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Econ 475
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Education Report-Botswana

I. Introduction

According to Wikipedia, Botswana is a landlocked country in southern Africa bordering South Africa, Namibia, and Zimbabwe. Its population is about 2.3 million, and its capital and largest city is Gaborone. Since gaining independence from Britain in 1966, "the economy of Botswana is currently one of the world's fastest-growing economies, averaging about 5% per annum over the past decade" (Wikipedia, par.1). Botswana's economy heavily depends on mining, especially diamonds, which "account for 80 percent of Botswana's exports and 30 percent of the country's gross domestic product (GDP)" (Rough&, par.2). The Government invested heavily in education, health, and infrastructure to reduce poverty and promote economic growth.

The expansion of education is a key factor in economic growth, which had a significant positive impact on Botswana's economic growth. It increased productivity and efficiency in various sectors. "According to Takii & Tanaka (2009) economists consider that education can improve human capital and raise the GDP" (Bosupeng, Mpho, 5). Botswana also has a relatively high literacy rate due to the Government's high priority on education. According to CIA country reports, Botswana has a literacy rate of 88.5%.

The objective of my report is to analyze the relationship between educational expansion and economic growth in Botswana between 1965 and 1985. I will provide relevant evidence and critically explain changes in GDP per capita and education levels, and growth rates over this period. In addition, I discuss Botswana's sustained economic growth in the ensuing years, the importance of Botswana's experience to other African countries, and its implications for policymakers.

II. Botswana's economic growth and education in 1965-1985

Figure 4.2 of Easterly (2001, Chapter 4, p. 76) shows data on the different growth outcomes of the expansion of education in Africa (1965-1985). The countries are Senegal, Botswana, Madagascar, Ghana, and Lesotho. Botswana's per capita GDP growth is about 9%, and growth in years of schooling is about 6%. Botswana's per capita GDP growth was the highest of the five countries. It also shows that Botswana's education expansion was

positively correlated with economic growth during this period. In Figure 1¹, Botswana's GDP per capita increased from about \$80.2 in 1965 to about \$979 in 1985, and in Figure 2, primary school enrollment increased from about 67% in 1970 to 104% in 1985; it is a period of remarkable growth.

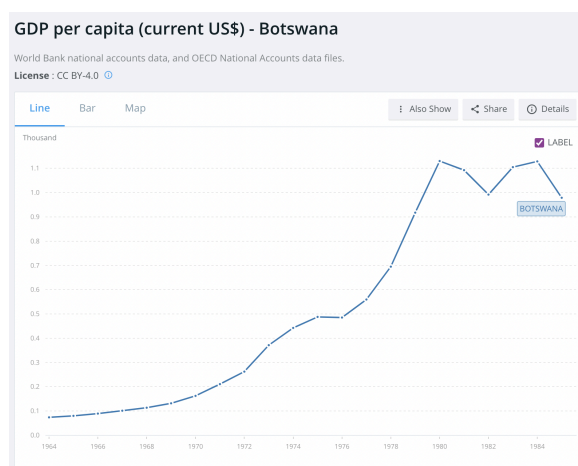


Figure 1

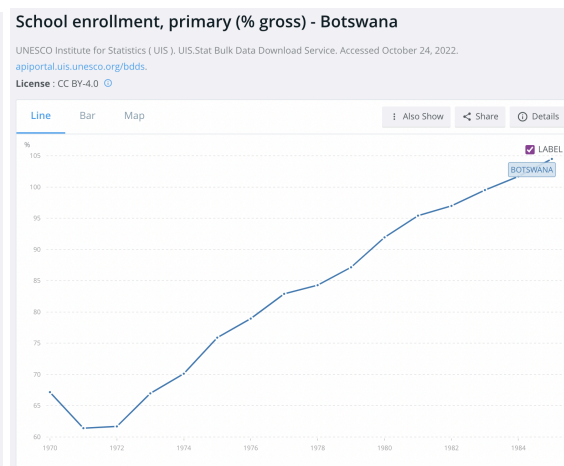


Figure 2

A factor in Botswana's economic success during this period was the importance of education, which facilitated social mobility. "During the late 1970s the Government became increasingly aware of the equity issues of education as there was evidence that a number of students were unable to complete some levels of education due to financial constraints. In line with its universal education for all goals, the Government abolished school fees, first for primary school (1978), and later for secondary school (1989)...University education was paid for by the Government via a bursary that stipulates that the graduate contributes 5% of initial gross salary for each year of sponsorship" (Siphambe, Happy Kufigwa, 293). It illustrates how the Government has ensured that financial constraints are no longer a barrier to education by eliminating tuition fees and providing bursaries for university education, thereby making higher education accessible to poor students. At the same time, through investment in education, the Botswana Government recognizes the importance of human capital development and its potential to drive economic growth and development, as "an educated individual is a positive contributor to the economy as a whole" (Bosupeng, Mpho, 5).

