

6

Botswana¹

Botswana is a landlocked country located in sub-Saharan Africa (SSA) with a real per capita GDP (purchasing power parity [PPP]-adjusted) of US\$9,652 and a total population of 1.8 million in 2005. It has experienced one of the most impressive growth rates in the world over the last four decades and had the highest rate of per capita growth in the world between 1965 and 1998. The average annual GDP growth rate since the 1990s has been 5.3 per cent (Chart 6.1).

Services are an important part of the economy, contributing more than 45 per cent to GDP. The share of services has risen steadily, particularly during the 1990s (Chart 6.2). The services sector of Botswana is diverse. It ranges from small services, which make a negligible contribution to employment (for example, environmental and recreational, cultural and sporting services) to large sectors providing a high contribution to employment and GDP (for example, construction) and substantial exports (for example,

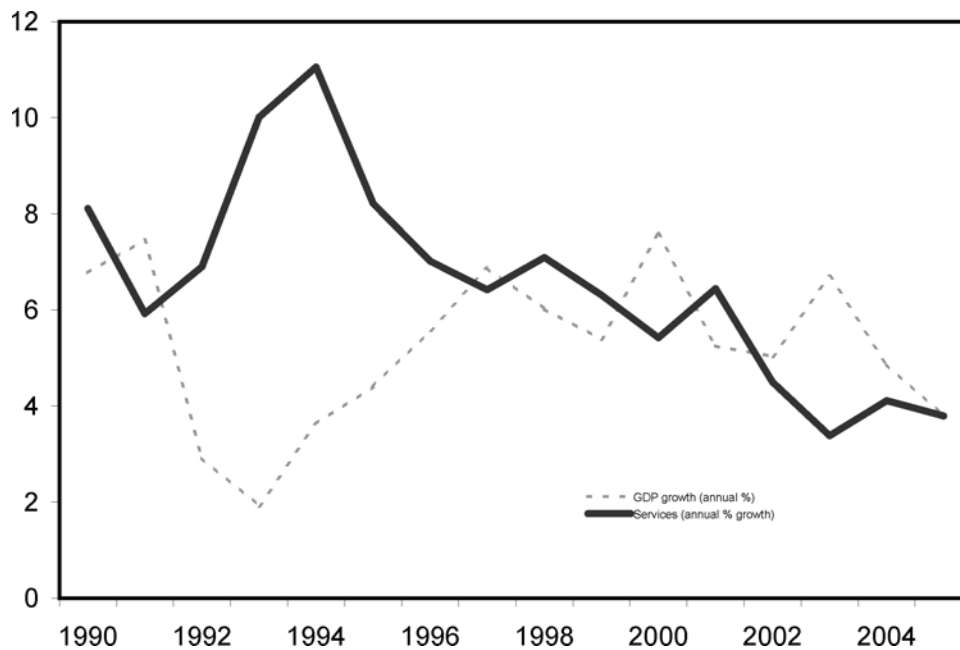


Chart 6.1: Annual growth of services in Botswana (%)

Source: Based on World Bank (2006)

tourism). Of the various types of services, the contribution of general government services to GDP is the highest followed by business and then trade, hotels and restaurant services (Table 6.1).

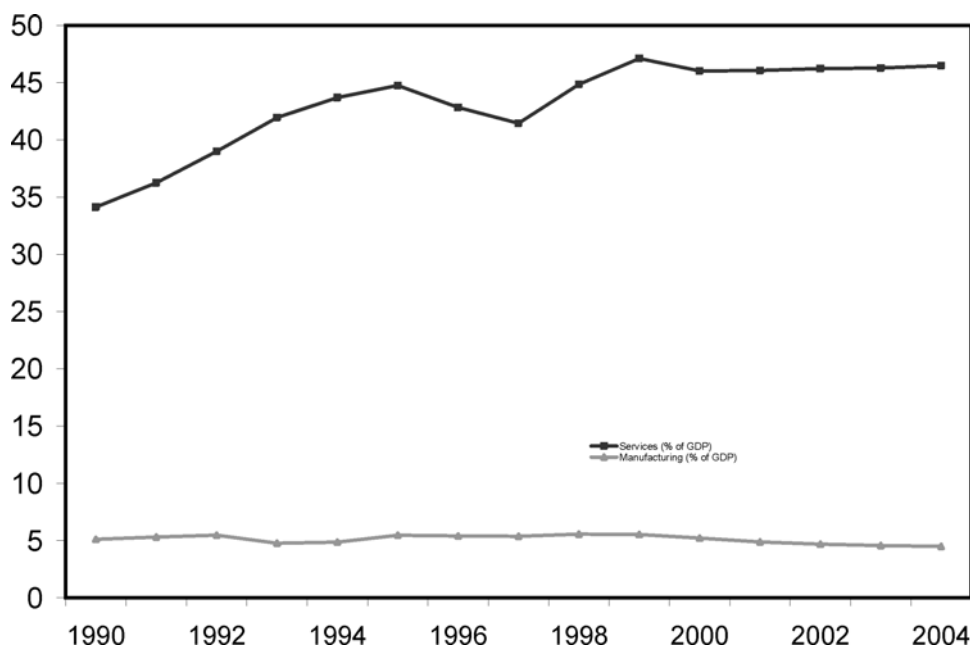


Chart 6.2: Contribution of services to GDP in Botswana (%)

