

A/37/132

S/15311

English

Page 2

they were rendering to Botswana and to report on the results of that assistance and their decisions to the Secretary-General in time for consideration by the Assembly at its thirty-seventh session. The responses of the organizations will be reproduced in a report of the Secretary-General covering Botswana and the other countries for which the Assembly has requested the Secretary-General to organize special economic assistance programmes.

ANNEX

Report of the mission to Botswana

(24-30 June 1982)

	<u>Paragraphs</u>	<u>Page</u>
I. INTRODUCTION	1 - 4	2
II. ECONOMIC SITUATION	5 - 43	2
A. General	5 - 9	2
B. Agriculture	10 - 19	4
1. Drought	11 - 13	4
2. Emergency food requirements	14 - 16	4
3. Other relief requirements	17	5
4. Availability of food aid	18 - 19	6
C. Livestock	20 - 25	6
D. Mineral sector	26 - 34	8
1. Diamonds	27 - 29	8
2. Copper and nickel	30 - 31	9
3. Coal and other minerals	32 - 34	9
E. Balance of payments	35 - 40	9
F. Government budget	41 - 43	11
III. IMPLEMENTATION OF THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME	44 - 53	13
IV. REHABILITATION AND DEVELOPMENT NEEDS	54 - 61	15

I. INTRODUCTION

1. On 17 December 1981, the General Assembly adopted resolution 36/222 on assistance to Botswana in which, inter alia, it requested the Secretary-General to arrange for a review of the economic situation of Botswana and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the General Assembly at its thirty-seventh session. Following the initial Security Council resolution 403 (1977), the Secretary-General had previously submitted reports on assistance to Botswana to the Security Council, the General Assembly, and the Economic and Social Council from 1977 to 1981 (see A/36/264-S/14491, annex, paras. 2-6).
2. In response to resolution 36/222, the Secretary-General arranged for a mission to visit Botswana from 24 to 30 June 1982 to consult with the Government on the economic situation of Botswana and the impact of the drought that began with the failure of seasonal rains since December 1981, on the progress made in implementing the special economic assistance programme, elaborated by the Government during earlier missions arranged by the Secretary-General, and in meeting the rehabilitation and development needs of the areas affected by the severe disturbances in the border areas in 1977.
3. The mission was led by the Joint Co-ordinator for Special Economic Assistance Programmes in the Office for Special Political Questions. The mission held meetings with the Acting Minister for External Affairs, the Assistant Minister for Finance and Development Planning, the Governor of the Bank of Botswana, the Permanent Secretaries of the Ministries of Finance and Development Planning, Works and Communications, Commerce and Industry, Agriculture, and Mineral Resources and Water Affairs, as well as with other senior government officials.
4. The mission wished to record its appreciation of the very full co-operation it received from the Government, and of the assistance rendered by the Acting Resident Representative of the United Nations Development Programme (UNDP).

II. ECONOMIC SITUATION

A. General

5. In the late 1970s, Botswana experienced very rapid economic growth, but in 1980-1982 the economic situation became difficult. Basically, the economy is highly vulnerable on three grounds: the political situation in southern Africa (which in 1977 led to the first report of the Secretary-General on special economic assistance); the recurrent drought problem (in spite of the importance of the mineral sector, the majority of the population is dependent on agriculture and livestock); and the strong impact on the economy of weaknesses in the world markets for diamonds, copper and nickel. This year there is drought, and the diamond, copper, and nickel markets are depressed. In the background there is the continuing uncertainty over future developments in the region, which among other

things complicates certain development options. The political situation in the region also means that there remains a potential for new and large-scale movements of refugees into Botswana.

