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Implications of the 2026/27 National Budget for Employment and Unemployment

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Human & Social Development Unit. BIDPA.

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About BIDPA

The Botswana Institute for Development Policy Analysis (BIDPA) was established in 1995 through a Deed of Trust as a partnership between the Africa Capacity Building Foundation (ACBF) and the Government of Botswana. Seed funding was provided by both Botswana Government, ACBF, and the Norwegian Government.

BIDPA was established following the realisation that there was a need to have an independent research institute that can effectively conduct research, policy analysis, and publish on development policy issues relevant to Botswana and the region.

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THE EXECUTIVE SUMMARY

Botswana continues to face persistent unemployment challenge, particularly among youth and graduates, despite steady economic growth over the past decades. Labour market trends indicate that unemployment remains structurally high, reflecting limited economic diversification, a narrow base of labour-absorbing sectors, and persistent mismatches between labour market demand and the skills produced by the education and training systems. These challenges have been repeatedly highlighted in national policy discussions, including recent budget statements and broader government priorities aimed at expanding economic opportunities for young people.

Against this backdrop, this policy brief assesses the **employment orientation of the 2026/27 national budget**, examining whether fiscal priorities are likely to support meaningful employment creation. The analysis suggests that the budget provides **moderate support for employment creation**, combining short-term employment interventions with initiatives intended to promote longer-term private-sector development and economic diversification.

Several employment-related priorities are reflected in the 2026/27 budget. These include support for small, medium and micro enterprises (SMMEs), investments in agricultural value chains, infrastructure development and public works programmes, industrial development initiatives, and skills development programmes. Together, these interventions signal increasing policy recognition that fiscal policy must play a stronger role in addressing unemployment while supporting broader economic transformation.

However, the expected employment impact of the budget will vary across time horizons. Infrastructure and public works programmes are likely to generate **short-term employment opportunities**, particularly for semi-skilled and unskilled workers. In contrast, more durable employment outcomes will depend on the effectiveness of programmes aimed at expanding labour-absorbing sectors, strengthening enterprise development, and supporting industrial diversification.

The analysis suggests that the employment impact of the budget could be strengthened by **deepening the scale and coordination of existing initiatives**, particularly those supporting enterprise development, agricultural value chains, and sectoral diversification. Improving the alignment between skills development programmes and labour market demand, while strengthening incentives for private-sector investment in job-creating industries, will also be critical.

Overall, the 2026/27 budget represents an important step toward integrating employment objectives within fiscal policy. Its long-term contribution to reducing unemployment will depend on how effectively current initiatives stimulate **private-sector growth, sectoral diversification, and sustained job creation across the economy**.

1.0 INTRODUCTION

The 2026/27 Budget cycle presents an opportunity to strengthen employment-oriented economic transformation in Botswana. Despite progress in labour market participation, unemployment remains structurally high, reflecting persistent mismatches between labour supply growth, skills alignment, and the economy's job-creating capacity. This brief assesses labour market conditions and examines the employment orientation of the 2026/27 budget, highlighting structural challenges and policy gaps that are critical for advancing sustainable job creation.

2.0 CONTEXT: LABOUR MARKET AND STRUCTURAL ISSUES

2.1 The Labour Market Dynamics

Botswana's labour market continues to reflect structural imbalances between labour supply and job creation. According to the 2024 Statistics Botswana Quarterly Multi-Topic Survey (QMTS), labour market participation remains moderately high, with the labour force estimated at about 1.17 million persons and participation rates around 69%, indicating substantial pressure from new labour market entrants. However, employment growth has not kept pace with labour supply expansion.

For the purposes of this analysis, labour force participation refers to the proportion of the working-age population that is economically active, comprising persons who are employed and those who are unemployed but actively seeking and available for work (Statistics Botswana, 2024). An increase in the labour force participation rate therefore, indicates that more people are entering or remaining active in the labour market, but it does not necessarily mean that employment has increased at the same rate. Where employment creation does not keep pace with the growth in the economically active population, both labour force participation and unemployment may rise simultaneously. The unemployment rate refers to the share of the economically active population that is not employed but is actively seeking and available for work. The extended unemployment measure is broader and includes discouraged job seekers who are willing to work but have stopped actively searching for employment. These definitions are important for interpreting the trends and labour market indicators presented in *Table 2.1-1*.

