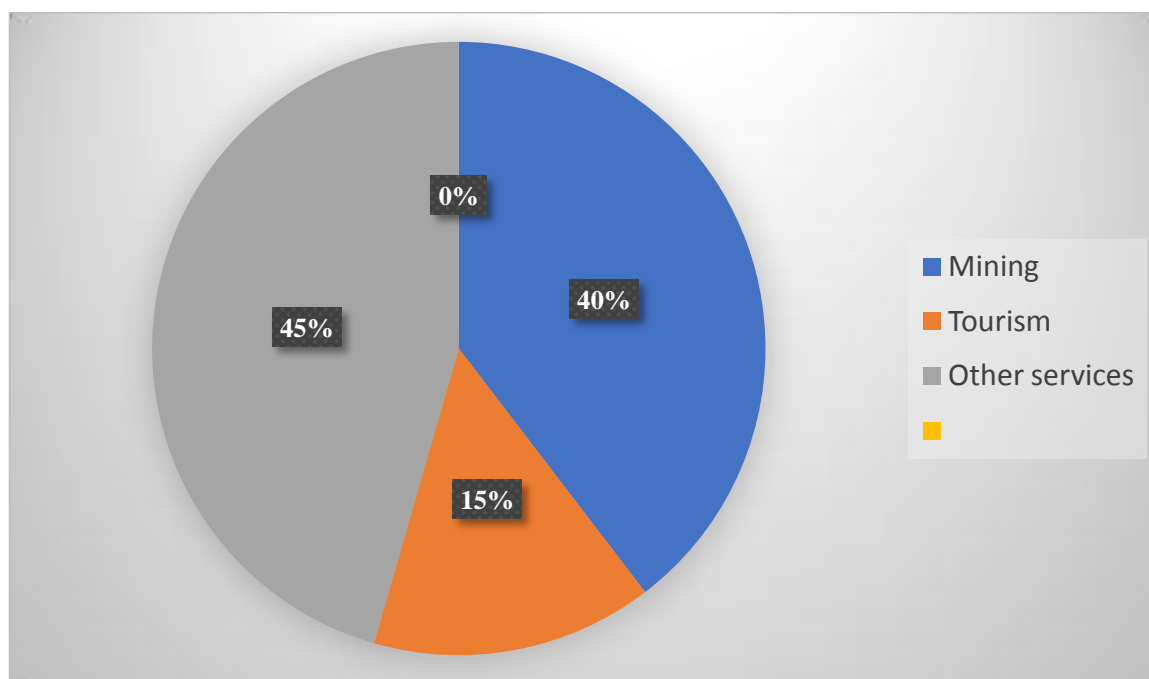


Figure 1: The Economic Sectors' contribution to GDP (2019)

Most of the economical activities take place on the south eastern part of the country where Gaborone, its capital city is located because it is where there is most rainfall and fertile soils accompanied by the many people available for labour opportunities. Agriculture still provides a livelihood for 70% of the rural population[23] but supplies only about 50% of food needs and accounted for only 1.8% of GDP as of 2016 [4]. Otherwise, other sectors take place in the other regions of the country including Tourism in the Northern and South-Western parts of the country where the infamous Okavango Delta and the Kalahari Desert are located respectively.

It is in the South-Eastern part of the country, where industries like the Beef production have established their presence such as the cattle ranches and crop lands that will later be used to feed the cattle. The Botswana Meat Commission (BMC) is also where the administration is located along with the slaughterhouses where the meat is prepared for exportation to other regions including Europe.

Table 1: The Nominal and Real GDP per capita including the GDP growth rate

GDP Per Capita million pula	Nominal GDP Per Capita	Real GDP Per Capita	Growth
2016	76800	40500	2.7
2017	79900	41000	1.3
2018	83000	42100	2.9

According to the table above there was a significant decrease in the year 2015 where the mining sector hit a rough patch due to the weak recovery in the global markets, particularly in the major markets for diamonds. Two large mining companies, Debswana (formed by the government and South Africa's De Beers in equal partnership) and Bamangwato Concessions, Ltd. (BCL, also with substantial government equity participation) operate in the country. BCL was placed in provisional liquidation in late 2016, following years of loss-making operations, and was placed into final liquidation

by the High Court in June 2017[3]. The copper-nickel production also fell due to the liquidation of the BCL mine in Selebe-Phikwe. The country then made a steady recovery after the improvement of the Diamond market and the efforts of re-allocation of jobs.

Botswana rapidly became one of the world's development success stories. Significant mineral (diamond) wealth, good governance, prudent economic management and a relatively small population of slightly more than two million, have made it an upper middle-income country [4].

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