6. Gross domestic product (GDP) in real terms grew by 13 per cent in 1979-1980, most of the increase being accounted for by the mining sector, which amounted to 23 per cent of GDP (it had represented only 8 per cent of GDP in 1973/74). Initial estimates are that in 1980/81 the GDP reached 809 million pula* in current prices, with relative stability in the mining sector, while beef output was badly affected by foot-and-mouth disease. In real terms, GDP grew by only about 1.7 per cent in 1980/1981. No real growth in GDP is expected in 1981/82, principally as a result of the fall in diamond exports.**

7. The estimated population in 1981 was 936,600. The urban population has been increasing by almost 11 per cent per annum during the last decade and now amounts to about 150,000 persons. Formal sector employment is estimated at 83,400, with a further 20,000 miners working in South Africa. While the private sector has provided most of the new employment opportunities in recent years, the Government is concerned that job creation is not rapid enough to absorb the backlog of unemployed, especially among recent school-leavers. The Productive Employment Development Fund, which will provide initial financial assistance to meet part of the labour costs of small businesses which start up or expand, has been funded with P 5 million in the current fiscal year and this may rise to P 10 million next year.

8. The high annual rate of inflation in late 1980 moderated somewhat, to 14 per cent for the year 1981. A further decline in the rate was apparent in early 1982. During 1981, the pula appreciated by 9 per cent against the South African rand (Botswana's principal trading currency) but depreciated by 16 per cent against the United States dollar.

9. In 1981, it was decided that Botswana would be the seat of the secretariat of the Southern Africa Development Co-ordination Conference (SADCC), comprising nine countries in the region*** that have joined together to harmonize and promote an ambitious programme of regional development projects in all economic sectors. Several projects in sections III and IV of this report fall under SADCC regional programmes.

* The rate of exchange in mid-1982 was 1 pula to \$US 1.08.

** If diamond stocks are valued at cost instead of at a hypothetical sales value, real GDP probably declined by about 8 per cent in 1981/82.

*** Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

B. Agriculture

10. Botswana suffers from irregular rainfall and is subject to severe droughts. In a normal year, the country needs about 120,000 tonnes of cereals to feed its population, but produces only about 50,000 tonnes. The deficit is met through food imports, either on a commercial basis or as food aid. As most of the population derives its livelihood from agriculture and livestock, erratic rainfall has a widespread adverse effect on the economy of the country as a whole.

1. Drought

11. On 1 April 1982, the President of Botswana officially declared the country to be drought-stricken as a consequence of insufficient rainfall in the 1981/82 season. The lack of rains led to crop failures in most parts of the country and the cereal harvest, according to the latest estimates, will be only about 16,000 tonnes. The budgetary and balance-of-payments difficulties, arising from the low mineral prices in the world market, have reduced the Government's ability to finance the additional food imports to meet this shortfall.

12. The Government has planned a number of measures to meet the serious situation created by the drought. It has arranged for the distribution of supplementary food rations to vulnerable groups and to people in the most affected areas. Direct assistance, in cash or kind, will be made available to assist in the recovery of the arable agriculture, and seeds are to be made available at subsidized prices. Moreover, a number of labour-intensive relief projects have been formulated for implementation with international assistance.

13. The Government has established special committees composed of representatives of the Ministries of Finance and Development Planning, Agriculture, Local Government and Lands, and Mineral Resources and Water Affairs to co-ordinate and implement drought relief measures for the affected districts.

2. Emergency food requirements

14. The Government has estimated that it will have to undertake special feeding measures for 200,000 people, including such vulnerable groups as nursing mothers, pre-school children and patients in clinics. The estimated requirement is 28,287 tonnes, costing approximately P 15,870,000 (see table 1).

15. A strategic grain reserve exists and currently the Government has 8,000 tonnes of sorghum and 4,000 tonnes of maize available to meet the first food requirements of the drought relief programme. However, under the World Food Programme (WFP) Strategic Grain Reserve Project, the stocks of grain have to be replenished within two months of use. Limited supplies of edible oil and milk powder are available commercially in the region.

Table 1. Emergency food requirements

Item	Quantity (tonnes)	Cost (pula)
Sorghum	6,570	1,560,000
Maize	13,140	2,120,000
Cow-peas	4,000	1,600,000
Edible oil	2,460	5,410,000
Dried skim milk	<u>2,117</u>	<u>5,180,000</u>
Total	<u>28,287</u>	<u>15,870,000</u>

16. The Government would prefer international assistance in the form of funds for the purchase of food items in the region, but it also welcomes aid in kind.