Unemployment remains high, with the overall unemployment rate at 27.6% in 2024, up from 25.9% in 2023. Total unemployment reached 287,060 persons, reflecting persistent joblessness among active job seekers. Gender gaps remain modest but slightly disadvantage women. Labour underutilisation is more severe when discouraged workers are considered, with extended unemployment rising to 32.5%, driven by the 76,418 discouraged job seekers who are willing to work but have ceased active job search (Statistics Botswana, 2023; 2024).

Youth unemployment remains a major structural constraint on inclusive growth and human capital utilisation. According to the 2023/24 Quarterly Multi-Topic Survey, unemployment among youth aged 15–35 years increased from 33.5% in 2022 to 34.4% in 2023, significantly above the national unemployment rate of 25.9% (Statistics Botswana, 2024). Labour market entry pressures are particularly severe among younger cohorts, with unemployment for persons aged 15–24 years estimated at approximately 40–44% during 2021–2024, reflecting structural barriers to first-time employment, skills mismatches, and limited expansion of entry-level private sector opportunities. In response to these persistent challenges, policy frameworks such as the National Youth Policy (2026-2036) and National Employment Policy for Botswana (2021) are aligned with long-term development objectives, although implementation effectiveness remains critical. The country's Global Youth Development Index ranking of 142nd out of 183 countries in 2023 (down from 108th in 2020) signals persistent challenges in translating education and inclusion policies into labour market outcomes (Mpako and Ndoma, 2024). These trends highlight the need for budget prioritisation of labour-absorbing growth sectors, skills-to-market transition programmes, and private sector youth employment incentives.

Formal and Informal Employment: Employment in Botswana comprises both formal and informal economic activities. Formal sector employment was estimated at 504,738 persons in 2024, reflecting a gradual post-pandemic recovery in salaried employment. Informal employment also remains a significant source of livelihoods, accounting for approximately 23.0% of total employment in 2024 (Statistics Botswana, 2024). Importantly, persons engaged in qualifying informal economic activities are not necessarily classified as unemployed; employment status is determined according to labour force survey definitions and the relevant reference period. The continued significance of informal and non-standard work nevertheless points to limited absorption into more stable and productive forms of employment. The decline in the reported share of informal employment between 2019 and 2024 should also be interpreted cautiously. It may reflect changes in the structure of employment, labour market movements, or changes in measurement and classification. It should therefore, not automatically be interpreted as evidence of a corresponding improvement in the overall quality or availability of employment.

Table 2.1-1: Selected Labour Market Indicators

INDICATOR	INDICATORS ESTIMATES		% CHANGE DIRECTION & INSIGHT
	(2019)	(2024)	
Labour Force Size (15 & above)	954,121	1.17 Mil.	+22.6% total increase (+4.2% CAGR per annum). Labour supply expanding faster than employment absorption capacity.
Labour Force Participation Rate	59%	69%	+10 pp total increase (+2.0 pp per year). Strong participation growth intensifies employment pressure.
Unemployment Rate (15 & Above)	22.2%	27.6%	+5.4 pp total increase (+1.1 pp per year). Indicates worsening structural unemployment and weak employment elasticity of growth.
Extended Unemployment Rate (15 & Above)	27.5%	32.5%	+5.0 pp total increase (+1.0 pp per year). Persistent labour underutilisation and rising discouraged workers.
Youth Unemployment (15–35)	28.8%	37%	+8.2 pp total increase (+1.6 pp per year). Youth labour market stress deepening; entry barriers intensifying.
NEET Rate[a]	36.1%	41.3%	Latest estimate only. Elevated level signals substantial youth disengagement; baseline comparison required for trend assessment.
Male Unemployment	21.6%	20%	–1.6 pp total decline (–0.3 pp per year). Slight improvement, though still structurally high.
Female Unemployment	22.8%	27.9%	+5.1 pp total increase (+1.02 pp per year). Gender gap widening; female labour absorption weakening.
Persons with Disability Unemployment Rate	20.5%	-	High vulnerability. Labour market exclusion persists despite overall participation growth; indicates structural accessibility and inclusion barriers.
Cities/Towns Unemployment Rate	18.2%	20.2%	+2.0 pp total increase (+0.4 pp per year). Urban core unemployment rising moderately, suggesting metropolitan labour markets are not absorbing labour force growth sufficiently despite higher economic concentration.
Urban Areas Unemployment Rate	23.5%	31.1%	+7.6 pp total increase (+1.5 pp per year). Sharp deterioration in broader urban labour markets. Indicates significant peri-urban labour stress and structural employment deficits outside primary city centres.
Rural Areas Unemployment	29.7%	23.4%	–6.3 pp total decline (–1.3 pp per year). Marked improvement in rural unemployment rates; however, this may reflect migration effects or labour force reclassification rather than strong rural job creation. Requires careful structural interpretation.
Formal Sec. Emp.	65.4%	66.9%	+1.5 pp total increase (+0.3 pp per year). Marginal formalisation trend. However, rising national unemployment indicates formal job growth remains insufficient relative to labour force expansion.
Informal Sec. Emp.	34.6%	23%	–11.6 pp total decline (–2.3 pp per year). Significant contraction in informal sector share. Could indicate formalisation, sectoral restructuring, or measurement changes; must be analysed alongside total employment growth to avoid overestimating structural gains. Further, the labour market trends suggest weak net job creation, where the decline in informal employment is not yet compensated by sufficient private sector formal job expansion.

