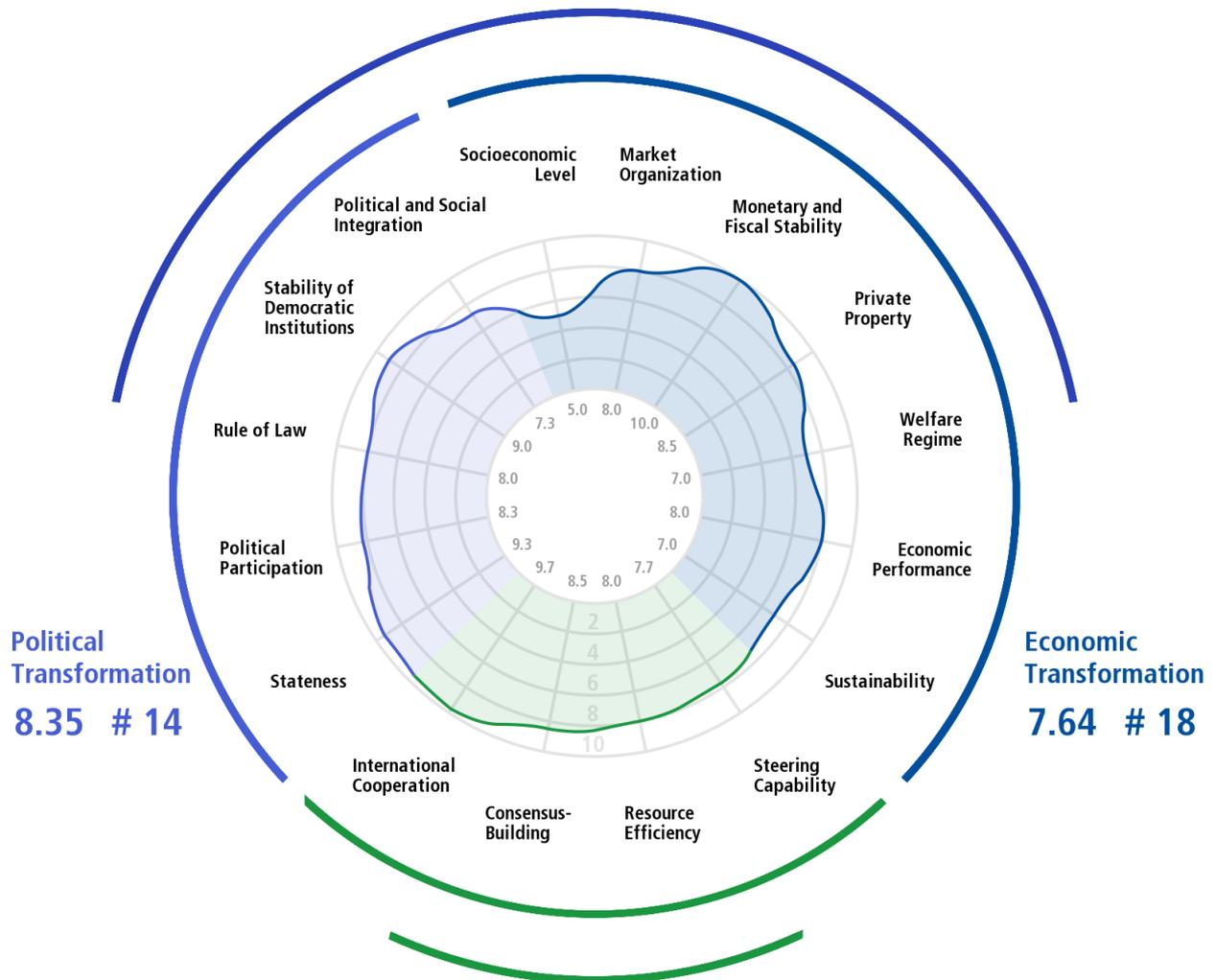


Botswana

Status Index

8.00 # 14

on 1-10 scale out of 137



Political Transformation
8.35 # 14

Economic Transformation
7.64 # 18

Governance Index

7.25 # 5

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2020 Country Report – Botswana. Gütersloh: Bertelsmann Stiftung, 2020.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Robert Schwarz

Phone +49 5241 81 81402
robert.schwarz@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	2.3	HDI	0.728	GDP p.c., PPP \$	18583
Pop. growth ¹	% p.a.	2.2	HDI rank of 189	94	Gini Index	53.3
Life expectancy	years	68.8	UN Education Index	0.664	Poverty ³	% 38.5
Urban population	%	69.4	Gender inequality ²	0.464	Aid per capita \$	46.3

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Botswana is expected to hold its 12th general elections in October 2019. To date, the Botswana Democratic Party (BDP) has won each of these elections. In 2014, the BDP won, but secured the lowest popular vote in its history, reaching only 47%. International observers declared the elections free, but not entirely fair. Observers and the opposition again criticized the lack of a level playing field and questioned the democratic credentials of Botswana's fourth president, Ian Khama. The BDP will be contesting the 2019 elections under a new leader, President Mokgweetsi Masisi, who succeeded Ian Khama in April 2018.

