

Botswana's Economy and the Question of Diversification

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ABSTRACT

Botswana is an upper-middle-income country with a significant diamond wealth, being the first world producer of diamonds in terms of value and the second largest, after Russia, in terms of volume.

Although Botswana's economy has performed quite well in recent years, apart from the negative year of the COVID-19 crisis, the country still suffers from high inequalities, high levels of poverty, insufficient infrastructure, and a poorly diversified economy too focused on diamonds. This paper examines the economy of Botswana, its features, economic structure, and evolution, stressing the need for diversification. The paper first suggests the need for the government to actively foster private sector development of the economy and the provision of a business-friendly regulatory environment, as well as an innovation policy that encourages the adoption of digital technologies and the establishment of Industry 4.0, finally, last but not least, skill enhancement. Therefore, innovation, institutions, and education are the key factors for diversification and sustainable development.

Keywords: diversification, Botswana, innovation, knowledge economy, institutions

JEL Classification : O14, O25, O30, O55, L50, J24.

INTRODUCTION

Botswana is an African state located at the center of Southern Africa. It is a sparsely inhabited country with a small population of 2.4 million in 2021 compared to an exceptionally large territory. However, approximately 80% of Botswana's land area is made up of the Kalahari Desert, which is a 2,500 km uninterrupted expanse of sand. The Republic of Botswana became independent of the United Kingdom in 1966, and it is the African continent's oldest democracy. At the time of independence, it was one of the world's poorest countries. Yet, the country rapidly became one of the world's development success stories, so much so that in 2004, the World Bank classified Botswana as an upper-middle-income country.

In 2021, the gross domestic product (GDP) in Botswana was worth 17.5 billion United States (US) dollars, according to official data from the World Bank (2022a), while its GDP represents 0.01% of the world economy. As of December 2021, GDP per capita was 7,247.6 US dollars.

Botswana has a significant mineral (diamond) wealth. It is the leading producing country in terms of value and the second (after Russia) largest in terms of volume, covering 20% of world production. Jwaneng Mine and Orapa Mine are two of the ten largest diamond mines in the world and are located in the country. Additionally, Botswana houses seven diamond mines.

Botswana is considered by many to be an outstanding example in the African continent for the good functioning of its institutions, good governance, and prudent economic management; it is deemed one of the best places to invest in Africa and the least corrupt country on the African continent. Nevertheless, although good economic performance, a long track record of macroeconomic stability, and significant educational investments, Botswana is still left with high inequality, high youth unemployment, and subpar human capital indicators compared with peers. Furthermore, its economy is still too much dependent on diamond mining.

Botswana needs to diversify its economy. Diversification is needed due to the economy's vulnerability of being too focused on a single sector, with a narrow and insufficient production base that cannot absorb all the potential workforce. Moreover, long-term trends are showing a decline in mining revenues. This paper first examines the economy of Botswana, its features, economic structure, and evolution, and then it analyzes the question of diversification. Finally, the Discussion and Conclusion end the paper.

BOTSWANA'S ECONOMY: FEATURES, STRUCTURE, AND EVOLUTION

Botswana has historically enjoyed robust and stable growth since its independence in 1966. The country has represented an economic miracle, especially considering that at the end of the 1960s, it was considered one of the poorest countries in the world. Fortunately, now, unlike many other countries in the area, it no longer needs to make use of specific aid programs for developing countries. The country's stable growth has been supported by the discovery of large diamond deposits and the prudent use of the proceeds. Over the years,

¹ AUTHOR NOTE

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the government has invested the returns from diamond mining into education, health, and infrastructure, and it is among the most developed countries in Africa (Oxford Business Group, 2022).

Botswana's mining industry continues to be one of the best and most lucrative in the world, especially diamond mining. Botswana is the world's leading producer of diamonds by value, and given its large reserves, Botswana remains one of the main players in the global production of diamonds. Diamonds constituted about 25% of Botswana's GDP in 2021.² The country is almost fully dependent on diamonds for its exports, which contribute over 85% of total exports and are a major source of fiscal revenues in 2021 (International Finance Corporation, 2022).

The government of Botswana has continued to believe in the diamond mining industry and has established some key entities for the successful development of this industry. The Diamond Hub was established to transform Botswana into a competitive diamond center, emphasizing rough and polished diamond trading. The Okavango Diamond Company sells up to 15% of Debswana's diamond production to facilitate secondary rough trading, and the Minerals Development Company Botswana was established to manage the government of Botswana's interests in mining companies and to seek out new investment opportunities. In addition, the government of Botswana aims to capture more of the diamond production value chain, including trading, cutting, and polishing.