NOTES: a. NEET Rate stands for Youth Not in Education, Employment or Training b. CAGR stands for Compound Annual Growth Rate, pp means percentage points. Data Sources: Statistics Botswana (QMTS: LFS Reports, 2020;2024); World Bank (2024).

Sectoral Employment Concentration: The structure of employment remains concentrated in services, public administration, and mining-related activities. The mining sector contributes significantly to export earnings but remains highly capital-intensive, accounting for a relatively small proportion of direct employment creation, a pattern consistently highlighted in the 2024 Bank of Botswana report. Services, trade, and public administration collectively constitute the largest employment clusters, reinforcing the economy's reliance on consumption-oriented and state-supported employment structures.

Rural-Urban Unemployment: Rural–urban unemployment dynamics in Botswana reflect growing structural labour market imbalance. Unemployment has risen more sharply in urban and peri-urban areas, particularly outside primary city centres, signalling weak labour absorption in expanding urban settlements. Rural unemployment has declined over the period, but this likely reflects labour mobility, discouraged worker effects, or structural shifts rather than strong rural job creation.

2.2 Key Structural Drivers of Unemployment

Labour market outcomes in Botswana are largely shaped by structural constraints rather than short-term cyclical factors. Evidence from Statistics Botswana and the World Bank indicates that unemployment is driven by persistent mismatches between labour supply characteristics and the structure of economic demand, as summarised below.

Skills and labour-demand mismatch remain a key constraint on employment outcomes, particularly among graduates. Graduate unemployment does not necessarily imply that graduates lack the skills required for available jobs. It may also reflect insufficient growth in skilled and graduate-level employment opportunities, a mismatch between the composition of qualifications produced and the structure of labour demand, or limited pathways for graduates to gain workplace experience. In addition, although formal education may provide transferable knowledge and competencies, employers may require occupation-specific experience and further on-the-job training.

The challenge should therefore, be understood as involving both labour supply and labour demand. Improving education and training alignment with emerging sectors remains important, but this must be accompanied by stronger growth in sectors capable of absorbing skilled labour. The 2026/27 budget's emphasis on youth employment and training programmes represents a partial response. Stronger employer-linked training, structured apprenticeships, internships and industry–education partnerships can improve school-to-work transitions, but sustained progress will also depend on expanding the number and quality of skilled jobs available in the economy.

Private-sector employment absorption remains constrained by subdued investment growth and limited expansion in labour-intensive sectors such as manufacturing and tradable services. As a result, employment growth continues to lag behind labour force expansion, reinforcing the economy's persistent reliance on public-sector employment. This dependence is increasingly fiscally constrained, as rising wage bill pressures limit the government's ability to sustain employment-led expenditure over the medium to long term. The 2026/27 budget signals a gradual shift towards fiscal consolidation, underscoring the need to accelerate private-sector-led job creation through improved investment incentives, industrial diversification, and targeted support for labour-intensive sectors.