Source: Based on World Bank (2006)

Table 6.1: GDP composition by services in Botswana (% of value added)

Services	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
Water & electricity	2.1	2.1	2.0	2.1	2.2	2.1	2.2	2.2	2.3	2.1
Construction	6.2	6.2	5.7	5.9	5.6	5.2	5.4	5.0	4.9	4.5
Trade, hotels & restaurants	9.9	10.7	9.8	9.6	9.5	9.3	9.9	9.8	10.6	9.1
Transport, post & TLC	3.6	3.6	3.4	3.7	3.6	3.3	3.4	3.1	2.9	2.8
Business services	11.1	10.8	10.3	10.5	10.2	9.8	10.4	9.7	9.6	9.2
General government	15.4	15.8	15.1	15	14.8	14.5	15.4	16.1	16.4	15.6
Social & personal services	4.4	4.4	4.0	4.0	3.9	3.6	3.8	3.6	3.7	3.4

Note: Year runs from July-June

Source: Bank of Botswana (2005)

The importance and potential of the services sector in Botswana is underlined by its significant contribution to employment (61 per cent of total employment and 75 per cent of female employment). The largest private and parastatal employers include commerce and construction, which are also among the most labour-intensive services in the economy. The contribution of commerce in total employment has steadily grown in the last decade, whereas it has remained fairly constant for other sectors.

While total trade as a percentage of GDP has declined since the mid-1990s, trade in services as a percentage of GDP has increased (Chart 6.4). The share of both export and import of services has increased in the country's total trade in the last two decades, but the rise in the share of exports is particularly impressive, increasing from 9 per cent in 1985 to 17 per cent in 2002. Botswana now appears to be in transition from a net importer to a net exporter of services (see Table 6.2). In 1996, Botswana's exports of services were less than half of its imports; however, the trend reversed in 2005 when exports exceeded imports. This expansion of trade in services is not surprising considering that Botswana is a small landlocked country for whom trade in manufacturing is

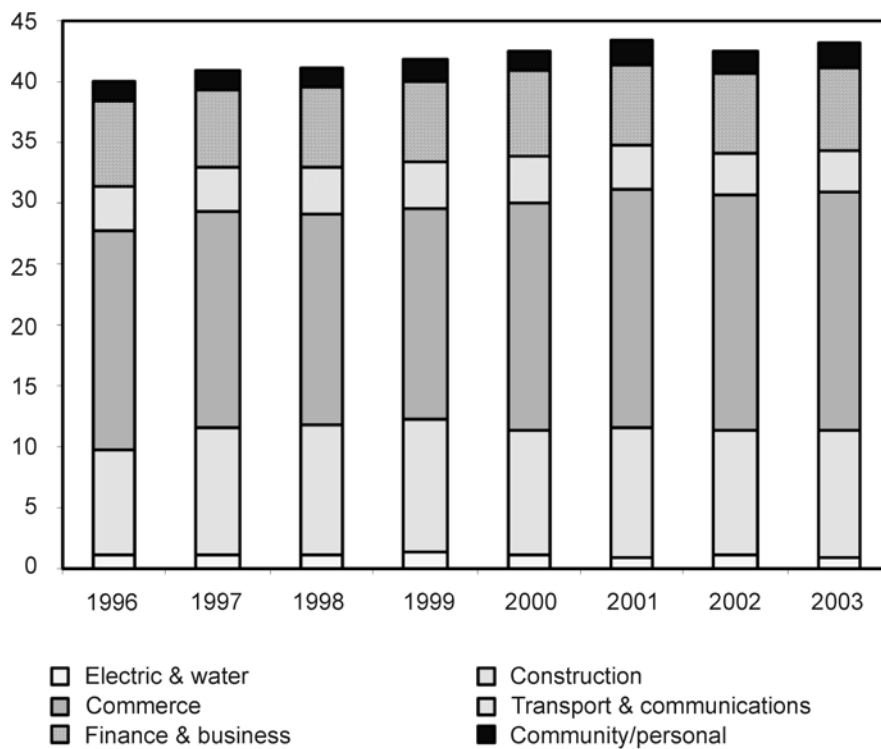


Chart 6.3: Sectoral employment for services in Botswana (%)

Note: Charts cover the private and parastatal sectors

Source: Based on statistical information in te Velde and Cali (2007)

