



**REPUBLIC OF BOTSWANA**

**STATEMENT BY**

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**DURING**

**THE AD HOC OPEN ENDED WORKING GROUP TO FURTHER  
STRENGTHEN THE SMOOTH TRANSITION PROCESS FOR  
COUNTRIES GRADUATING FROM THE LEAST DEVELOPED  
COUNTRY CATEGORY**

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**Chairperson,**

**Excellencies,**

**Ladies and Gentlemen;**

1. Let me first begin by thanking the two co-chairs for inviting me to this very important panel discussion on the “**Smooth transition process for countries graduating from the Least Developed Countries Category**” and to share Botswana’s experiences in this regard.

**Chairperson,**

2. When Botswana gained Independence from Britain in 1966, it was the third poorest country in the world.
3. The country had rudimentary infrastructure and only 2 kilometers of tarred road. The literacy rate and the GDP per capita were quite low by international standards.
4. Through sheer luck, there was discovery of substantial deposits of diamonds in the early days of Independence.
5. With revenue derived from diamonds, Botswana has consistently recorded impressive rates of economic growth over the past forty years.
6. Real GDP growth averaged 9.8% between 1966 and 2004 largely because diamonds accounted for 75% of Botswana’s export earnings, about 50% of Government revenue and 37.5% of the GDP.
7. As a result, in 1994 the Country graduated from being one of the 25 poorest Least Developed Countries in the world to the Middle Income bracket.
8. Revenue from diamonds has enabled Government to provide infrastructure, free basic health and education to the population.

9. We now have more than 10, 000 kilometers of a network of tarred roads across the country.
10. We have moved from the nine (9) Secondary Schools we had at Independence to two hundred and thirty three (233), as well as a number of teacher' and vocational training colleges.
11. The tree shade classrooms that were a common feature during our pre-Independence era have now given way to modern, spacious brick – and – mortar classrooms. Our literacy rate has risen from 10% at Independence to the current 90%.
12. Even though, like other countries, we still face challenges of economic diversification, poverty and unemployment, the Government of Botswana is proud to have invested the meagre resources of the Country towards improvement of the quality of life of its citizens.

Chairperson,

13. While diamonds have played a major part in the transformation of Botswana's economic fortunes, the critical importance of the maintenance of a stable political and macro-economic environment cannot be over emphasized. This includes the fight against corruption, promoting respect for democracy, good governance, the rule of law and human rights.
14. Prudent and transparent management of public resources has actually been one of Botswana's major strengths.
15. To this end, the country has a robust national development planning process which takes into account all sectors of the economy, and ensures efficient, effective and equitable utilisation of the country's resources in accordance with national priorities.
16. Each Plan period spans six (6) years, with provision for a mid-term review, to identify challenges and initiate strategies for addressing them.

17. Government is continually devising strategies and policies to diversify the economy, with a view to reducing its over - reliance on mineral revenues, especially from diamonds.
18. The service sector is at the centre of the diversification efforts.

**Chairperson,**

19. Allow me at this juncture to address the critical question of how graduation impacted on Botswana:
  - Loss of Official Development Assistance. We virtually became orphaned. The traditional Donor – Recipient relationship we had enjoyed with our Donors over the years was redefined and replaced with new forms of partnership.
  - Because of the application of GDP per Capita criterion, we were no longer eligible for grants, soft loans and other concessionary sources of funding. International attention was focused on HIPC Countries and emerging economies.
  - Dependence on single commodity increased the country's vulnerability to the vagaries of the global economy, including the effects of the recent economic, financial, food and energy crises.
  - Loss of market access opportunities as only Least Developed Countries (LDCs) were eligible for Special and Differential Treatment, including duty and quota free market access.
  - Weakening of our civil society and NGOs. These were generally starved of international funding on the premise that Government should fund them. This explains why civil society and NGOs in countries classified as LDC or HIPC are more vibrant.

20. Having said that, Let me now turn and look at what we consider to have been the positive side of graduation:-

- Through graduation, Botswana has ensured that it remains firmly in control of its destiny, free of Donor interference and conditionalities.
- Because of graduation, Botswana acquired policy space to independently determine and pursue its set of development priorities and to allocate resources accordingly. There is pride in a Country financing its own national development programme from its domestic resources, without relying on donors to fulfill their pledges.
- The country's access to international capital markets, ability to attract foreign direct investment and promote private sector development was enhanced after graduation.
- Graduation provided an opportunity for creativity and innovation in the sustainable utilization of the Country's natural resource base and in the management of the country's development path.

21. I wish to conclude by emphasizing the point that graduation has to be a celebrated achievement in that it signifies a significant landmark in an LDC's development, including progress towards the fulfillment of development goals and aspirations in terms of infrastructure, per capita income, human assets and economic vulnerability. Every LDC should therefore look forward to and work towards graduation some day, in order to avoid the risk of continued marginalization.

22. Even though countries which have graduated lose access to Official Development Assistance and other concessions and support measures which are dedicated to LDCs, their graduation also opens up new opportunities for sustained economic growth and integration into the global economy, like in Botswana's case.

23. In terms of recommendations on the way forward, it is worth pointing out that the Istanbul Declaration acknowledges that:

***“The graduation process of LDCs should be coupled with an appropriate package of incentives and support measures so that the development process of the graduated country will not be jeopardized”.***

- The provision of such package of incentives and support measures for graduating countries is absolutely critical in order to soften the ground for these countries.
- In addition, it is important that development partners should support the transition process of graduating countries so as to minimise disruption to their economies. Countries which have graduated should not be made victims of their own success.
- Trading Partners should be encouraged to maintain trade preferences for graduating LDCs and then phase them gradually over a period of time.
- Similarly, the WTO system should consider extending to any graduating country, the special and differential treatment provisions that are available to LDCs, for a period appropriate to the needs and peculiarities of the Country concerned.
- There should be room for re-classification in situations where there is empirical evidence that a graduated country has regressed due to circumstances beyond its control, such as the adverse impact of the global economic recession, natural disaster, HIV/AIDS pandemic, etc.

24. I thank you for your attention and look forward to a lively exchange of views on the subject matter of our discussion.