Small, Medium and Micro Enterprise (SMME) growth constraints continue to limit labour market dynamism and private-sector job creation. Access to finance remains a binding constraint, largely driven by collateral-based lending requirements and limited credit penetration, particularly for early-stage and informal enterprises. While the 2026/27 budget expands SMME support programmes, the scale and targeting of financing interventions may be insufficient to generate meaningful employment effects without complementary reforms in credit access and risk-sharing mechanisms.

Economic concentration in sectors with limited capacity for sustained expansion in employment, particularly mining and public administration, further constrains broad-based employment creation. Mining is highly capital-intensive and generates relatively limited direct employment relative to its contribution to output and exports. Public administration, by contrast, is an important employer, but its capacity to absorb additional labour is constrained by fiscal pressures and the need to contain the public-sector

wage bill. Together, these structural features reinforce the need to expand employment in a more diversified private sector.

Technological change is also reshaping labour demand, particularly in financial services, mining operations, and administrative functions, where automation is gradually reducing demand for routine and mid-skill occupations. While the budget's emphasis on graduate transition-to-work programmes and internships is a positive short-term intervention, these measures are unlikely to fully address longer-term structural shifts in skill demand without more comprehensive investment in digital skills, reskilling, and adaptive labour market systems. Table 2.2-2 shows the severity of the above discussed drivers of unemployement.

Table 2.2-2: Structural Employment Constraints

Structural Issue	Employment Impact / Effect	Severity	2026/27 Budget Alignment/ Policy Relevance
Skills and labour-demand mismatch, reflected in high graduate unemployment	Mismatch between qualifications, workplace requirements and the availability of skilled employment opportunities; graduate transition into employment remains constrained	High	Training reform allocations included; more targeted alignment needed
Private-sector growth constraints, evidenced by weak private investment growth and hiring	Insufficient job creation; continued reliance on public employment	High	Limited direct incentives for private-sector hiring in budget; policy gap exists
SMME growth constraints including low credit access and high collateral requirements	SMMEs unable to scale operations and expand employment	High	Moderate SMME support included; additional financing mechanisms needed
Public-sector job dependence, with large government employment share and high wage bill	Fiscal constraints limit further employment absorption	Medium–High	Wage bill containment reinforces need for private-sector job creation
Economic concentration and limited diversification, including reliance on capital-intensive sectors and fiscally constrained public-sector employment	Growth and public expenditure do not translate sufficiently into broad-based and sustainable employment creation	High	Limited industrial diversification measures; stronger focus required
Technological and productivity shifts, including automation in key sectors	Declining demand for routine and low-skill labour	Medium	Not explicitly addressed; skills reorientation required
Graduate transition constraints, reflected in low placement rates and long job search periods	Persistent graduate unemployment	High	Partially addressed through internships and youth programmes
Export diversification weakness, with reliance on a narrow commodity base	Limited job creation in tradable sectors; structural unemployment persists	Medium–High	Some initiatives included; scale and impact remain limited

The emerging pattern suggests that unemployment is largely structural rather than cyclical, requiring policy responses that prioritise employment-intensive growth, private sector investment expansion, export diversification, and strengthened school-to-work transition pathways. From a fiscal perspective, the 2026/27 budget will play a critical role in redirecting resources toward productivity-enhancing sectors, labour-absorbing industries, and skills development mechanisms that support inclusive economic transformation.

3.0 EMPLOYMENT ORIENTATION OF THE 2026/27 BUDGET

As noted above, Botswana continues to face significant unemployment pressures, with youth unemployment at its highest. The situation is also worsened by the sluggish economic growth and slow diversification. Against these challenges, the 2026/27 budget (*See Table 3.1-1*) is strongly employment-oriented, with deliberate decisions to reduce unemployment, strengthen employability and create sustainable employment across priority sectors. It places employment creation at the centre of Botswana's economic strategy, aligning with the National Development Plan (NDP 12) and the BETP. Direct employment programmes targeting youth, graduates, and public works have increased allocations, signalling short-term support. Meanwhile, sectoral investment in SMMEs, agriculture, and infrastructure are structured to enable medium- and long-term employment creation, although labour absorption varies by sector.