Besides education, other factors also contributed to Botswana's economic success during this period. "Much of the success is attributed to the exploitation of major diamond deposits discovered 1 year after independence" (Siphambe, Happy Kufigwa, 292). The discovery of diamond deposits marked a turning point for the country as it was dominated by

¹ Both Figure 1 and 2 are from World Bank open data.

diamond mining, leading to a mining boom and continued economic growth. At the same time, it also creates employment opportunities for many people, which helps to reduce poverty in the country.

The Botswana Government's commitment to sound economic policies and good governance also contributed to economic growth over the period. Government policies focus on attracting foreign investment, promoting trade, and supporting private sector development. They have a good legal system, a low corruption rate, and a stable political environment. Additionally, Botswana has invested heavily in roads, airports, and other transport infrastructure that help connect the country to regional and international markets.

III. Subsequent years: Botswana's economic growth and education after 1985

After 1985, Botswana continued to experience significant economic growth and educational progress. According to MacroTrends, Botswana's literacy rate for 2013 was 86.82%, an 18.24% increase from 1991. In Figure 3², GDP per capita rose from \$979 in 1985 to \$6805.2 in 2021.



Figure 3

Table 1. Mean monthly earnings of workers by education levels (Pula): overall and by gender^a

School category	Overall	Male	Female
No school	346	403	187
Lower primary (1–4)	453	568	262
High primary (5–7)	491	628	350
Low secondary (8–10)	843	1051	704
High secondary (11–12)	1593	1699	1450
Tertiary education (13+)	2504	2517	2484

^a

Source: Household Income and Expenditure Survey data, 1993/94.

Table 1

Table 1³ shows a positive relationship between education level and income in Botswana." Average earnings increase as the level of education rises...Compared with earnings differentials reported in 1972 and 1986 (4.5 and 6.1, respectively), these ratios indicate an increase in earnings differentials between those with lower levels of education and those with higher levels of education" (Siphambe, Happy Kufigwa, 293). This finding underscores the evidence that education can be a crucial factor in reducing poverty and promoting economic growth.

However, there is "the lack of a statistically significant relationship between education expenditure and GDP may mean that the Government is not providing enough jobs for the

² Figure 3 is from World Bank open data.

³ Table 3 is from Siphambe, Happy Kufigwa.

recent graduating classes who are fresh from their universities or vocational training institutions....even though the Governments are spending so much money on the education system, there might be a mismatch between what the employer needs and the skills possessed by the students" (Bosupeng, Mpho, 15). This highlights a potential problem with Botswana's education system, where there appears to be a disconnect between the skills its graduates possess and what employers demand. It may indicate a need for improved vocational training programs that provide students with practical skills that lead to immediate employment opportunities.

Despite this, the "important aspects of Botswana's political economy — including political pluralism and sound economic management — have been singled out as major factors contributing to this success story." (Siphambe, Happy Kufigwa, 292) Botswana has developed new industries, such as tourism and manufacturing, which has helped diversify its economy from mining. This has promoted foreign investment and also played a role in stimulating economic growth.

V. Conclusion

In conclusion, this report analyzes the relationship between educational expansion and economic growth in Botswana from 1965 to 1985 and in subsequent years. The collected graphs and bibliography show that educational expansion was positively correlated with economic growth in Botswana from 1965 to 1985. As a result, Government investment in education promotes social mobility and increases productivity and efficiency in various sectors. At the same time, the discovery of diamond deposits, good Government governance, and infrastructure development have also contributed to Botswana's economic success. After 1985, Botswana continued to experience significant economic growth and educational progress, with education levels in the country positively correlated with income. The importance of education in Botswana in driving economic growth and development, as well as good governance, and infrastructure, has influenced their economic growth.

Botswana's experience has implications for other African countries that are also trying to achieve economic growth and development. Botswana's success demonstrates that investing in education can improve economic outcomes and reduce poverty and that good governance and infrastructure development, attracting foreign investment, and facilitating trade are also key factors in achieving sustained economic growth. Policymakers can learn these lessons and implement policies prioritizing education, good governance, and infrastructure development to boost economic growth and reduce poverty.

VI. References

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