PARLIAMENT OF BOTSWANA

RESPONSE TO THE BUDGET SPEECH

BY

LEADER OF THE OPPOSITION
HON. DUMELANG SALESHANDO

©12 FEBRUARY 2025

Introduction

1.1 Mr. Speaker, it is indeed my pleasure to respond to the 2025 budget speech as presented by His Honour the Vice President and Minister of Finance, Hon. Ndaba Gaolathe. Let me commence my address by congratulating the Minister on his appointment to the top position of determining the economic destiny of the republic. In the words of one of your mentors, the late Sir Ketumile Masire, you must be Very Brave or Very Foolish to accept responsibility to head the Ministry of Finance at a time when the financial challenges seem overwhelming.

1.2 Our first Minister of Finance, who like you, doubled as the Vice President faced the task of managing an economy that did not seem viable, a country that needed unavailable resources to meet its developmental challenges. The key role of the Minister of Finance at the time included begging for revenue from the former coloniser to meet our basic needs.

1.3 Fast forward to the time when another one of your mentors, the late Baledzi Gaolathe oversaw a growing economy in which the phrase "budget deficit" was more the exception than the norm and the country boasted of healthy foreign reserves. Our situation then was well captured In the words of one editor of a publication called The Banker of 3 April 2005 when they wrote as follows;

"*Running one of Africa's most successful economies, fired by diamond wealth, should allow Botswana's minister of finance and development planning, Baledzi Gaolathe, to sleep comfortably at night*."

1.4 Unlike your father, you will not have the benefit of sleeping comfortably. Your first budget comes with a deficit of **P 22.12 billion**. Comparable to your father's case, the nation has hope that you are sufficiently qualified to make the right decisions and steer the nation to calmer fiscal waters. Count your blessings, for it is not always the case in politics that a nation can embrace both father and son for the same position of national leadership in the warm manner that Batswana have done in your case.

1.5 There is no doubt that the year 2024 has been an incredibly difficult one for Botswana. We endured a deep annualised recession of 3.1%, rates of unemployment, poverty and hunger that are too high for an upper middle-income country (UMIC), deep crises of performance and governance in education and health that have seen us fall further behind our peers, and declining safety and security for people and property.

1.6 We suffered through failing public services under an arrogant and corrupt political leadership, a sharp deterioration in government revenues and an ineffective response to climate change. The UDC government is called upon to chart a different course for the economy and our society, not just business as usual.

1.7 We start the year 2025 with an isolationist government in the USA turning America against multilateralism, international trade, humanness and humanitarian assistance in a very disruptive way and destroying the architecture for global governance. **The future of natural diamonds is uncertain**. Conflict and geopolitical tensions threaten to disrupt global supply chains.

1.8 Amongst the many things we must agree upon as leaders and as a people is that we are the generation that is called upon to be strong in the face of adversity. We are expected toughen up, summon **our individual and collective ingenuity and will ourselves to do better than ever before**. We owe this to the majority of our people who live in poverty, and to the young Batswana who face despair in large numbers because of a human capital development system and an economy that fails far too many of them. They voted for change. They must see change in their lives.

1.9 The 2025 budget speech is significant as it is the first budget for the new government. Firstly, it's a measure of your commitment to the promises that you made when campaigning for office. Secondly, it allows the ruling party an opportunity to give the nation a clear roadmap of the changes they should anticipate over their term in office.

1.10 This being the first budget of the UDC government, it is necessary that I restate what I said about the opposition's role in my response to the government's inaugural SONA, that it is our patriotic duty, in this journey is to be a constructive opposition.

1.11 We will, without fear or favour, perform our oversight function robustly. We will hold the government to account for performance against its promises, for the use of public resources and assets and for both its actions inactions. We will also share our alternative viewpoints generously. We will do all these in good faith to help you stay the course and be a better government, if you have the will power.

Respecting the contract.