3. Other relief requirements

17. The Government has estimated that it will need P 6,399,469 for a number of other relief items and for related projects (see table 2).

Table 2. Other relief requirements

Item	Cost (pula)
20 7-tonne trucks for delivery of food	460,000
Cooking pots, etc.	160,000
Milling of sorghum	500,000
Food for dwellers in remote areas	200,000
Direct assistance to destitutes	204,000
Labour-based relief projects	2,500,000
Water projects	
(a) Water bowsers	500,000
(b) Borehole drilling <u>a/</u>	<u>1,875,469</u>
Total	<u>6,399,469</u>

a/ It is planned to continue this project during 1982-1986; P 611,009 will be needed each year subsequent^{ly}.

4. Availability of food aid

18. In response to the Government's appeal for assistance, a number of donors have pledged food aid and other relief items. By the end of April 1982, a pledge of 500 tonnes of dried skim milk had been received from the European Economic Community (EEC). The United States had agreed to provide \$25,000 for local purchase of food and indicated the possibility of making available some dried skim milk and edible oil as well as some funds for the purchase of maize and sorghum from Zimbabwe. The Federal Republic of Germany had indicated that it might provide funds for the purchase of 2,000 to 3,000 tonnes of maize or sorghum. The Norwegian Agency for International Development (NORAD) had under consideration drought relief assistance to be channelled through WFP. Some food aid is also expected from Sweden.

19. In spite of this encouraging international response, the need for additional international assistance remains urgent. The detailed requirements can be obtained directly from the Ministry of Agriculture, Gaborone.

C. Livestock

20. Botswana's national cattle herd is estimated to be in excess of 3 million head. Beef exports are an important source of foreign exchange earnings (see table 3).

Table 3. Beef exports

	1976	1979	1980	1981	1982 (estimates)
Tonnes (boneless beef)	31,300	31,000	17,100	25,500	30,000
Value (millions of pula)	41.5	69.0	31.8	72.0 <u>a/</u>	87.0 <u>a/</u>
Cattle (slaughtered head) <u>b/</u>	212,000	229,000	141,000	202,000	240,000-250,000

a/ Provisional estimate.

b/ By Botswana Meat Commission only.

21. An outbreak of foot-and-mouth disease seriously decreased beef exports to EEC in 1980. However, in September 1980, the country was declared free of the disease and beef exports have recovered.
22. The drought has adversely affected a number of cattle-grazing areas, especially in the central and Francistown areas. In a normal year the off-take of cattle is about 10 per cent or some 300,000 head. But in 1982, to cope with the drought, it may be necessary to kill a much larger number, which would exceed the capacity of the abattoirs. If the drought persists, as many as 1 million may be lost.
23. It is planned to slaughter 240,000 to 250,000 head for export during the current year. As present abattoir facilities can handle only 220,000 head, additional resources are needed for the expansion of abattoir capacity and for transport equipment to handle the higher beef exports. Botswana expects to export at least 30,000 tonnes of beef during 1982, of which 12,000 to 14,000 tonnes will go to EEC.
24. EEC and the Federal Republic of Germany are providing consultancy assistance in the animal health sector. Tsetse fly eradication still remains a problem in some areas, and has to be dealt with on a regional basis in co-operation with the neighbouring countries. International assistance is needed for this programme, which falls under SADCC.
25. The Government has drawn up a relief programme for the livestock sector, consisting of a dual policy of increased slaughtering of animals from the affected areas and, since the present slaughtering capacity is insufficient, protecting the existing herd as far as possible from the effects of the drought. The cost of the programme is estimated at P 850,000, for which international assistance is required (see table 4).