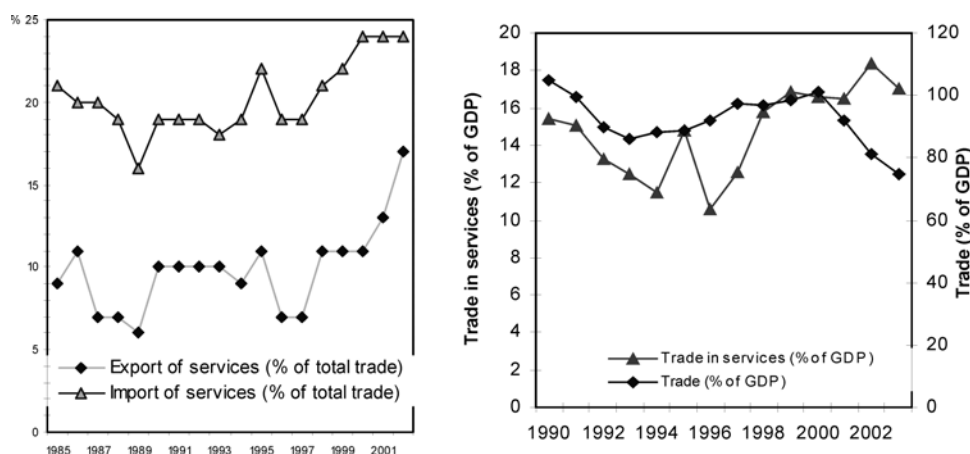


Chart 6.4: Trade in services in Botswana (%)
Source: Based on World Bank (2006) and UNCTAD (2005)

expensive. This is because of high production costs, which are affected by the market size, and high transportation costs, which are affected by inaccessibility to sea.

In Botswana, foreign direct investment (FDI) has been playing an increasingly important role in the promotion of crucial service sectors, such as business, financial services and tourism. The share of the service sectors in inward FDI is increasing, while

Table 6.2: Botswana's trade in services (US\$ million)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 ¹
Services	-602	-841	-988	-721	-1,136	-1,010	-182	-46	-204	165
Export	541	767	1,270	1,706	1,657	2,083	3,108	3,184	3,511	4,497
Import	1,143	1,609	2,258	2,427	2,793	3,093	3,290	3,230	3,715	4,332
Transport	-467	-638	-693	-750	-888	-900	-1,054	-887	-977	-1,304
Export	133	138	210	251	265	308	351	342	390	434
Import	599	776	903	1,001	1,152	1,208	1,405	1,228	1,366	1,738
Travel	52	157	303	404	125	151	856	1,124	1,282	1,428
Export	310	495	903	1,083	1,134	1,345	2,019	2,261	2,578	2,871
Import	258	337	600	679	1,009	1,193	1,163	1,137	1,296	1,444
Other services	-188	-361	-599	-375	-373	-261	16	-284	-509	-34
Export	98	135	156	372	259	431	738	581	544	1,191
Import	286	496	755	747	632	692	722	865	1,053	1,150

Note: 1) Revised estimates

Source: Bank of Botswana (2005)

that of mining is decreasing, although the latter is still the largest recipient of FDI. Overall, services captured 36 per cent of the total FDI stock in 2004 and 90 per cent of non-mining foreign investments. The reallocation of FDI from mining to services is in part due to the divestiture of one of the largest mining companies in Botswana, and in part due to the increasing inflows, especially in finance and to a lesser extent in hospitality (linked to the tourism industry) (Bank of Botswana, 2005). The role of the retail and wholesale sectors in attracting FDI is also important, while transport and communications and utilities have increased their weight marginally (and may increase with possible privatisations).

Performance of selected services

Financial services

The financial services sector is the largest service sector in value of export revenues after travel-related and transport services, and is also an important contributor to GDP and total employment in Botswana. The direct contribution of the sector to GDP was 4.5 per cent in 2004–05 according to estimates provided by Bank of Botswana.

Trade in financial services has grown substantially over recent years, indicating large potential in this sector. Financial services exports, both as a percentage of GDP and commercial service exports, from Botswana have risen consistently since 1996 (Charts 6.5 and 6.6).

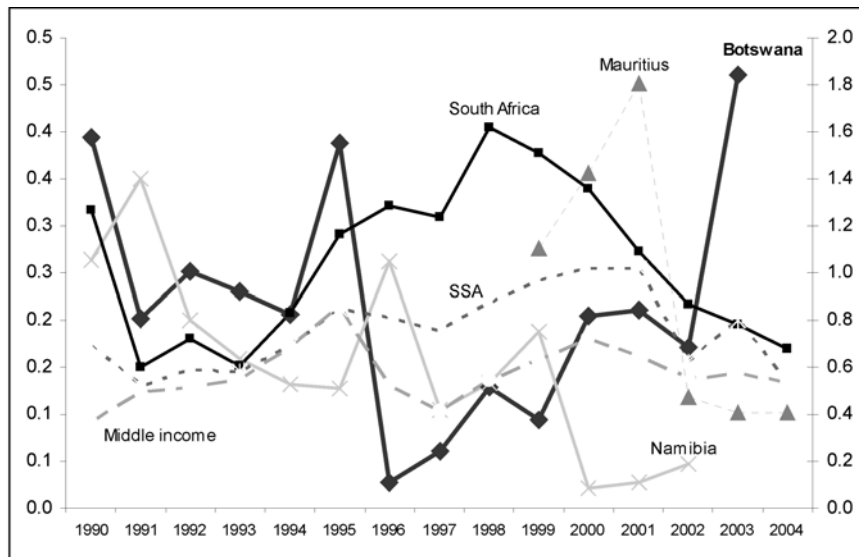


Chart 6.5: Financial services exports (% of GDP)

