Increasing investment in Botswana’s agriculture sector

27 March 2019
1. Organisational overview of Agri SA

- South Africa’s leading agricultural organisation
- Value chain strategy
- Focus on agricultural policy advocacy
- Representing approximately 29,000 farmers
- **Membership Structure**
  - Provincial Affiliations (9 Provinces)
  - Commodity Chamber (26 Organisations)
  - Corporate Chamber (43 Companies)

43 Corporate members
2. Value of organised agriculture for farmers

Focus areas
- Market development and access
- Research and development
- Transformation
- Production related information

26 COMMODITY ORGANISATIONS

Agronomy
- Cotton SA, Dry Bean Producers' Organisation, Forestry South Africa Medium Growers Group, Grain SA, South African Sugar Association, Tobacco Institute of Southern Africa

Animal Production

Horticulture
Agriculture in South Africa

Role in the South African economy

- Of total land: 82.3%
  Agricultural lands constitute 100.6 million hectares, 82.3% of land area of South Africa

- Of export: 10.78%
  In 2017 agricultural exports came to R 127.69 billion

- Of GDP: 2.5%
  Agricultural production in 2017 amounted to R 106.42 billion

Commodity ranks in world agriculture in 2017

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Export, R million</th>
<th>Production</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citrus fruit, fresh or dried</td>
<td>18 623</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>Wine</td>
<td>9 537</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Grapes, fresh or dried</td>
<td>8 535</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Pome fruit</td>
<td>7 644</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Maize</td>
<td>6 304</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Wool</td>
<td>4 714</td>
<td>21</td>
<td>3</td>
</tr>
<tr>
<td>Sugar</td>
<td>3 657</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Stone fruit</td>
<td>1 653</td>
<td>20</td>
<td>6</td>
</tr>
<tr>
<td>Subtropical fruit</td>
<td>1 283</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Tobacco</td>
<td>123</td>
<td>37</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: Fact Fish Catalog
MAJOR IMPORTERS OF SOUTH AFRICAN PRODUCTS 2017, R MILLION

Europe: 22.07%
Africa: 16.23%
North America: 4.83%
Asia: 3.76%
Middle East: 1.38%
Other: 48.95%

Source: DAFF Abstract 2018
Top 8 importing countries of South African beetroot in 2017 (tons)

- Swaziland
- Lesotho
- Botswana
- Namibia
- Angola
- Mozambique
- Zambia
- Senegal

Dynamics of trade, thousand tons

Source: ITC Trade Map

Domestic sales on the fresh produce markets in 2017

Source: DAFF Abstract 2018
BANANA

Top 8 importing countries of South African bananas in 2017 (tons)

- Namibia
- Swaziland
- Botswana
- Lesotho
- Malawi
- Italy
- Mozambique
- Zambia

Source: ITC Trade Map

Dynamics of trade, thousand tons

Source: ITC Trade Map

Domestic sales on the fresh produce markets in 2017

Source: DAFF Abstract 2018
Botswana
3. Botswana macro economic and country indicators

- Population: 2.2 million
- Unemployment: 18%

Economic Structure:
- Primary sector: 2%
- Secondary sector: 33%
- Tertiary sector: 65%

- Diamond exports represent 86% of exports
- Least corrupt country in Africa
- Botswana’s inflation tracks that of South Africa due to very close trade links between the two countries
- At the heart of SADC consumer market (± 300 million people)
- Longest continuously stable democracy in Africa
- Second freest economy in SSA
- One of the most profitable countries in Africa

Percentage growth in GDP from 2010 to 2018

- 2010: 8%
- 2011: 6%
- 2012: 7%
- 2013: 10%
- 2014: 4%
- 2015: -3%
- 2016: 3%
- 2017: 2%
- 2018: 1%
4. Botswana’s export destinations

<table>
<thead>
<tr>
<th>Partner</th>
<th>Copper &amp; nickel</th>
<th>Diamonds</th>
<th>Gold</th>
<th>Hides &amp; skins</th>
<th>Iron, steel &amp; related</th>
<th>Machinery &amp; electrical equipment</th>
<th>Meat</th>
<th>Plastic</th>
<th>Salt &amp; soda ash</th>
<th>Textiles</th>
<th>Vehicle &amp; transport equipment</th>
<th>Other goods</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SACU</td>
<td>-</td>
<td>504,3</td>
<td>-</td>
<td>5</td>
<td>26,1</td>
<td>196</td>
<td>61,3</td>
<td>35,8</td>
<td>43,9</td>
<td>18,7</td>
<td>16,8</td>
<td>52,4</td>
<td>960,3</td>
</tr>
<tr>
<td>SADC</td>
<td>9,8</td>
<td>504,3</td>
<td>-</td>
<td>5</td>
<td>27,4</td>
<td>203,6</td>
<td>63,1</td>
<td>39,9</td>
<td>61,9</td>
<td>20</td>
<td>24,8</td>
<td>67,9</td>
<td>1024,7</td>
</tr>
<tr>
<td>Africa</td>
<td>9,8</td>
<td>504,3</td>
<td>-</td>
<td>5</td>
<td>27,4</td>
<td>207,2</td>
<td>63,1</td>
<td>39,9</td>
<td>61,9</td>
<td>20</td>
<td>25</td>
<td>68,2</td>
<td>1031,8</td>
</tr>
<tr>
<td>Asia</td>
<td>-</td>
<td>2298,8</td>
<td>-</td>
<td>-</td>
<td>0,6</td>
<td>0,3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,2</td>
<td>2304,9</td>
</tr>
<tr>
<td>EU</td>
<td>-</td>
<td>1121,3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0,9</td>
<td>50,2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0,4</td>
<td>1172,8</td>
</tr>
<tr>
<td>Total</td>
<td>9,8</td>
<td>4160,4</td>
<td>45,3</td>
<td>5</td>
<td>28</td>
<td>210,4</td>
<td>113,3</td>
<td>39,9</td>
<td>61,9</td>
<td>20</td>
<td>25</td>
<td>74</td>
<td>4791,9</td>
</tr>
</tbody>
</table>