Table 4. Livestock relief programme

<u>Item</u>	<u>Cost (pula)</u>
Botulism vaccine	200,000
Cattle feed	150,000
Cattle purchase for the feeding of school children	500,000
Total	<u>850,000</u>

D. Mineral sector

26. Recent statistics on the output of the mineral sector are provided in table 5.

Table 5. Mineral production and value

	1976	1979	1980	1981
<u>Index of mineral production</u>	100	147	161	169
Copper (tonnes equivalent)	12,500	16,200	15,600	17,800
Nickel (tonnes equivalent)	12,600	16,200	15,400	18,300
Copper - nickel matte (millions of pula)	51.6	74.1	83.3	79.4
Diamonds (millions of carats)	2.4	4.4	5.1	5.0
Diamonds (millions of pula)	33.9	163.7	223.6	206.5
Coal (thousands of tons)	224	355	371	380
Coal (millions of pula)	1.7	2.7	3.5	4.2

1. Diamonds

27. As a result of variations in the grade of diamonds at the Orapa mine, production in 1981 fell slightly. However, national production will increase sharply in 1982 as a result of the new mine at Jwaneng coming on stream early in the year. While Orapa is expected to continue to produce about 5 million carats, Jwaneng production is expected to reach about 2.2 million carats, for a total of some 7.2 million carats in 1982. The Jwaneng mine is thought to have the potential to produce some 5 million carats per annum.

28. Because of sluggish demand in world markets in 1981, the quota arrangements of the Central Selling Organization (CSO), through which Botswana's diamonds are marketed, were invoked. As a result, the value of diamond exports fell sharply in 1981 (see table 6). This had an immediate impact on the Government's mineral revenue (at present attributable almost solely to diamonds), which fell from P 101 million to P 77 million. Diamond stocks held in Botswana rose rapidly, having an estimated export value of \$120 million at the end of 1981 and \$150 million by mid-1982. However, exports are expected to recover somewhat in 1982, particularly in view of the impact on Botswana's quota of the new production from Jwaneng.

29. Even if the retail and industrial diamond markets should strengthen, the CSO diamond stocks now probably amount to more than a year's sales and additional stocks are being held by producers. It is thus likely that the market will remain weak from the producers' point of view for at least another year, and probably longer.

2. Copper and nickel

30. While copper and nickel production at Selebi-Phikwe rose 16 per cent and reached record levels in 1981, the value fell by 5 per cent because average copper prices declined by 20 per cent, and nickel prices by 8 per cent during the year. In the first half of 1982, production has remained at about the 1981 level, but copper and nickel prices have fallen by a further 10 to 15 per cent.

31. As a result of severely declining prices, the Selebi-Phikwe mine is facing serious financial difficulties and is not contributing to Government revenue. The Government is greatly concerned about the mine's future, since it is the nation's largest employer (4,000 persons) and has sufficient ore to remain in production for another 15 years. In June 1982, the shareholders (Botswana Government, Anglo-American Corporation Ltd., and American Metal Climax Inc.), together with the major creditors, agreed to a financial restructuring, which includes the deferral of royalty payments to the Government for four years. Thus, while the recent agreement keeps the mine in production, saving jobs and maintaining its foreign exchange earning potential and domestic multiplier effects, there will be no contribution to government mining revenue in the near future.

3. Coal and other minerals

32. Feasibility studies for the development of large new low-grade coal deposits in the Mahalapye/Serowe area, which are expected to take two years, will shortly begin. Pre-feasibility studies have indicated a potential first-phase production of 5 million tonnes per year, and a possible second phase that would double output. Developments of this magnitude (current production is some 0.4 million tonnes used solely for electricity generation), would have a major impact on the economy. Among the issues raised are export routes, that is, how to create adequate line capacity linking up with existing railways, and the longer-term possibility of a trans-Kalahari line to Walvis Bay in Namibia. Such a line to the west would of course have a great potential for supporting the further development of the interior of Botswana.

33. Discussions are under way concerning the construction of a new central coal-fired generating station, and both France and the Federal Republic of Germany have expressed interest in supporting this through soft loans and supplier's credits.

34. It is possible that a feasibility study will soon begin for the exploitation of the Makgadikgadi Pans, northwest of Francistown, which contain large deposits of salt, soda ash, and other halogens. Indications are that an annual production of 400,000 tonnes of salt and 300,000 tonnes of soda ash may be feasible.