Botswana's economy is, therefore, strongly conditioned by the performance of the diamond sector. The downside of this sector is that performance is tied to global demand, which was hard hit during the COVID-19 pandemic. Furthermore, although the largest contribution comes from this sector, the long-term trend shows a decline in mining revenues, largely due to increased costs, especially in the diamond industry. This decline is also due to the diffusion of synthetic diamonds on the world market, especially for industrial use, given that the world market of industrial diamonds covers about 80% of the total market and is much larger than the commercial diamond market.³

Compared to other sectors, the mining sector remains the dominant one of the economy. It is the largest contributor to the GDP and government revenues, and the source of the large majority of export earnings (Bank of Botswana, 2021). If we compare the share of the GDP produced by the mining sector in 2021 with that of the manufacturing sector, the former is 3.7 times greater than the latter. Moreover, if we compare the share of the GDP produced by the mining sector in 2021 with that of the agricultural sector, it is 12.4 times larger.

Tourism is another important sector of the economy, which represents the second largest activity in Botswana in terms of the GDP, after mining. Tourism contributes about 13% of Botswana's GDP. On the jobs side, travel and tourism account for nearly 9% of total employment in the country, with principal tourist attractions being game reserves, wildlife, and wilderness. Botswana is the land of elephants, with approximately 130,000 elephants; it is the country with the largest number of these animals in the world. They are a major source of attraction, although they must be saved and protected as their numbers continue to decline dramatically.

Botswana's economy has undergone important transformations over the past decades; however, the shift has been largely into nontradable services, with limited gains in employment, income equality, and export diversification. The services sector has become the largest contributor to the GDP, with public administration and defense having a significant weight, equal to about 18%. Other important service sectors are wholesale and retail, and construction. At the same time, the agricultural sector's contribution has decreased significantly over the years (International Finance Corporation, 2022).

This proves the limitations of the existing diamond sector-led development model, which have become increasingly pronounced⁴. The country's GDP is still too concentrated on one sector, and the economy has an insufficient production base to employ the potential workforce.

Really, the process of economic diversification was partly initiated, but it is still insufficiently achieved. To lessen the excessive dependence on the diamond sector, the Ministry of Energy of Botswana has encouraged the exploration and exploitation of nondiamond minerals in order to diversify the mining sector. Other minerals are thus mined, such as nickel-copper, coal, sodium carbonate, gold, silver, semiprecious stones, and granite. Botswana also has untapped uranium, lead, and zinc reserves, that companies are seeking to exploit. In addition, there are also important mining-related subsectors that should be encouraged and could be developed, creating jobs, such as mining equipment, services, base metal processing, exploration, and mining consulting.

² Of Botswana's seven diamond mines, four are managed by Debswana, the largest mining company in the country, a joint venture between the government of Botswana and the South African diamond company De Beers; each party owns 50% of the company.

³ The natural diamond has a lot of applications in industry beyond jewelry. Mined diamonds are used, for example, to create utensils for cutting and/or abrasive tools.

⁴ The pace of growth of the diamond sector has weakened since the global financial crisis in a context of higher competition from synthetic diamonds and higher production costs locally.

To get a picture of Botswana's GDP trend over the last 5 years, which includes the period of the economic crisis caused by COVID-19, we can look at the International Monetary Fund data (IMF, 2022). Table 1 shows the data on real GDP variations, the changes in the contributions of mineral and nonmineral macro-sectors, and the changes in consumer prices and diamond production for the years from 2018 to 2022.

Table 1 Botswana GDP Trends from 2018 to 2022
(Annual Percentage Change)

	2018	2019	2020	2021	2022*
Real GDP	4.2	3.0	-8.7	11.4	4.3
Mineral sector	8.4	-3.7	-26.5	29.9	5.4
Nonmineral sector	2.9	5.2	-3.5	7.2	4.0
Consumer prices (averages)	3.2	2.7	1.9	6.7	11.0
Diamond production (millions of carats)	24.5	23.7	16.9	23.2	24.0

Source: IMF (2022).

*Estimated data.

The data show that the drop in the GDP relating to the mineral sector due to COVID-19 was very strong, while the loss in the nonmineral sector was much more contained. Furthermore, the economy has shown a strong recovery and remarkable resilience, with a positive annual percentage change in 2021 of 11.4% and a trend of robust growth with a positive change of 4% in 2022. In 2021 and 2022, diamond production has also recovered to pre-COVID-19 production levels, highlighting production levels between 23 and 24 million carats and confirming Botswana's leading role in the world diamond market.