| % of Total | 0.20% | 86.82% | 0.95% | 0.10% | 0.58% | 4.39% | 2.36% | 0.83% | 1.29% | 0.42% | 0.52% | 1.54% |

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### 5. Botswana’s African comparison rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rankings</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB’s Investment Attractiveness Index</td>
<td>13&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Investment Attractiveness (World Ranking)</td>
<td>91</td>
</tr>
<tr>
<td>Quality of infrastructure</td>
<td>11&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Africa Infrastructure Development Index 2018</td>
<td>10&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Transport Composition Index</td>
<td>6&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Electricity Composition Index</td>
<td>8&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>ICT Development Index</td>
<td>9&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Human Development Index</td>
<td>6&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td>Healthcare Quality and Access Index</td>
<td>41</td>
</tr>
<tr>
<td>Water and Sanitation Composite Index</td>
<td>7&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

Source: RMB - Where to invest in Africa, 2019
6. Overview Botswana’s agricultural sector

- Semi arid country

- Agriculture represents only 2.4% of GDP

- ±80% of agriculture’s GDP generated by beef cattle industry

- Dualistic landscape
  - Commercial sector
  - Traditional sector

- 58,974 traditional farmers/holders
  - 5.7% aged between 15 and 35 years
  - 32.9% aged 65 years and more

- Male farmers 62.1%
  Female farmers 37.9%
7. The opportunity to change the water landscape
8. Overview of Livestock Production (Beef cattle, goat, sheep)

Cattle, Goat, Sheep populations from 2017 to 2018 (‘000)
9. Livestock Production - Birth rate, mortality rate, off-take rate

- Consistently low rates shows the lack of quality health care, feed and growth in herds.

- Telling of the scale of farmers and their inability to invest in operations and infrastructure

- Average land area per holding (ha) is 4ha

Traditional Sector: Goats Production Indicators Trends: 2007 - 2017

Traditional Sector: Sheep Production Indicators Trends: 2007 – 2017

Traditional Sector: Cattle Production Indicators Trends: 2007 – 2017

- BMC mandated with the slaughter and marketing of all Botswana beef exports
- Commission plagued by crippling losses
  - Deficit of P770.12 million during 2016/2017
  - Deficit of P535.11 million during 2015/16
  - Income declined by 36% from P1 872.13 million to P1 183.36 million during the 2016/17 financial year
- Apparent inability to pay producers on time discouraging farmers to sell to BMC
- Government upgrading of BMC in Lobatse – P300m – December 2018
- Mentioned intention to explore Chinese market
- Francistown abattoir that was designed to slaughter 380 cattle a day has actually been slaughtering on average between 165 and 167 cattle a day which is 43.9 per cent capacity utilization
- Transportation to Francistown and Lobatse also a challenge
- Busy with privatisation
### 11. Overview of crop production (Maize, sorghum, millet and beans/pulses)

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of land holdings</td>
<td>41043</td>
<td>35173</td>
</tr>
<tr>
<td>2. Holdings planted</td>
<td>30150</td>
<td>33399</td>
</tr>
<tr>
<td>3. Total land area (ha)</td>
<td>204,965</td>
<td>135,315</td>
</tr>
<tr>
<td>4. Total area planted (ha)</td>
<td>123,251</td>
<td>126,821</td>
</tr>
<tr>
<td>5. Total area harvested (ha)</td>
<td>32,641</td>
<td>92,942</td>
</tr>
<tr>
<td>6. Fallow land Area</td>
<td>81,714</td>
<td>8,494</td>
</tr>
<tr>
<td>7. % Land area not planted</td>
<td>39.9</td>
<td>6.3</td>
</tr>
</tbody>
</table>

#### Traditional Sector: Land Holdings, Holdings Planted and Harvested Trends: 2007 - 2017

- **Land Holdings**
- **Holdings planted**
- **Holdings harvested**

#### Traditional Sector: Land Area, Area Planted & Harvested Trends: 2007 - 2017

- **Land area**
- **Area planted**
- **Area harvested**
12. How to attract investment

- Skills development
- Improvement of BMC
- Pandamatenga pipeline
- Secure land ownership
- Spedu revitalisation
13. Agri SA Team

Jolanda Andrag  
*Head: Commodity Chamber*

Jolanda previously worked in academia as lecturer and researcher. She holds a Masters Degree in Political Science from NWU.

Omri van Zyl  
*Executive Director, External Strategy*

Omri is an admitted attorney with over a decade experience in leading the Africa consulting team at an international consultancy on agricultural strategy, M&A and operations. He holds a MBA from UP.