E. Balance of payments

35. The balance of payments for the last three years, and the most recent projection for 1982, are shown in table 6.

Table 6. Balance of payments*

(Millions of Pula)

Key: ... = not available

	1979	1980	Preliminary actual 1981	Projection 1982
<u>Exports f.o.b.</u>	360	423	352	451
Diamonds	(184)	(237)	(145)	(225)
Copper and nickel	(61)	(81)	(79)	(75)
Beef and beef products	(74)	(36)	(80)	(97)
Other	(38)	(36)	(45)	(54)
Adjustment	(4)	(32)	(3)	-
<u>Imports c.i.f.</u>	-360	-468	-583	-625
<u>Trade balance</u>	<u>0</u>	<u>-45</u>	<u>-231</u>	<u>-174</u>
<u>Services (net)</u>	-75	-115	-61	-103
Investment income	(-35)	(-72)	(-8)	...
Other services	(-40)	(-43)	(-53)	...
<u>Balance on goods and services</u>	<u>-75</u>	<u>-160</u>	<u>-292</u>	<u>-277</u>
<u>Transfers (net)</u>	105	99	113	118
Private	(2)	(-1)	(-2)	...
Government	(103)	(101)	(115)	...
<u>Balance on current account</u>	<u>30</u>	<u>-61</u>	<u>-179</u>	<u>-159</u>
<u>Capital account (net)</u>	71	120	123	127
Private	(83)	(101)	(115)	(108)
Government	(-11)	(15)	(6)	(18)
Other	(-2)	(4)	(2)	(1)
<u>Errors and omissions</u>	-6	+13	-5	-
<u>Over-all Balance</u>	<u>94</u>	<u>72</u>	<u>-61</u>	<u>-32</u>

* On settlement basis.

36. Compared to the relatively satisfactory performance in 1979, 1980 saw a sharp drop in beef exports counterbalanced by a rise in diamond exports. With rapidly rising imports, the current balance moved into deficit, the impact of which on the over-all balance was ameliorated by higher capital inflows. In 1981, there was a large drop in diamond sales owing to a depressed world market and, despite some recovery in beef exports, the trade gap widened greatly in view of the further rapid rise in imports. There was some improvement in invisibles, but the over-all balance showed a large deficit of P 61 million (\$66 million).

37. In early 1982, Botswana was able to make an unexpected sale of diamonds, which substantially improved the export projection for 1982. Incremental commercial food imports (maize and sorghum) in 1982, owing to the drought, will amount to about P 10 million, or one-quarter of the increase in total imports. The remaining increase amounts to a rise of only 5.5 per cent over 1981, which, after allowing for inflation, represents a slight fall in imports in real terms. The projected current account and over-all deficits are a slight improvement on 1981, but they remain large compared to previous years.

38. Owing largely to anticipated reductions in private capital inflows in the short term, and to continuing difficulties in the diamond market, the over-all deficit in 1983 may rise to \$40 million to \$50 million.

39. External aid flows, which have been financing about half of the development budget, have remained fairly stable in monetary terms, which results in a slightly declining trend in real terms. In view of the possible emergency food aid flows in 1982, however, the real value of external aid may increase this year. Further, Botswana has been receiving support under the EEC System for Stabilizing Export Earnings in the Mining Sector (SYSMIN) in respect of shortfalls in export earnings from copper-nickel matte.

40. The external debt service ratio in 1981 was about 2 per cent. A \$30 million Eurodollar loan (with a four-year repayment period) was signed in early 1982. Gross foreign exchange reserves are at present about \$300 million but are expected to fall significantly by year-end because of the irregularity of revenue from diamond sales.