However, Botswana faces difficult challenges. The country is still characterized by high unemployment, especially among young people. In the period 2019–2021, the unemployment rate increased to 18.2 in 2019, 23.3 in 2020, and 24.5 in 2021. Job creation was low, and, in any case, the public sector has remained the favored sector to create job opportunities.

The World Bank's (2022b) points out that the country's vulnerability was evident during the pandemic when the economy contracted by 8.7% in 2020 and fiscal pressures rose. COVID-19 exacerbated existing economic and social challenges, especially in rural areas and the southern part of the country, setting back some gains made in alleviating poverty. The unemployment rate climbed to nearly 26%, with youth unemployment posing a critical challenge. Moreover, despite historically declining inequality, Botswana remains with its pockets of widespread poverty, one of the world's most unequal countries, with the Gini index estimated at 53.3%, revealing a low social inclusion. Therefore, the World Bank (2022b) underlines the urgent need for a shift toward a more diversified economy, which creates more opportunities with the private sector playing a leading role.

Furthermore, given its narrow economic base, the country still has a strong dependence on imports of finished products, making it vulnerable to fluctuations in international market prices. Botswana imports fuel, food, beverages, tobacco, electrical machinery and equipment, chemicals, rubber products, and vehicles. Its main import partners are South Africa, Canada, and the United Kingdom.

The International Monetary Fund also seems fairly optimistic about Botswana's growth prospects. The IMF Executive Board, in its conclusions of "Article IV Consultation" (IMF, 2022), maintains that growth is projected at about 4.25% in 2022 and 4.0% per annum through the medium term. However, the growth outlook depends on the course of the war in Ukraine and the implementation of fiscal consolidation and economic diversification plans. At the same time, inflation is projected at 11.0% in 2022, which would require additional monetary tightening. Because inflation is far above the central bank's objective range, IMF urges to support, in the short term, the most vulnerable through the government social programs.

From this picture emerges the paradox of Botswana. A country that is rich in resources and relatively developed but with wide inequalities and limited inclusion. Hence, the need to continue diversifying Botswana's economy, focusing on innovation and education for sustainable and inclusive growth that reduces social inequalities and promotes employment for young people. In the next section, we will analyze the problem of diversification in more detail.

The Question of Diversification

In the previous paragraph, it was highlighted that the economy of Botswana is too concentrated in the diamond sector, and the limits of the current development model led by the diamond sector were also illustrated. In this section of the paper, the problem of diversification is addressed, first examining the arguments presented in the literature. In this regard, the key role of knowledge and innovation is highlighted together with the issue of

competitiveness. Secondly, the question of the diversification of Botswana's economy is discussed, and some policy proposals are indicated for its effective implementation.

Economic diversification can be defined broadly as the process of shifting an economy away from a single income source toward multiple sources coming from a growing range of sectors and markets.

A common thesis in the diversification literature is that in order to diversify the economy, the GDP should be distributed across various sectors. If the starting point is an economy focused on one sector, it needs to be transformed to make the production share of the other sectors more relevant.

Cherif et al. (2016), in particular, maintain that diversified economies perform better than mono-sector economies in the long run. Hesse (2008) points out that the process of economic development is typically a process of structural transformation and involves the diversification of the economy between different sectors. Above all, export diversification plays a fundamental role in this process. In this regard, Hesse (2008) provides robust empirical evidence of the positive effect of export diversification on per capita income growth. Morakabati et al. (2014) also underline the importance of diversification by highlighting the association between the diversification of exports and economic development. These authors emphasize the important role of service industries, including finance, knowledge-based sectors, and tourism, for export diversification.

In addition, Schilirò (2013) argues that diversification is important to promote economic development, create job opportunities for a rapidly growing local workforce, and reduce the risk of a high economic concentration. The latter makes the economy more vulnerable to external events, such as changes in the price of the dominant commodity, or due to the existence of substitute goods of that commodity (e.g., synthetic diamonds), or internal events, like shortages of the main commodity in the next future.