Note: values for Mauritius are on the right axis

Source: te Velde and Cali (2007)

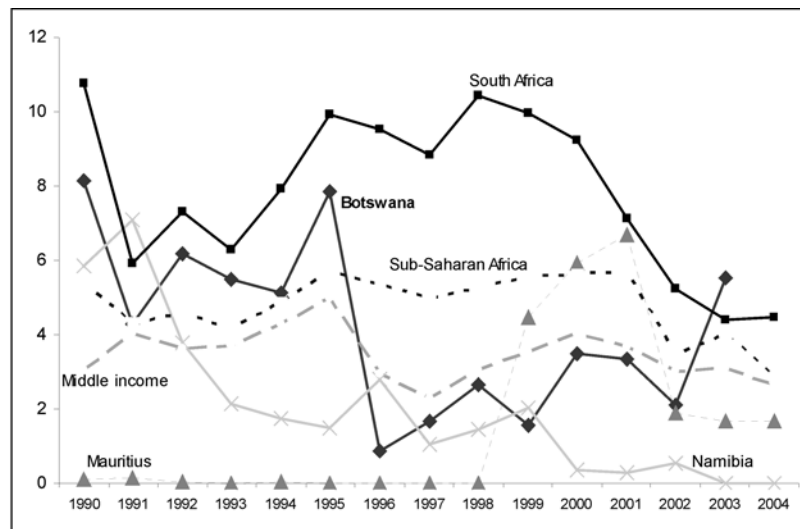


Chart 6.6: Financial services exports (% of GDP)

Source: te Velde and Cali (2007)

Financial services exports occur in three main categories: insurance services, traditional banking services and back-office services. In Botswana, insurance services is the largest sub-sector in terms of trade (in 2005, the worth of exports and imports was 173 million pula [P] and 135 million pula, respectively). Trade in banking and other financial services is significantly less, with P23 million worth of exports and P15 million of imports in 2005. However, importantly, 2005 was the first year in which Botswana experienced a trade surplus in this category.

The level and share of FDI in financial services has also risen steadily; however, it is still a small part of total FDI and non-mining FDI (Table 6.4). Financial services

Table 6.3: Botswana's trade in financial and insurance services in pula (thousands)

		1997	1998	1999	2000	2001	2002	2003	2004	2005
Insurance	Exports	6,132	13,962	16,702	33,463	47,357	50,084	172,960	231,578	172,812
Insurance	Imports	62,315	67,409	80,460	93,359	78,967	90,024	106,567	191,067	134,963
Other financial services	Exports	5,399	13,025	5,345	21,128	16,438	8,612	11,506	17,266	23,175
Other financial services	Imports	8,576	14,142	17,934	14,161	18,384	19,949	27,390	26,688	14,545

Note: Charts corresponding to exports (imports) refer to foreign currency purchases (sales) reported by banks

Source: Bank of Botswana (2005)

Table 6.4: FDI stock in financial services in pula (millions)

	1999		2000		2002		2003		2004	
	Equity	Total	Equity	Total	Equity	Total	Equity	Total	Equity	Total
Finance	466	523	516	619	648	803	718	873	931	931

Source: Bank of Botswana (2005)

represented 0.2 per cent of total FDI in 2004 as compared to less than 0.1 per cent in 1998. However, its share in non-mining FDI rose from 0.2 per cent in 1998 to 0.5 per cent in 2004.

Educational and health services

In Botswana, primary and secondary enrolment ratios are high. However, the tertiary education sector, which plays a vital role in the economic development of a country by ensuring an adequate set of skills for the economy's needs, is rather underdeveloped. In a country of approximately 1.7 million people, tertiary student education enrolment is only 27,000 (te Velde and Cali, 2007).

Botswana's exports of education services are low, but imports are very high hence it is a fairly large net importer of educational services (especially from South Africa). The Botswana government supports students abroad, compensating for the lack of good quality and appropriate opportunities locally. The estimated value of imports of education services for Botswana is worth P1 billion in government expenditure. This may even be bigger if one considers the private component of this spending (e.g. private firms sponsoring scholarships, providing family support etc.).

Estimates for exports, which include living expenses of students, were around P21.5 million in 2004 (see Table 6.5). This value represents the bulk of Botswana's exports in educational services and has doubled over the past five years.