F. Government budget

41. Table 7 shows budgetary performance in the last three years, and the most recent estimate for 1982/83.

Table 7. Government budget
 (Millions of Pula)

	1979/80	1980/81	Preliminary actual 1981/82	Estimated 1982/83
<u>Revenues and grants</u>				
Mineral revenue	76.6	101.1	77.1	76.1
Import revenue	80.2	102.0	104.3	117.8
Export duties	0.6	0.5	0.5	0.5
Non-mineral income taxes	24.3	38.5	41.4	49.2
Other taxes	2.5	2.2	3.3	9.9
Non-tax revenue	27.9	24.6	54.7	43.7
Recurrent grants	2.7	2.3	0.7	3.1
Development grants	<u>34.3</u>	<u>35.5</u>	<u>37.3</u>	<u>35.0</u>
Total inflows	249.1	306.6	319.2	335.2
<u>Expenditures and Loans</u>				
Recurrent expenditures	122.0	166.8	199.3	234.5
Development expenditures	98.3	121.4	119.6	140.0
Net loans to parastatals, etc.	<u>7.8</u>	<u>20.1</u>	<u>19.6</u>	<u>38.5</u>
Total outflows	228.0	308.3	338.5	413.0
<u>Balance</u>	<u>+21.1</u>	<u>-1.7</u>	<u>-19.3</u>	<u>-77.8</u>

42. After satisfactory budgetary balances in the preceding two fiscal years, the budget showed a deficit of P 19.3 million in 1981/82. In the face of declining mineral revenues, other revenue sources had to carry a heavier burden, resulting in a small growth in total revenue; however, the larger rise in recurrent expenditures more than absorbed the increase. Mineral revenues are not expected to recover in the current year, but some increase is expected in revenue from the Southern African Customs Union and from income taxes. On the other hand, recurrent expenditures are projected to rise significantly. Development expenditures at P 140 million will also be higher, although by less than originally budgeted (P 160 million). In view of the projected over-all deficit of P 77.8 million (\$84 million) this year, expenditures are at present being held to 80 per cent of authorized levels and all expenditure proposals are undergoing stringent re-examination. Various measures to increase revenue are also under consideration.

43. In addition to food aid related specifically to the current drought situation, the Government expects to have to spend about P 10 million from its own resources for relief measures. Of this total, P 4.5 million has been diverted within the 1982/83 budget, but up to P 5.5 million (\$6 million) more still has to be found. It is hoped that emergency foreign assistance related specifically to the drought, from the United States, Sweden, Norway, the United Kingdom and EEC, will eventually amount to at least \$10 million this year. It is also hoped that additional WFP support will amount to some \$5 million, in which case the burden on the Government's own resources will be lightened.*

III. IMPLEMENTATION OF THE SPECIAL ECONOMIC ASSISTANCE PROGRAMME

44. The previous report of the Secretary-General (A/36/264-S/14491, annex) indicated that most of the projects in the special economic assistance programme had been implemented. This programme was designed to help Botswana carry out its normal development in the face of the diversion of resources caused by the serious security situation in the late 1970s. The progress made during the last year in implementing the remaining four projects and the outstanding needs for external assistance for these projects are described below.

A. Take-over of railway

45. The Government remains committed to a planned and phased take-over of the railway system in Botswana, which is operated by the National Railways of Zimbabwe (NRZ). It is planned that Botswana will have operational control by January 1987; meanwhile the co-operative arrangements with NRZ will continue.

46. Table 8 shows railway traffic in recent years.

* In mid-July 1982.

Table 8. Rail traffic
 (Thousands of tonnes)

	<u>1977/78</u>	<u>1978/79</u> (July - June)	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u> (9 months)
Botswana traffic	939	1,106	1,091	1,101	757
Transit traffic	<u>1,197</u>	<u>1,544</u>	<u>2,054</u>	<u>1,859</u>	<u>1,093</u>
Total	<u>2,136</u>	<u>2,650</u>	<u>3,145</u>	<u>2,960</u>	<u>1,850</u>

47. While the above table shows Botswana traffic accounting for about 40 per cent of the total, in terms of tonne-kilometres it accounts for only about 20 per cent.

48. The 12 main-line locomotives funded by the Federal Republic of Germany (\$20.6 million) are being delivered beginning in mid-1982. The EEC funding (3 million European currency units) is being used to purchase wagons. The Government has funded the construction of a new administrative centre at Francistown, which now operates as a district office pending the operational take-over of the system, at which time it will become the headquarters of the railway. Funding is needed for a maintenance workshop in Francistown; meanwhile Botswana's engines and rolling stock are being maintained in Bulawayo (Zimbabwe) but maintenance there is becoming increasingly difficult. In addition to the 12 locomotives, Botswana owns 13 water-tankers, 47 coal-cars, and 2 tamping machines. Botswana also continues to have full-time use of 150 Zimbabwean cattle-cars.