Furthermore, Miniaoui and Schilirò (2017) highlight that knowledge and innovation are major factors for diversification in the current global economy. At the same time, technological advance and innovation in the widest sense have become the keys to competitiveness and growth in traditional industrial sectors, high-tech sectors, and services, also contributing to new economic activities. In short, for a country to compete in the global arena, it must become innovation and knowledge driven. Entrepreneurship is also key and spurs economic growth and employment by favoring a competitive environment, creating new ventures in many sectors. Consequently, the drivers of competitiveness, in the long run, are essentially knowledge, education, institutions (i.e., institutional arrangements and regulatory policies), technology, environment, and entrepreneurial skills (Schilirò, 2013).

Diversification involves a process of structural change of the economy. Structural change usually refers to profound changes in the composition of production and employment and the shift of the relative contribution of primary, secondary, and tertiary sectors to aggregate growth (Schilirò, 2012).

A structural change could lead to agricultural transformation, new forms of industrialization, modern urbanization, changes in the production structure, domestic demand, foreign trade, and finance, but also institutional changes. The latter is key for the performance and success of a country (Acemoglu et al., 2005; Acemoglu and Robinson, 2010) and also matter for the process of diversification. Institutions are crucial and must create a business-friendly environment, be inclusive, and guarantee all citizens the same opportunities. To achieve a diversified and competitive economy, it is said that knowledge and innovation are key factors. The knowledge economy model, based on knowledge and innovation, could in fact lead to a diversified and, at the same time, competitive economy. Powell and Snellman (2004, p. 201) define the knowledge economy "as production and services based on knowledge-intensive activities that contribute to an accelerated pace of technological and scientific advance as well as equally rapid obsolescence. The key components of a knowledge economy include a greater reliance on intellectual capabilities than on physical inputs or natural resources, combined with efforts to integrate improvements in every stage of the production process, from the R&D lab to the factory floor to the interface with customers. These changes are reflected in the increasing relative share of the gross domestic product that is attributable to "intangible" capital (Abramowitz and David, 1996)."⁵

A knowledge economy is characterized by an ecosystem of interconnected elements and networks that allow a country to generate, adopt, adapt, diffuse, and commercialize knowledge-intensive products and services. Such an economy, unlike economies that depend on finite natural resources, relies on the potentially unlimited creativity and talents of its people to generate economic value, where innovation is key to making knowledge economy possible. In the knowledge economy, education, capital formation, research and development, and institutional changes are fundamental (Schilirò, 2010).

However, innovation and technological knowledge do not spread evenly across all sectors of the economy (Schilirò, 2013). The sectors usually follow different technological trajectories and growth rates, and it follows that the dynamics underlying the structural change over time entail a differentiated dynamic of the sectors. Thus, a policy to diversify the economy must take into account these differentiated sectoral dynamics.

⁵ According to the World Bank (2007), the four pillars of a knowledge economy are: economic incentive and institutional regime, education and human resources, the national innovation system, and information and communication technology.

To pursue economic diversification in a context of sustainable development, many countries that needed to diversify their economies because they are too dependent on a single resource (e.g., oil, diamonds, etc.) have developed their national agendas. These agendas are long-term strategies to diversify the economy and have been prepared at a national level due to the complexity created by the specific characteristics of national economies and circumstances.

Such national strategies, also called "visions," aim to induce greater economic diversification since the latter contributes positively to economic performance. To evaluate the effectiveness of these strategies and the related policies, it is important to understand their effects, for instance, on the impact of the labor market, employment generation, and export growth.

Botswana launched its "Vision 2036" in October 2015, which was adopted by the national parliament in 2016.⁶ "Vision 2036" aims to transform Botswana from an upper-middle-income country to a high-income country by 2036. "Vision 2036" stems mainly from the awareness of the Botswana authorities that they can no longer rely on diamonds as a reference point for the development of the country's economy but to direct their efforts and resources toward diversification. Moreover, this vision shares and supports the growth of a knowledge-based economy.

"Vision 2036" has been created primarily to achieve four goals (pillars): sustainable economic development, human and social development, sustainable environment, and governance, peace, and security. In particular, pillar 1: sustainable economic development aims to make Botswana a high-income country by 2036, with an export-driven economy underpinned by diversified, exclusive, and sustainable growth driven by high levels of productivity. This pillar includes various domains, such as knowledge-based economy, human capital, conducting business and competitiveness, infrastructure development, informal sector and the micro and small enterprises, mineral sector, agricultural sector, manufacturing sector, tourism, services, information technology, financial and business services, transport and logistics, creative industries, and sports.