1.12 Political party manifestos are a social contract between the government and the voting public. Unlike legal contracts, social contracts have no legal mechanisms through which they can be enforced. Because of the lack of legal enforcement, it remains the duty of the official opposition to call upon the ruling party to deliver on its promises and point out where the pledges were possibly made without any commitment to implement, hence winning elections through deception and untruthfulness.

1.13 What promises did the UDC government make that the voter expected to be addressed by the government through resource redeployment? As the BCP, we strongly believed that some of the promises were recklessly ambitious, however the voter believed the pledges and accorded the UDC an opportunity to deliver the promises as a ruling party. I will focus on the pledges that are clearly dependent and can be directly linked to the budget performance;

a) Delivering an economy that grows at an average of 10% over the five years to 2029
b) Increasing the old age pension to P 1,800.00 by November 2024.
c) Reducing the age for old age pension to 60 years.
d) A Living Wage of P 4, 000.00 per month.
e) Creating between 450,000 to 500,000 jobs within 5 years.
f) Building 100,000 houses within 5 years.
g) Increasing the living allowance for tertiary students to P 2,500.00 for all tertiary and vocational training institutions.
h) Increasing Ipelegeng stipend to P 2,500.00 per month.
i) Distributing free sanitary pads to female students in primary and secondary schools.

j) Attracting at least P 100 billion annually in domestic and foreign investments
k) Turning Chema Chema loan into a grant.
l) Reducing water and electricity tariffs by 30%.

1.14 All these promises were made with the full knowledge of the state of the economy. Long before the release of the UDC manifesto, the performance of our economy, the poor performance of the diamond market as well as the state of our Government Investment Account (GIA) were matters of public knowledge.

1.15 Any claim by the government that the fiscal situation was unknown, or that it was worse than what the UDC had anticipated is disingenuous and suggest dishonesty of the highest order. Those who make this claim must come forth and tell us what they had expected the position of the government coffers to be by 1 November 2024, following the statement by the then Minister of Finance to Parliament on 12 August 2024.

1.16 It is shocking that a budget speech that frequently refers to integrity is deafeningly silent on a large majority of these promises, including the foundational one on which all others rest - **an economy that grows at an average annual rate of 10%.**

1.17 The Minister, and the new government have a duty to be candid with the nation about which of its promises the government will fulfil, as well as those it will abandon or revise. Promises cannot be abandoned quietly. It is called lying or deceit. It is also imperative that the government should not give false reasons for abandoning their promises. Failure to fulfil these promises, especially the foundational one on growth, means the UDC gave Batswana false hope.

1.18 Let's picture this: It is now clear that the UDC government has abandoned the growth target of 10%. The budget projects economic growth of 3.3% in 2025/26, well below the Vision 2036 target of 6%. Given that GDP contracted by 3.1% in 2024/25, 3.3% growth in 2025 is barely sufficient to return the economy to its 2023/24 GDP. Does the government still insist the five year average real GDP growth rate will be 10%?

1.19 If the economy falls far short of the growth target of 10%, the hopes and dreams of young people who had faith that 450,000 to 500,000 jobs will be created has been destroyed. They deserve an apology.

1.20 The budget is silent on raising the minimum wage of P1,500 to a Living Wage of P4,000. The nation needs the Minister of Finance and the UDC government to be candid about whether our economy can sustain a minimum wage of P4,000 and to indicate when they expect to achieve this important milestone. We expected to here tangible steps on how and when will this be realised.

1.21 The budget is silent about the promised stipends of P2,500 per month for Ipelegeng volunteers and tertiary education students. Are these promises deferred or abandoned? Either way, the nation deserves to be told the truth.

1.22 With the growth target abandoned, is the government still committed to an annual net investment target of P100 billion? The budget speech said nothing about it.

1.23 Will Chema Chema loan be turned into a grant and will the old age pension commence at 60 years? These are the many questions that Batswana ask themselves and the budget is silent on them.

1.24 There is no timeline for the promised 30% reduction in water and electricity tariffs. Batswana would like to know if this will be a reality and when?