The direct weight of the tertiary education in GDP is likely to be relatively low as education is typically a non-commercial service in Botswana. The fairly widespread basic education is likely to keep pressure on the demand for tertiary education in

Table 6.5: Estimated costs paid to the University of Botswana by foreign students (pula)

	1999	2000	2001	2002	2003	2004
Tuition	5,650,800	8,079,000	7,671,400	11,050,100	12,258,600	12,241,550
Other fees	329,378	367,008	468,285	563,677	600,860	593,460
Living expenses	4,838,044	5,840,116	5,959,221	8,621,835	9,241,060	8,706,550
TOTAL	10,818,222	14,286,124	14,098,906	20,235,612	22,100,520	21,541,560
Foreign students (number and % in total)	854 (8.4%)	922 (7.9%)	801 (6.4%)	1,037 (7.8%)	997 (6.4%)	885 (5.7%)

Source: te Velde and Cali (2007)

Botswana. The contribution of the sector to total employment (private and parastatal) is limited (about 2.5 per cent in 2005), albeit increasing.

The direct impact of the health sector on GDP (through sector value added) is likely to be relatively significant, although its contribution is limited by the fact that it is not recorded at market prices as it is mainly publicly provided. Its contribution to GDP is recorded under *social and personal services*, which amounted to 3.4 per cent in 2004–05. The indirect impact of health services to the economy is probably much more important, as labour efficiency crucially depends on health conditions.

Trade in health is mainly recorded as travel-related activities and in remittance flows. Given the paucity of data available, the authors are not able to estimate the size of health-related exports and imports; nevertheless assessments suggest that imports are higher than exports in health-related services (te Velde and Cali, 2006).

Tourism

Tourism is a very important sector for Botswana. It has experienced rapid growth over the past few years, with the number of licensed tourist establishments rising from 100 in 1998 to 226 in 2003.² The tourism industry is the most important service sector in terms of obtaining foreign exchange, and one of the most important sectors for its contribution to employment and GDP.

The direct effects of the tourism industry on the economy are substantial. A study by the Botswana Tourism Department in 1998 showed that, depending on the method used for calculation (that is, the expenditure or output approach), tourism contributed between 3–5 per cent to GDP in 1997. Since tourist expenditures have increased at higher rates than the overall economic growth rate during the past eight years, it is estimated that the sector's contribution to GDP has grown to more than 5 per cent now. The indirect effects of tourism on the economy are also considered to be substantial. According to the estimates of the World Travel and Tourism Council, the total contribution of tourism to Botswana's economy is around 8 per cent and the sector is responsible for providing over 9 per cent of total employment.

The share of tourism exports has increased substantially over time (Chart 6.7). Table 6.6 shows that the number of visitors to Botswana has doubled and their expenditure (in current US dollars) has almost trebled since 1990. According to estimates, around 88 per cent of the tourists are African, whereas the rest are from other countries including the US, UK, Germany, Netherlands, Australia and France.

Table 6.6: Selected tourism indicators for Botswana, 1990–2004

	1990	1995	1996	1997	1998	1999	2000	2001	2002
Arrivals of visitors (thousands)	543	521	512	607	750	843	1,104	1,049	1,037
Visitors' expenditures (millions of \$)	117	162	93	136	175	234	222	230	319

Source: UNCTAD (2005)

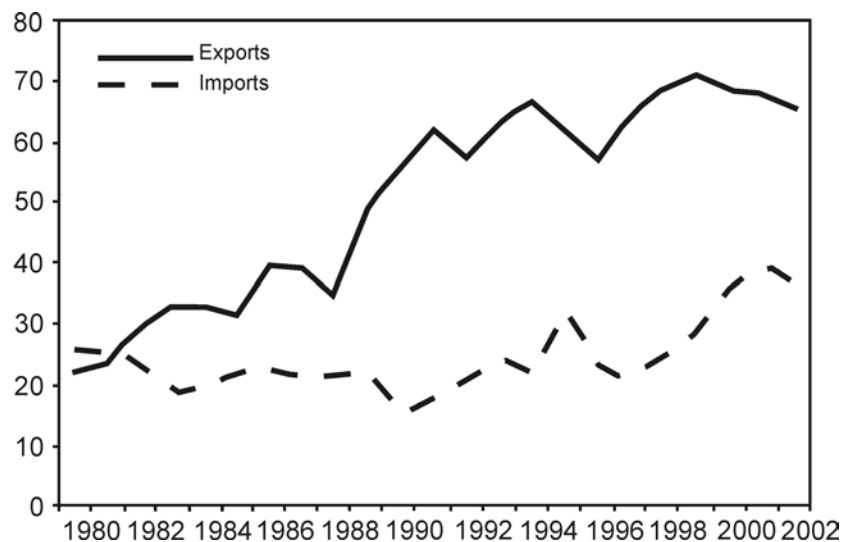


Chart 6.7: Trade of travel services in total services trade of Botswana, 1980–2002 (%)

Notes: Travel services covers goods and services acquired from an economy by travellers in that economy for their own use during visits of less than one year for business or personal purposes.