Along with "Vision 2036," Botswana also launched its National Development Plan 11 (NDP11) in 2016 for the period April 2017–March 2023. It's about a national strategy developed to guide the medium-term economic development path for the country under the theme "Inclusive Growth for the Realization of Sustainable Employment Creation and Poverty Eradication." NDP11 focuses on six broad-based national priorities, such as developing diversified sources of economic growth, human capital development, social development, sustainable use of natural resources, consolidation of good governance and strengthening of national security, and implementation of an effective monitoring and evaluation system.

The economic model followed in Botswana has delivered important results, but it has also generated strong state-dependence (as both the main investor and employer) and little in the way of innovative value-added manufacturing or services in the economy. Botswana has relied too much on the public sector to increase employment; therefore, productivity is low, job creation is limited, and inequality remains high. The diversification in the mining sector is valuable but is not sufficient for the diversification of the economy and increasing employment, especially among young people. Furthermore, it does not significantly reduce the state's dependence on the mineral sector. More importantly, the development model followed by the authorities has not facilitated private sector-led job creation and has exacerbated national inequality. Policies designed to support improvements to the national investment climate, more efficient social sector spending, and stronger human and physical assets are essential if Botswana's future development is to be more inclusive and avoid the "upper-middle-income trap."

Furthermore, while Botswana's social sector spending has been generous, it has not produced the impact that might have been expected. For example, spending on education is among the highest in the world (up to 9% of the GDP) and includes the provision of nearly universal free primary education, but it has not created a skilled workforce. This has not helped reduce youth unemployment and social inequalities.

A strategy that aims at diversification and economic and social development requires, first and foremost, that the government of Botswana foster private sector development through the provision of a sound regulatory business-friendly environment. In addition, such a strategy must have manufacturing industries as essential ingredients. Manufacturing is a driver of productivity. A country with large manufacturing sectors tends to grow faster and seize the opportunities of new technologies and markets by offering new products. Furthermore, manufacturing industries can be the main source and users of technology progress, helping to create the knowledge economy. In this context, the government must design an innovation policy that encourages the adoption of digital technologies and the establishment of Industry 4.0.⁷

⁶For "Vision 2036" see <http://www.vision2036.org.bw/national-principles>. "Vision 2036" is a continuation and expansion of Botswana's first national vision, "Vision 2016", which ran from 1996 to 2016.

⁷ Industry 4.0 represents a paradigm shift from a centralized production model to a decentralized, intelligent, and connected production model. Industry 4.0, through the merging of digital technology and the Internet with conventional industry, alters how companies operate, as well as the relationship between suppliers, customers, and other third parties. The connected ecosystem built in industry 4.0 has many benefits, and in turn, generates a competitive edge. Key technologies thriving in industry 4.0 are robotics, analytics, artificial intelligence, cognitive technologies, nanotechnology, quantum computing, wearables, the Internet of things, additive manufacturing, and advanced materials (Schiliro, 2020).

Last but not least, an effective skills enhancement policy is needed. Empirical studies document that a high percentage of key skills required to carry out existing jobs is changing, and, in the next 20 years, 90% of jobs will require digital skills (Schilirò, 2021a). However, the initiative launched in October 2021 by the government of Botswana of a “national ITC policy review and e-commerce strategy,” which puts e-commerce and the digital economy at the forefront of efforts to ensure the flow of digitalized content and information, goods, services, and data, goes in the right direction. E-commerce helps trade and industry growth, increases productive capacity, and facilitates integration into global value and supply chains.

Since unemployment and poverty remain high, it is necessary to accelerate poverty reduction which requires bold decisions that encourage further progress on diversification and digitalization reforms, with greater private sector job creation, higher value-added agricultural production, and services.

The development of modern services is necessary for a strategy that aims at diversification and an economy paradigm driven by knowledge and innovation. Services such as finance (e.g., fintech)⁸, insurance, logistics, communications, and education are important and linked to the rapid development of competitive manufacturing firms. In addition, the government can contribute to the modernization of public administration services. Indeed, it can introduce service innovations through the provision of new and improved services but also service delivery innovation (i.e., with the introduction of a new or different method of service delivery with IT solutions, for instance, the e-governance) and also administrative or organizational innovations that facilitate access to services.

After all, the IMF (2022) also suggests orienting diversification toward manufacturing, tourism, and financial services (facilitated by fintech), in line with the “2036 Vision.”