1.25 One of the key features of the Old Botswana was making promises that government never intended to achieve. Take the following promises that were made by the BDP regime that by 2016, Botswana will have the following:

a) Quality education that can adapt to the changing needs of the country.
b) That Botswana will be the regional leader in the production and dissemination of information.
c) Botswana will have a diversified economy in which agriculture will be productive, profitable and sustainable.
d) That Botswana will have reached full employment.
e) That Botswana will have attained a more equitable income distribution.

1.26 If we have a new government that is quick to make pledges that it forgets within the first hundred days in government, then it cannot be a New Botswana, it will certainly qualify as the New BDP in a different colour.

1.27 More generally, we hold this government to account against the picture it painted of the New Botswana, one of inclusive prosperity; innovation and technological enablement; decent jobs and decent lives; freedom from poverty and related deprivations; equity, fairness and justice, and respect for human rights. We will walk with you on this journey, determined to ensure that poor Batswana and other vulnerable groups such as young people, women, the elderly, people with disability, informal sector enterprises and workers, small farmers and rural populations – are visible and their interests top the government's development agenda.

Areas of Convergence

1.28 As I stated in my response to the State of the Nation address, the BCP will support the government in areas where our two manifestos converged or the introduction of any other policies and laws that are consistent with the values we both espouse. To that end, we endorse the following pronouncements by the Minister of Finance in his speech.

a) Reform of the Public Finance Management Systems

In reforming public finance management systems (PFMS), our systems, processes and practices, including planners, must do their work without undue interference from the political leadership. We need competent managers of the project cycle, from project identification, design, appraisal, selection, monitoring and evaluation to accountability for results and resources. We further advise that, PFMS reforms should be located within a broader public sector reform agenda to deliver an enterprising, efficient, effective and responsive public service.

b) The Efficiency in Process Initiative

This is yet another element of public sector reform. The Minister emphasises efficiency in resource mobilisation. We believe this initiative should also be about re-engineering the government's business to achieve not only revenue maximisation but the efficiency of service delivery as well.

c) Reforming the public the procurement system

The transition from PPADB to the Development Manager and Government Buyer models of procurement and project execution opened the floodgates for corruption. PPADB provided open, transparent and competitive procurement methods that were well-suited for securing value for the taxpayer’s money. Its demise left looters too much room for plunder. We call on government to seriously reconsider bringing back the PPADB with the necessary reforms.

d) Timely payment of suppliers

Money due to suppliers that is held for too long by clients, including the government, is money kept out of circulation, at great cost to firms and the economy. The quicker supplier invoices are settled, the greater the frequency with which money is turned over and the greater the impact on economic growth, output and jobs. We expect the new government to announce sensible turnaround times for settling invoices in order raise the velocity of the movement of money.

e) New social initiatives

We fully support the increase in the old age pension to P1, 400 per month (it is just a little bit shy of the P1,500 we proposed), the means-tested P300 child grant for new-borns up to 12 months, and sanitary pads for girls. We are concerned that stopping the child grant at 12 months will undo all the gains made from childbirth and aggravate child poverty and malnutrition. Botswana will be better served with a means-tested child grant as a weapon against child poverty.

f) Education reforms

We welcome the commitment to transform Technical and Vocational Education and Training (TVET) and make it a key driver of the economy. TVET produces the artisan skills that solve everyday problems for households and industry, make industry work and drive innovation.

g) The promotion of solar energy as a significant component of our energy requirements is a welcome development. I wish to urge the government to make it possible for small scale farmers with underutilised ploughing fields that are closely located to the BPC distribution lines, to pursue solar farms that can feed into the network.

h) Fiscal consolidation

In principle, we support the government's stated commitment to fiscal consolidation. It is a desirable objective and a critical imperative for budget sustainability and countercyclical policy. Parliament ought to agree however, that material conditions do not support fiscal consolidation. It is a contradiction in terms to speak of fiscal consolidation and then announce a budget deficit of P22.12 billion, equivalent to 7.56% of GDP and nearly equal to the entire development budget. The priority in 2025/26, 2026/27 and 2027/28 is economic recovery and transformation. The Budget Strategy Paper projects deficit over that period. It seems that by design, fiscal consolidation will take the back seat as the government runs large deficits.