B. Oil storage

49. Filling of the Government's portion (one-third) of the oil storage tanks has been going on for several months, and is expected to be completed in 1983. While the grant provided by the Federal Republic of Germany has covered construction costs and some of the filling costs, petroleum price escalations have meant that there is a significant funding gap, for which the Government is seeking a further \$8 million; meanwhile, this additional cost is being met from the budget.

C. Botswana-Zambia road

50. Recent indications are that the completion of the final stretch to the Zambia border will be more expensive than anticipated, and there is likely to be a funding gap of \$8.4 million for which external support is urgently sought. Since this is a

SADCC project, the Government will present the funding requirement at the next SADCC meeting.

51. A feasibility study of a bridge to Zambia, to replace the pontoon ferry at Kazungula, is under discussion with potential donors within the SADCC programme.

D. Airport construction

52. The new Gaborone airport has received considerable funding, and construction has begun. Support is being provided by ADB, the Arab Bank for Economic Development in Africa (BADEA), Kuwait, the Federal Republic of Germany and the OPEC Fund. However, a shortfall of \$6.5 million remains.

53. At Francistown and Selebi-Phikwe funding is still required for the terminal buildings. The runways at Maun and Kasane need strengthening, at a cost of approximately P 6 million. The airfields at Ghanzi and Tshabong also need renovation and improvement.

IV. REHABILITATION AND DEVELOPMENT NEEDS

54. Previous reports identified many rehabilitation and development projects which are elaborated in order to overcome the economic dislocation arising directly from the incidents and disturbances in 1977 in the border areas. The remaining needs in this respect are described below.

A. Rehabilitation programmes

1. Forest-fire control infrastructure

55. Assistance is still needed for the provision of mechanical equipment for fire-break construction in Chobe National Park, where bad fires occurred during the 1981 dry season. Fire-breaks must be cut each year, at the end of the rainy season.

2. Rehabilitation of tourism

56. The Tourism Department needs \$260,000 to set up campsites in Chobe National Park (together with accommodation for Park staff), in order to revitalize tourism in the area. Chobe Lodge in the Park is still closed.

B. Foot-and-mouth disease control

57. The various projects in this programme have been successfully implemented.

C. Strengthening of transport and communications link with Zimbabwe

1. Tarring of Dumela-Ramokgwebana road

58. Construction is under way on the Botswana side of this main artery to Zimbabwe, with the support of the World Bank (\$6.5 million). However, a \$3.9 million funding gap still remains, for which the Government seeks assistance. In relation to the upgrading of this road, a new bridge is needed in Francistown, costing \$1.2 million; ADB is financing \$0.8 million of this, and assistance is sought for the remaining \$400,000.

2. Railway track renewal

59. There has been considerable deterioration of the railway in Botswana, as a result of neglect of maintenance and replacement in the 1970s. The principal needs are: renewal of 640 kilometres of track, replacement of the signalling system, and installation of telecommunications. The cost of this work is estimated at a total of \$184 million, of which \$177 million is for track renewal and upgrading. Funding is being sought for this project within the SADCC programme. The continuing heavy traffic is further weakening the track, which makes this a high-priority project.

3. Telecommunications

60. ADB is providing 20 million units of account for the Lobatse-Francistown microwave link, for which the tendering process has already been initiated. A further \$20 million to \$25 million is needed for local connexions and exchanges along this link. A new national telex exchange is now operational. A radio link Gaborone-Ghanzi has been installed at a cost of P 250,000. The Kasane exchange has been upgraded, but the Maun exchange needs additional work. Considerable needs remain in respect of rural telecommunications.

61. The Francistown-Bulawayo microwave link, a SADCC project being financed by Sweden and Norway, is expected to be operational in early 1984.