Source: Based on UNCTAD (2005)

Information and communications technology services

The information and communications technology services sector has a slightly declining and fairly low direct importance in Botswana’s GDP. The weight of the postal and telecommunications sectors was around 1.2 per cent in 2004–05 (Bank of Botswana, 2005). Given the rapid spread of mobile telecommunications throughout the country in recent years (there are currently three times the number of mobile phones compared to fixed lines), this is surprisingly lower than the average share of the previous ten years (1.4 per cent). Part of the explanation of the decline in the value of the sector may lie in the lower prices charged by telephone operators following the increased competition in the sector.

The indirect effect of the sector on the economy is potentially large, as communication services (and telecommunications in particular) are crucial inputs into various sectors (especially services) of the economy. The total share in employment of the transport and communications sector was about 4 per cent in 2003, with around half estimated to be in the communications sector.

Trade in communications and IT-related services have grown rapidly according to balance of payments data obtained from Bank of Botswana (2005). However, Botswana continues to be a net importer of computer services as well as communication services (see Table 6.7). In 2005, it had net imports of about P25 million and P96 million for computer-related services and communications respectively.

Table 6.7: Botswana's trade in IT and communications services (in pula, thousands)

		1997	1998	1999	2000	2001	2002	2003	2004	2005
Computer services	Exports	61	171	49	109	2,278	11,043	8,193	1,778	5,376
Computer services	Imports	1,148	1,261	9,207	13,407	25,271	23,886	30,131	33,654	30,015
Communications	Exports	72	2,048	2,989	1,857	31,466	61,466	46,586	37,712	85,552
Communications	Imports	5,774	12,968	12,121	54,167	24,342	38,494	70,695	99,778	181,338

Note: Charts corresponding to exports (imports) refer to foreign currency purchases (sales) reported by banks

Source: Bank of Botswana (2005)

Professional business services

Data from the Bank of Botswana indicate a significant, albeit declining, direct importance of the professional business services sector (measured as real estate and business services) in GDP, which was around 3.4 per cent in 2004–05. This share is lower than the average towards the end of the 1990s, which was around 4 per cent. In terms of the sectoral share in employment, the only data available aggregates the sector with financial services. The total was 6.7 per cent in 2003, from which the share of business services may be estimated to be around 3 per cent, keeping the same proportion as that of the share in GDP between the two sectors.

Since this is a very heterogeneous services sector, and boundaries with other services sectors are unclear, it is difficult to obtain a precise picture of trade in the various sub-sectors. However, according to estimates obtained from Botswana's balance of payments data, exports of business services increased remarkably from 110 million pula (P) in 2004 to P543 million in 2005.³ Around P464 million of these exports are estimated to be from mining-related services (due to De Beers' explorations). If the authors take out this seasonal component (which is related to traditional exports) exports in this sector are a modest P79 million. This is higher than the P67 million equivalent figure for 2004, but much lower than the P142 million in 2002. The import of professional business-related services in 2005 amounted to P377 million taking into account mining-related services and P228 million without mining-related services.

Supporting factors

Trade in services and the development of a services sector is affected by a number of factors including: supply-side or domestic capacity constraints; the domestic regulatory and institutional framework; and external constraints (that is, trade in services agreements). This sub-section provides a general overview of these factors for services in Botswana.

Domestic capacity and skills

Botswana enjoys a relatively good position in information and communications technology infrastructure with respect to other SSA countries (see Table 6.8). However, it seems to lag behind other countries in the same income group. The real concern for Botswana in terms of regional competition appears to be related to the high price of its ICT services, especially for international long distance telephone calls. Also, its ICT infrastructure is not sufficient for applications that require high amount of data transfer, such as centralised back-office operations of financial companies.

Botswana has a better road infrastructure than other SSA countries, and this has improved over the years. In 1990, 32 per cent of the total road network was paved; this increased to 48 per cent in 1995 (World Bank, 2006).

In terms of education, Botswana enjoys high levels of secondary education relative to most of its neighbouring countries (Table 6.9). Notwithstanding the general high level of basic education, Botswana still has relatively low rates of tertiary education and this has resulted in a deficit of specific skills (UNCTAD, 2003). The rapid pace of structural changes in the economy has prevented the educational system matching the needs of the various sectors of the economy, while the high incidence of HIV/AIDS is clearly exacerbating the skills deficit. This is creating problems for attracting FDI, particularly in financial services, since big financial companies find it very difficult to hire enough appropriately skilled workers. Entrepreneurialism is also lacking outside of the diamonds industry. This is also evident from the fact that the private banks in Botswana hardly lend to the private sector.