3.1 The 2026/27 Budget Employment Initiatives

Ikageng Public Works Programme: The budget transforms the old Ipelegeng scheme into Ikageng Public Works Programme, aimed at specifically generating employment for youth and women. Ikageng links remuneration to performance and skill acquisition, shifting from welfare relief. This programme is expected to generate thousands of immediate jobs and support household income stability. It is one of the largest social-sector allocations under the Ministry of Local Government and Traditional Affairs, which received P2.86 billion and 69.9% of the Ministry's development allocation is directed to social welfare programmes. Although the programme modernises Ipelegeng, it continues to operate as a public-funded short-term employment scheme which does not create permanent jobs for citizens. This further highlight the private sector's inability to generate permanent opportunities and this heavy reliance on public works signals weak labour absorption.

While participants in paid public works may be recorded as employed during the period in which they are undertaking such work, the policy significance of these programmes lies in the distinction between temporary employment and sustained employment. Public works can therefore, reduce immediate unemployment and provide income support without necessarily resolving the underlying structural constraints to long-term employment creation.

SMMEs Financing and Entrepreneurship Development: The budget recognises that long-term employment growth requires a thriving economy led by SMMEs. A total of P1.31 billion has been allocated to citizen enterprise programs, and the government acknowledges that this amount is insufficient to address SMMEs' challenges. Consequently, work is ongoing to establish the National Fund of Funds to mobilise venture capital and equity financing and to improve credit mechanisms. The Fund is expected to be fully operational in the next fiscal year and aims to help entrepreneurs grow their businesses and create jobs. These initiatives are positive but insufficient to transform the SMMEs ecosystem, which faces deep structural challenges such as skills gap, informality, and limited market access. Funding alone does not solve regulatory hurdles or high rates of business failure.

Human Capital, Skills Development and Youth Employment: NDP 12 and BETP emphasise that Botswana's employment challenge partly stems from skills-productivity mismatch, and that the education system must develop an adaptable, job-ready workforce. To achieve this, the government has introduced the new TVET Act, the Higher Education Act and the Tertiary Education Financing Policy to improve quality and align training with industry needs. The TVET revitalisation and the establishment of the TVET Centres of Excellence

under the BETP aim to reduce youth unemployment and the number of youths not in employment, education or training by 2030. Furthermore, the government plans to deploy TVET graduates directly into public-sector operations, such as facility maintenance and protective equipment manufacturing, to provide practical work experience and demonstrate the economic value of vocational training. This move could help society view TVET courses more positively and motivate students to choose them, as they provide stable job prospects. The government also proposes to officially integrate temporary teachers, acknowledging the importance of stable teaching positions in enhancing education results. Although it is positive that the government is working to include TVET graduates in its operations, the budget lacks a clear plan for their absorption into the private sector. This continues the pattern of the government acting as the employer of last resort instead of encouraging private-sector opportunities.

Table 3.1-1 Budget 2026/27 by Employment Initiative

Employment Initiative	Budget Allocation	Expected Nature of Employment
Ikageng Public Works Programme	Included in the Ministry of Local Government and Traditional Affairs budget (P2.86 billion)	Direct public works jobs for youth and women
SMME Employment Programmes	P1.31 billion	Job creation through SMME growth and expansion
Temporary Teachers Absorption	P154.89 million	Direct placement of teachers into permanent jobs
TVET Graduate Absorption	Included in the Ministry of Higher Education budget (P7.52 billion)	Direct technical placement of graduates into government services
Tourism Concessions	P362 million (investment), P800 million (renewals)	Generate 500 new jobs and protect an additional 1,500 jobs
Construction and Infrastructure	P23.38 billion	Generate employment opportunities for the unskilled and semi-skilled workers in construction

Source: GoB, 2026. The 2026/27 Botswana Budget Speech.

3.2 Sectoral Drivers of Employment Creation

Government policy frameworks, particularly the Botswana Economic Transformation Programme and Vision 2036, identify priority sectors for employment creation, including agriculture, manufacturing, tourism, energy, mining, financial services, and digitalisation. Under the BETP, approximately 186 projects are planned, with the potential to generate over 500,000 jobs by the end of Vision 2036. Within this context, the employment orientation of the 2026/27 budget reflects a focus on supporting long-term structural transformation rather than relying solely on short-term employment interventions.