To demonstrate commitment to Fiscal Consolidation, the government should consider putting together a smaller Executive. President Boko has publicly stated that he had hoped to put together a cabinet of 10 Ministers. We can do with a smaller number of ministerial positions and abolish the Assistant Minister positions.

Additionally, members of the current government who do not have Constituency Responsibilities, (SEMP, President and Speaker) should be encouraged to voluntarily offer to forego the allowance.

Nominated councillors do not have any ward responsibilities, the new government should demonstrate commitment to fiscal consolidation by taking steps to do away with their ward allowances.

It has been always a difficult or impossible task for any Minister of Finance to manage a seating Presidents' appetite for international travel. In the last six years the limited public resources were lost through unnecessary travels by the President. There is very little evidence to suggest that this will be reversed.

Areas of Divergence

1.29 Lack of Targets

From time immemorial, we have condemned the tendency by previous ministers, particularly Ministers of Finance, to present budgets that do not propose targets. This allows for grand language and phrases to be deployed in speeches with no commitment to a target that the government can be held to. This is a feature of the Old Botswana that we need to discard urgently. It allows for mediocrity and low to no value for resources.

1.30 Casualization of Labour

The former government (Old Botswana) allowed for the casualization of labour. Batswana were engaged as interns and temporary employees for positions that they were fully qualified for. Even in our own Parliament, degree holders have been employed as interns for positions that they are qualified, if not overqualified, to hold. That the new government, with its stated commitment to upholding a culture of Human Rights, would want to allow workers to be employed under terms that do not allow them to enjoy the full benefits of their labour such as pension, prospects for promotion, annual leave and pension is a huge Red Flag that the New Botswana may actually be the New BDP in a different colour.

1.31 Underfunding local Government

The Minister proposes cuts to revenue support grants to local authorities and requiring them to raise more of their own revenues. These proposals are at odds with reality. To begin with, local authorities are already under-funded. Further, they are structurally dependent on revenue support grants because our system of resource mobilisation does not allow them a share of any of the strong tax-base such as VAT or personal income. Areas endowed with natural resources are not able to tap into the royalties paid to government by those exploiting the natural resources. Secondly, with the exception of Gaborone and a few jurisdictions, few have any local economies to speak off. Finally, driving local authorities into the pursuit of profit in the name of revenue generation puts public resources and service delivery at risk. We need to rethink funding models for local authorities in line with the promised policy of decentralization. These realities suggest that there is little room for local authorities to generate revenue for themselves in the absence of reforms towards tax base sharing. The shift of more services to local government, e.g., clinics, also suggests need to increase rather than reduce revenue support grants.

1.32 Tertiary student allowances

Tertiary education student allowance must be increased. The government must acknowledge that an inadequate allowance, P1,900 at present, undermines the investment we make in learners because they are not able to attend classes. The government should further note that it is children from poor backgrounds who suffer the most as a result of an inadequate student allowance. It also exposes learners to sexual exploitation. We call for an increase in tertiary student allowances based on two criteria, cost of living and ability to pay. Allowance should be higher in high cost living areas such as Gaborone. Further, the government should stop treating un-equals as equals. Doing so is in fact discrimination against those from poor backgrounds. We are amazed that in this budget, bridging the gap between allowances for TVET institutions takes precedence over the adequacy of student allowances in all institutions and setting the minimum allowance payable at P 2,500.00.