Table 6.8: ICT indicators for Botswana (2004)

	<i>Botswana</i>	<i>SSA</i>	<i>Upper-middle income group</i>
Access			
Telephone main lines per 1,000 people	79	17	220
International voice traffic (min. per person)	64		39
Mobile subscribers per 1,000 people	348	86	490
Population covered by mobile telephony (%)	85		84
Internet users (per 1,000 people)	25	15	133
Personal computers (per 1,000 people)	41	12	99
Quality			
International internet bandwidth (bits per person)	23	4	176
Affordability			
Price basket for fixed line (US\$ per month, residential)	11.3	8.5	13.9
Price basket for mobile (US\$ per month)	11.1	13.5	11.1
Price basket for Internet (US\$ per month)	27	54.8	20.8
Price of call to United States (US\$ per 3 minutes)	2.88	2.43	1.03

Source: World Bank (2006)

Table 6.9: Net enrolment rates (%) in Southern African countries (2004)

	Primary	Secondary	Tertiary
Botswana	82.1	60.9	6.2
Lesotho	85.9	23.1	2.8*
Mauritius	95.1	79.6	17.2
Namibia	73.7*	37.4*	6.1*
South Africa	88.8*	61.7**	15.3*
Swaziland	76.7*	29.0*	5.0
Zimbabwe	81.9*	33.9*	3.7*

Notes: * Charts are for 2003; ** Charts are for 2000

Source: UNESCO

Domestic regulatory and institutional framework

Botswana is regarded as having a friendly investment climate due to public sector efficiency, political and economic stability, and lack of corruption (UNCTAD, 2003; OECD, 2005). This is a major comparative advantage for the country, which can lead to the development of a competitive services sector. Nonetheless, some supply-side constraints exist because of inappropriate policies and administrative bottlenecks, and these need to be removed by regulatory bodies to improve efficiency and enhance FDI (UNCTAD, 2003). For example, Botswana has rigorous requirements for granting work permits, which makes the hiring of foreign nationals a complicated process. Enforcement of competition laws is also weak, which results in the abuse of market power and imposes high costs on consumers.

Supervision of the banking sector is relatively advanced and is in the hands of the central bank. A revised banking act has brought banking legislation in line with changes in global norms for regulation, supervision and payments. Despite this, Botswana has not yet made GATS commitments in banking services to signal a move towards more competition.

The supervision of the pensions and insurance industry is less advanced and is carried out by the Ministry of Finance and Development Planning, which has been devising a Non-Bank Financial Institutions Regulatory Authority (NBFIRA) framework.

The two main pieces of legislation regulating the operations of the tourism industry in Botswana are the Tourism Act (1992) and the Tourism Regulations (1996). The country introduced new tourism regulations in 2006, which state that the following tourist enterprises are reserved for citizens of Botswana or companies that are wholly owned by citizens of Botswana: camping sites including caravan sites, guest houses, *makoro* operations, mobile safaris, motorboat safaris and transportation.⁴ However, because Botswana made World Trade Organization (WTO) commitments, it seems that these new regulations go against existing GATS commitments with potential consequences for the competitiveness of the sector.

The tertiary education sector is regulated by the Tertiary Education Act (2005), and the registration of institutions is regulated by the Tertiary Education Council under the supervision of the Ministry of Education. There does not seem to be an explicit prohibition for the establishment of foreign institutions, although no foreign institution is currently operating in Botswana.

External conditions

Botswana is member of the WTO and of a series of regional agreements, including the Southern African Customs Union (SACU), Southern African Development Community (SADC) and the African Union. Negotiations with the EU and US are also ongoing and these may also include services provisions. Economic Partnership Agreements (EPAs) with the EU have the possibility of including services, with special and differential support measures. The outcome of such negotiations may have some impact on the potential development of Botswana's services sector by inducing the liberalisation of (some) sectors to imports from the EU or by including complementary measures.

Botswana has been cautious in making GATS commitments, such as granting national treatment and market access to foreign firms in scheduled sectors. Table 6.10 shows Botswana's commitments, which cover a few professional business services (architecture, engineering, medical, dental and veterinary services; computer and related services, such as consultancy, software implementation and database services; research and development; and real estate) and two tourism-related activities (hotels and restaurants, and travel agencies and tour operators). Measures affecting supply of computer services through commercial presence were generally either unbound or subject to the requirement that foreign companies must be allowed to practice in their home country, and that qualifications of foreign nationals must be recognised by the appropriate public body.

Botswana did not participate in the extended GATS negotiations on basic telecommunications (the Fourth Protocol) or on financial services (the Fifth Protocol). The Botswana Telecommunications Authority (BTA) was not convinced that joining the WTO Basic Telecommunications Agreement would offer immediate benefits. Hence, despite market liberalisation in 1996, the telecommunications sector is a de facto monopoly, dominated by the only fixed-line voice services provider, Botswana Telecommunications Company.