Agriculture is identified as a key driver of job creation, with the repositioning of the sector from subsistence farming to an export-oriented, agro-industrial system. Under the BETP, 26 agricultural projects are identified to strengthen value chains, agro-processing, logistics and market access. Regarding expanding the export base, the budget reports that the country is on the verge of exporting its first batch of moringa to Germany, highlighting both the commercial potential of agricultural clusters and the employment opportunities for farmers and the entire value chain.

Manufacturing plays a vital role as a link between primary production and exports, with 22 BETP projects dedicated to assembly, clean technologies and resource industries. The construction of four advanced factory units at the Airport Special Economic Zone is expected to boost manufacturing activity and create

related jobs. Additionally, investments in facilities such as the Pandamatenga grain dryer further enhance and strengthen agro-industrial employment and regional competitiveness. The energy sector significantly boosts employment through major capital projects. Khoemacau Copper Mine's expansion is expected to generate up to 5,500 jobs in 2026/27. Renewable energy projects in Jwaneng, Maun, Letlhakane and Isang generate engineering and technical jobs. Upgrades at Morupule B Power Station and transmission expansions also create employment opportunities.

Tourism also proves to be a strong source of employment with concessions expected to create over 500 new jobs and boost community revenue. Fast-tracking lease renewals of lodges in the Ngamiland region is expected to protect more than 1,500 existing jobs. The BETP portfolio of 21 projects aims to diversify products, deepen value chains and expand employment.

Infrastructure spending of P23.38 billion in the development budget is a key direct employment source, funding roads, water, sanitation, housing and transport infrastructure.

3.3 Expected Employment Impact

The employment orientation of the 2026/27 budget reflects a mixed labour-market impact profile, combining short-term employment relief with selected investments that may support medium- to long-term structural employment growth. However, the overall employment effect will depend significantly on the balance between labour-intensive initiatives and investments in sectors with stronger employment absorption capacity.

3.3.1 Short-Term Employment Effects

In the immediate term, employment gains are expected to arise primarily from infrastructure development and public works programmes. Investments in roads, bridges, and other public infrastructure tend to be relatively labour-intensive during the construction phase and can generate large numbers of jobs for semi-skilled and unskilled workers. These initiatives therefore, provide important short-term employment relief, particularly in contexts of high unemployment. However, the employment generated through infrastructure development is largely temporary in nature. Once projects are completed, most of these positions are phased out, limiting their long-term contribution to sustained employment creation. As a result, while infrastructure spending can alleviate unemployment pressures in the short run, it is unlikely to significantly reduce structural unemployment unless it is complemented by initiatives that expand durable private-sector employment opportunities. The scale of short-term employment creation will also depend on implementation capacity and project execution efficiency. Delays in procurement, project management constraints, or slow disbursement of funds can significantly reduce the employment impact of these programmes. Strengthening institutional capacity and ensuring timely project implementation will therefore be critical for maximizing the short-term employment benefits of the budget.

3.3.2 Medium- to Long-Term Employment Effects

Over the medium to long term, the employment impact of the 2026/27 budget will depend largely on the extent to which it supports private-sector expansion and economic diversification. Budget allocations aimed at SMME support, agricultural value chains, and industrial development have the potential to generate more sustained employment growth if effectively implemented.

Support to SMMEs carries particularly strong employment multipliers because small and medium enterprises are typically more labour-intensive and responsive to local market opportunities. Expanding access to finance, markets, and business development support could therefore, stimulate broader private-sector job creation. Similarly, investment in agriculture value chains presents significant employment potential, particularly in rural areas. Agriculture and agro-processing activities tend to be labour-intensive and can support both primary production and downstream industries, contributing to employment diversification beyond the mining sector. Industrial development funds and manufacturing support programmes may also strengthen Botswana's capacity for structural transformation by promoting value-addition and expanding industrial activity. While these sectors may initially generate moderate levels of employment, their long-term contribution lies in creating diversified economic opportunities that can absorb a wider range of skills. Skills development programmes will play an important complementary role by improving employability

and helping align labour supply with emerging sectoral demand. However, the employment benefits of such programmes materialize only when linked to expanding industries and clear labour market pathways. Despite these positive elements, the continued prominence of capital-intensive sectors such as mining and utilities within the broader economic structure implies that direct employment generation may remain limited unless diversification efforts accelerate.