Furthermore, International Finance Corporation (2022) points out that Botswana’s economy requires accelerated transformation efforts to achieve a diversified and export-led economy, stimulate innovation, and favor foreign private investments. In its report, the International Financial Corporation (2022) maintains that the government of Botswana should allow competition in sectors dominated by state sector-owned enterprises and harness private sector participation to foster transitions to sustainability, efficiency, and affordability of key enabling sectors, such as energy and water. As for the electrical infrastructure, they are still insufficient in relation to the country’s needs. Available systems operate at a capacity far below their potential. The country imports the bulk of its power from South Africa. Yet, Botswana has a huge potential for solar energy utilization, which needs to be strengthened.

Indeed, infrastructure (i.e., roads, railways, water, energy) constitutes a necessary condition for favoring industrialization, diversifying the economy, and achieving sustainable development and inclusive growth since infrastructure development helps to increase productivity and improve competitiveness. In the case of the roads, according to Statistics Botswana (2020), in 2020 the total road network in Botswana measured 32,562.8 km, and only 31.9% are made of bitumen. The rest are either gravel or earth and sand. In addition, the length of the roads (km) is maintained by the central government, and this length has not changed in the period 2016–2020. So, there hasn’t been an increase in road infrastructure. Furthermore, Botswana faces a major challenge with water infrastructure, which is still limited. In the country, there is both a lack of water infrastructure and the problem of efficient utilization of its scarce water resources to support the process of the economy’s diversification and the eradication of poverty.

Finally, another important aspect is that Botswana needs more international cooperation in the form of knowledge sharing with advanced Western economies. In order to enhance industrial activities, especially in the hi-tech sectors, investments are needed in research and development in the use of emerging technologies but also in factories and inventory and warehouse management. Such investments will certainly pay off for Botswana’s economy.

DISCUSSION AND CONCLUSION

The analysis carried out in this paper suggests that Botswana needs to diversify its economy and that the efforts made in this direction are still insufficient. However, the country has great potentialities but also faces great challenges.

The country should develop industries and activities in advanced technological sectors. For this to happen, it is necessary to improve the quality of the human capital available and to create jobs in new innovative companies that adopt advanced and digital technologies. For example, Industry 4.0, which uses the Internet of Things and other digital technologies such as 3D printing, or advanced and science-based industrial sectors such as industrial biotechnology, and digital services such as fintech and e-commerce, all sectors in which people having up-to-date skills are required.

Thus, it is important to improve and qualify education and schooling to upgrade the skills and competencies of young people, for example, by inducing students to study and major in STEM subjects so they are better prepared for jobs in high-tech sectors. These jobs can be created and stimulated through new ventures and

⁸ Fintech is becoming an increasingly important sector in the digital development of the economy, as happens, for example, in the United Arab Emirates (Schilirò, 2021b).

startups in innovative sectors. Botswana needs to move up stream in the industry value chain. So, higher skills and competencies are needed. Therefore, improvements in skills, particularly in digital skills, become crucial. In addition, Botswana needs internationalization of higher education, as South Africa did in its post-apartheid period. Internationalization of education means integrating an international and intercultural dimension to boost capable human resource development to improve the quality of the education system. Knowledge acquisition, resource and talent mobilization, especially regarding global research, and curriculum development with international content, are considered to be the primary benefits of the internationalization of higher education. An innovative and forward-looking spirit must be the attitude that must drive the development and diversification of Botswana. Entrepreneurship is essential to boost new ventures and create new opportunities in the private sector. Entrepreneurship is an increasingly fundamental aptitude in today's world and especially in the future for leading players in the digital century and its businesses, on par with data analysis or critical thinking skills. So, entrepreneurship must be encouraged. However, very often, there are several barriers to starting businesses, of which the most frequent are too much bureaucracy and the availability of funding. In boosting entrepreneurship, the role of modern universities is also important. Universities must work in the direction of developing and cultivating student entrepreneurial spirit by challenging them to overcome their limitations and always seek out innovative solutions.

To create a more diversified economy, it is necessary to compete in the global markets. For this to be possible, it is necessary to become a more skill-intensive and diversified innovation and knowledge-oriented economy. Thus, it is essential to invest in productive sectors capable of supporting, with their high levels of productivity, real long-term growth, and the development of new knowledge and new technologies. Provide a business-friendly regulatory environment. Foster the growth of export-oriented companies so that they can export a wide range of value-added goods and services to a wide range of destinations.

In conclusion, Botswana should follow this set of actions: boost the innovation capacity of the country, upgrade human capital, favor the entrepreneurship culture, improve infrastructure (material and immaterial), promote private sector-led and jobs-intensive growth, with an orientation toward internationalization, focus on sustainability, and, last but not least, mitigate inequality and poverty.

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