1.33 Means test for Old Age Pension

Government has indicated that the Child Grant support of P 300.00 we be subjected to a means test, meaning that those who can afford to bear the cost will not be assisted. The same should apply to old age pension, those that can afford to fend for themselves should not be paid the P 1, 400.00

1.34 Lukewarm approach to combating corruption

In the run up to the 2024 General Elections, the BCP and the UDC sung from the same hymn book on issues of corruption. Together, we promised to move swiftly to curb corruption. We rightly identified the Directorate of Intelligence and Security Services as one of the key drivers fuelling corruption out of control. The DISS has established itself as a rogue institution deciding on the allocation of government tenders, powers that they don't have under the law. The courts have delivered judgements that pointed to the abuse of office by those holding the levers of power in the DISS. The UDC government has not made any move to demonstrate to Batswana that the days of the Old Botswana in which the corrupt enjoyed protection are over.

The BCP will proceed with the promised motion on a Judicial Commission of Enquiry aimed at exposing corruption and bringing the perpetrators to account and return their loot. There is no reason why the Judicial Commission of Enquiry and the long promised Forensic cannot be pursued simultaneously. It is not possible to subject the entire government and state-owned enterprises to a forensic audit; a commission of enquiry will be needed to expose the rot that will need the forensic auditors to investigate.

1.35 Elevating Gender Based Violence to a National Crisis

Gender Based Violence threatens do define Botswana as a nation of violence, intolerance and low regard for the lives of women and children. The President's position denying the existence of GBV was possibly behind the rejection of a motion seeking to alleviate the troubles faced by those on the receiving end. This was unfortunate. For this challenge to be overcome, we need to accept that it is a serious problem. We have a GBV crisis and there is need for both sides of the House to agree on a plan. Too many lives are being lost to this plight.

Let us consider convening as a matter of urgency, a National Pitso on GBV and adopt a short to long term strategy that will be adequately funded to rid ourselves of a trait our forefathers were not associated with.

1.36 The changes Botswana needs to become a True New Botswana

The BCP is a Social Democratic Party. We aspire for a nation in which democratic collective action can be used as an effective vehicle to promote freedom and equality in the economy. Key amongst the indicators that we will keep an eye on to ascertain that indeed we are in effect, not in rhetoric, transitioning to the New Botswana will be the following:

a) Trend in levels of unemployment.
b) Trend in levels of poverty.
c) Trend in levels of inequality.
d) Trend in Human capital development.

e) Trend in levels of food security.
f) Level of budget transparency.
g) Level of transparency on our extractive industries.
h) Debt position.
i) Investment to GDP ratio.
j) Economic Diversification Index.

1.37 These indicators will inform my future responses to annual budget speeches. If they remain close to the ones attained by the previous regime, there will be no basis for the phrase A New Botswana to feature as prominently as it did in the 2025 speech. I will buy into a New Botswana where political leaders take their pledges seriously, a Botswana with a growing economy that delivers high paying jobs, has low levels of poverty and inequality with an education and health sectors that are globally competitive.

Conclusion

While I am disappointed by the lack of commitment by the speech to focus on that which the government wishes to deliver, I assure the Minister of Finance that we will support him in this journey. Support does not mean clapping hands at the end of his speech even when it is blatantly silent on critical issues. Our support will take the normal route of reminding him of the pleges (Se Lebale Maikano) and presenting him with alternative policy interventions that he should consider.

Let me at this point draw the attention of the House to a document authored by the UDC detailing how they will fund their programmes. At page 8 of the document they state the following:

"UDC is extremely concerned with the continuous mismanagement of the Public Pension Fund by some Asset Managers. UDC government will take an active role in the management of Public Pensions."

For the UDC government to actively participate in the management of pension funds will require a Minister that comes with clean hands. The risks on our pensions, the only hope for those that can no longer engage in economic activity to fend for themselves, will be too high if the hands of the Minister are in any way tainted.

If the UDC remains worried by mismanagement of Public Pension Fund, make time to look at the mirror. You may choose to ignore the BCP publicly stated concern on this matter as was the practice under the former regime. The choice is yours.

"**A new Botswana or a New BDP, where will the dice fall,"** only time will tell.