3.4 Overall Policy Alignment

Overall, the 2026/27 budget demonstrates some alignment with employment creation objectives through targeted support for SMMEs, agriculture value chains, industrial development, and skills programmes. These initiatives reflect an important policy recognition that sustainable employment growth requires a stronger and more diversified private sector.

Nevertheless, the expected employment impact remains constrained by the relatively temporary nature of infrastructure-driven job creation and the continued prominence of capital-intensive sectors with low labour absorption. Addressing Botswana's persistently high levels of unemployment particularly among youth and graduates, therefore, require a deeper policy emphasis on labour-absorbing sectors, stronger incentives for private-sector expansion, and closer alignment between skills development programmes and emerging industry demand. Thus, strengthening the employment orientation of public expenditure will be critical to ensuring that fiscal policy not only supports economic growth but also delivers meaningful and sustained improvements in labour market outcomes.

4.0 CONCLUSION AND POLICY IMPLICATIONS

The 2026/27 national budget signals an increasing policy recognition that addressing unemployment must be a central objective of Botswana's fiscal strategy. Through targeted investments in infrastructure, enterprise support, agricultural value chains, industrial development, and skills programmes, the budget incorporates several initiatives intended to stimulate employment creation and broaden economic participation. These measures reflect a policy direction that aligns with the country's broader development priorities and the need to expand opportunities for a growing labour force.

At the same time, the analysis in this brief suggests that the nature of employment generated by the current budget mix is likely to be uneven across time horizons. Infrastructure and public works programmes are expected to generate important short-term employment opportunities, particularly for semi-skilled and unskilled workers. While these initiatives provide valuable income support and labour market entry points, their impact is inherently temporary and dependent on project cycles. As such, they are unlikely on their own to substantially reduce Botswana's persistent structural unemployment.

The more durable employment effects of the 2026/27 budget will, therefore, depend on the performance of programmes aimed at stimulating private-sector activity and economic diversification. Budget allocations supporting SMME development, agricultural value chains, and industrial development initiatives have the potential to generate more sustained employment by expanding labour-absorbing sectors of the economy. If effectively implemented, these interventions can contribute to broader economic diversification, strengthen domestic value chains, and increase the capacity of the economy to absorb both skilled and semi-skilled labour.

However, translating these policy intentions into measurable employment outcomes will require continued attention to implementation effectiveness, sectoral coordination, and alignment between skills development initiatives and emerging labour market demand. In particular, strengthening linkages between training programmes, enterprise development initiatives, and sectoral growth strategies will be critical to improving employment outcomes for young people and graduates.

Looking ahead, future budget cycles could further strengthen the employment impact of fiscal policy by deepening support for labour-intensive sectors, expanding incentives for private-sector investment, and embedding employment outcome indicators

within programme monitoring frameworks. Such measures would enhance the ability of fiscal policy to move beyond short-term employment relief toward sustained job creation driven by a more diversified and inclusive economic structure.

The role of government in addressing unemployment should also be understood primarily in terms of creating the conditions under which firms can invest, expand and create sustainable employment. While government can provide direct employment through public works, public services and temporary employment programmes, fiscal constraints limit its capacity to absorb a growing labour force indefinitely. Sustainable employment growth will therefore, depend increasingly on the ability of government policy to provide a stable macroeconomic environment, reliable infrastructure, appropriate regulatory and investment conditions, access to finance, and support for sectors with strong employment potential. Public expenditure should consequently be assessed not only by the number of jobs directly created, but also by its capacity to crowd in private investment and expand the economy's longer-term employment absorption capacity.

Overall, the 2026/27 budget represents an important step toward integrating employment objectives within national fiscal policy. Its ultimate contribution to reducing unemployment, however, will depend on how effectively current initiatives translate into sustained private-sector growth and long-term employment opportunities across the economy.

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