Table 6.10: GATS commitments by Botswana

<i>Services</i>	<i>Commitment</i>	<i>Services</i>	<i>Commitment</i>	<i>Services</i>	<i>Commitment</i>
Business	Yes	Educational	No	Travel	Yes
Communications	Yes	Environmental	No	Transport	No
Construction & engineering	No	Financial	No	Recreational, sporting & cultural	No
Distributional	No	Health & social	No	Other	No

Source: te Velde and Cali (2007)

Institutional support structure

In order to promote the trade, industry and services sectors, Botswana has developed organisational infrastructure both within the public and private sectors. Within the public sector, Botswana Export Development and Investment Authority (BEDIA) was created as an autonomous body in 1997 to promote the industrialisation process and diversify the country's economic base. BEDIA has been promoting exports in various countries by organising exhibitions. It has also established overseas offices in South Africa and the UK.

The institutional infrastructure of the private sector revolves around four organisations: the Exporters Association of Botswana (a non-governmental trade organisation, which acts to facilitate global trade and enhance economic growth and diversification from traditional exports to non-traditional exports [manufactured goods and services]); the Botswana Confederation of Commerce, Industry and Manpower (a large association of the business community with members representing all sectors of the economy); the Botswana Chamber of Commerce and Industry; the Junior Chamber Botswana (committed to providing young people with opportunities to develop the leadership skills, social responsibility, entrepreneurship and fellowship necessary to create a positive change).

Conclusions

The analysis for Botswana reveals that the country is trying to develop a sound services sector. An important initiative in this regard is the establishment of the International Financial Services Centre (IFSC) in 2003. IFSC aims to establish a cross-border financial services industry to make Botswana the regional (or African) hub for business services, such as the management of companies' inbound telephone calls through call centres, administrative and shared service activities etc.

The IFSC operates as a special licence for companies which carry out offshore financial services operations, allowing them to pay a lower taxation rate (15 per cent instead of the standard 25 per cent until 2020; and exemptions from withholding tax). It also helps new companies with the lengthy administrative procedures for starting their businesses. The IFSC approved five applications of companies in 2005, bringing the number of certified companies operating under the IFSC to 29.

While the IFSC has been successful in attracting these companies, conditions remain weak for a significant number of back-office services. Two main types of complementary policies are required: skills development and the development of an appropriate IT infrastructure. Without these, even a favourable incentive framework supported by the IFSC cannot keep companies in Botswana. The relatively poor quality of IT infrastructure, including poor data exchange processes, is believed to have been the major cause of a known international bank's decision to relocate part of its back-office operations away from Botswana. The bank was not able to secure the right calibre of staff on an ongoing basis, and the IT infrastructure did not match the requirements of the

company. Other banks also list the lack of skilled labour as one of their primary concerns; this is an issue worsened by the strict immigration regime.

Certain examples exist in Botswana that show that the public sector **can** play an important role alongside the private sector in the development of the services sector. A case in point is the Botswana Accountancy College, where the government assisted the private sector – so promoting tertiary education in the country and plugging a significant skills gap over the course of 10 years (see Box 6.1). However, such examples are few and not sufficient to meet the requirements of the country. More efforts need to be undertaken to improve the ICT infrastructure and the availability and quality of local skills to make Botswana the regional hub of financial services and increase its net exports of services.

Box 6.1: The Botswana Accountancy College: filling the skills gap

The Botswana Accountancy College (BAC), founded in 1996, is a private college that provides training in accountancy, computing, business management and insurance. It is a private college subsidised by the government and Debswana, one of the major mining companies in the world. The college aims to provide world-class tuition to reduce Botswana's reliance on foreign expertise. The qualifications provide an excellent start to student careers in business and technology. The majority of students are sponsored by the government, while others are sponsored by private companies or are self-sponsored.

The number of students graduating from BAC has increased steadily. All of its qualifications are internationally recognised and the college is one of few outside Britain to be awarded the Chartered Institute of Management Accountants' 'Quality Through Partnership' award. BAC is a classic example of how successful public-private partnerships can make an important difference for economic development.

When the BAC was founded in 1996, Botswana had only four registered Botswana accountants. As of 2007, there were 400. This example shows that a public-private partnership can build up a tertiary education college from scratch and fill an important skills gap.

Source: BAC website (www.info.bw/~bac/) and te Velde and Cali (2007)

Notes

1. This sub-section is based on te Velde and Cali (2007).
2. Source: Department of Tourism, Government of Botswana.
3. The following sectors are aggregated: computer services, merchanting, leasing, legal, accounting, management, advertising, market research, R&D, architecture, engineering, technological services, and agriculture, mining etc.-related services. The **other business services** category is not taken into account, as this seems to capture a wide variety of services not necessarily related to business services (it is a kind of residual category, used when the classification of other transactions is unclear).
4. A makoro is a type of canoe, traditionally made by digging out the trunk of a large straight tree and pushed with a pole. Makoro safaris are a popular way for tourists to visit the Okavango Delta in Botswana.