Despite having maintained a level of political and economic transformation able to deliver palpable benefits to the population, challenges persist. Botswana's transformation toward a mature economy has been slow, in part owing to sluggish economic diversification and declining minerals revenue, particularly from diamonds. The vulnerability of Botswana's economy was demonstrated during the 2008 and 2009 global financial crisis. As in the previous review period, some constraints on press freedom and occasional arbitrary actions by the executive have been observed. Government media remained tightly controlled by the Office of the President. However, in November 2018 the state media covered the leader of the opposition's response to President Masisi's State of the Nation Address – a development that was not possible under President Khama. With President Mokgweetsi Masisi having succeeded Ian Khama on April 1, 2018, there is a sense of optimism that the fear that gripped the country under Khama was waning, as Khama was considered intolerant. Masisi's tolerance to criticism is yet to be tested. Furthermore, the government maintained measures of dubious legality, including the unexplained deportations of foreigners, until President Khama stepped down on March 31, 2018. Since President Masisi took office on April 1, 2018, only one such deportation was recorded in May 2018 but was subsequently overturned by the president, possibly out of pressure from different quarters. The land rights of indigenous people in the Kalahari Desert, the San (also called "Basarwa" or "Bushmen"), and their development challenges remain unresolved. The challenges posed by social risks, particularly the

swelling numbers of unemployed youth, present serious threats to Botswana's long-term economic, political and social stability.

The BDP's political dominance has persisted despite a 2010 split that led to the formation of the Botswana Movement for Democracy (BMD). Subsequent to Masisi's ascendancy, media reports suggested a brawl between Masisi and Khama, suggesting differences between the two leaders, which was confirmed by President Masisi in November 2018. Their public conflict was in motion at the time of writing, and media reports suggested that a faction associated with Ian Khama within the ruling party (referred to by insiders as "New Jerusalem") is emerging. It appears the party is split between followers of Masisi and Khama. On December 18, 2018, Ponomi Venson-Moitoi declared that she would be challenging Masisi for president of the party, which is against established party practice. She was immediately relieved of her ministerial portfolio, and media reports linked her to the "New Jerusalem" faction. Ian Khama has declared his support for Venson-Moitoi's candidacy. The tiff between President Masisi and Ian Khama has the potential to destabilize institutions (including the ruling party) and the country. Nonetheless, cooperation talks among the opposition that followed the 2009 general elections yielded some success. The Botswana Congress Party (BCP) merged with the smaller Botswana Alliance Movement (BAM). The BMD, Botswana National Front (BNF) and Botswana Peoples Party (BPP) formed a coalition – the Umbrella for Democratic Change (UDC) – in 2012. As a result, three main political factions – BCP, BDP and UDC – contested the 2014 general elections. Of the 57 directly elected seats in parliament, the BDP won 37 seats (47% of the popular vote), UDC 17 seats (30% of the popular vote) and BCP three seats (20% of the popular vote). The opposition parties' efforts to challenge BDP dominance continue to be hampered by a lack of resources. Following the 2014 general elections, the UDC parties entered into protracted cooperation talks with the BCP. On February 3, 2017, a coalition between a faction of the UDC and the BCP was announced. The new coalition has adopted a Social Democratic Program (SDP) as its policy framework. With the formation of a new coalition, there was optimism and the possibility of an opposition electoral victory in the 2019 elections. These hopes have in part been quashed as a faction of the BMD split on September 20, 2017, to form the Alliance for Progressives (AP), while the conflict-ridden BMD was ousted from the UDC on October 25, 2018, following its suspension. The BMD is contesting its expulsion in court, and the court has yet to make a decision at the time of writing. If the coalition was sustained, 2019 would be a critical juncture in Botswana's history. The formation of the opposition coalition was expected to go a long way in strengthening the party system and increasing stability. Furthermore, the number of specially elected members of parliament has remained at six (increased from four in 2016). Interestingly, in August 2018 the government declared that the controversial 2016 electoral law amendment that among others embraced electronic voting would not be used during the 2019 elections, as it was not in operation. The amendment had met disapproval from certain quarters, with the opposition BCP challenging it in court.

The record of economic transformation in Botswana remains mixed. Botswana's dependence on diamonds remains a major challenge. Growth stalled when diamond prices and global demand for minerals fell in response to the Great Recession beginning in 2008. For the first time in 17 years, the government requested a loan from the African Development Bank. Another loan of BWP 1.5 billion was secured from the World Bank in 2017. Even so, the country's commitment to prudent

economic management ensured that the economy realized a steady recovery, restoring a budget surplus beginning with the 2012/2013 financial year. The 2013/2014 budget generated a surplus of BWP 386.16 million and the 2014/2015 budget a surplus of BWP 5.34 billion. However, a budget deficit of BWP 6.99 billion was recorded in 2015/2016. Similarly, revised estimates for the 2016/2017 budget suggest a deficit of BWP 1.11 billion. The 2017/2018 budget recorded a deficit of BWP 2.42 billion while the 2018/2019 budget anticipated a deficit of BWP 3.59 billion. The government reported that the economy grew at 0.3% in 2015 due to a fall in minerals revenue, demonstrating once again that the economy remains vulnerable owing to the slow pace of diversification efforts. The government put growth rate at 4.3% in 2016. In terms of the 2018/2019 budget, the government reported that the economy was expected to respectively grow by 4.7% and 5.3% in 2017 and 2018.

Existing social problems, including poverty, inequality and unemployment, are aggravated by the persistence of the HIV/AIDS pandemic. Yet, the wide provision of antiretroviral treatment at no cost to patients has helped reduce the number of HIV deaths and prolonged the lives of many. Internationally, Botswana remains active and genuinely supportive of regional cooperation, conflict resolution efforts and anti-corruption initiatives by the African Union, Commonwealth of Nations, and United Nations. Domestically, participation and consensus-building remain central pillars of Botswana's political culture. However, structures that encourage participation and building consensus, such as the "kgotla" (traditional council meeting), continue to be afflicted by apathy, particularly among the young.

History and Characteristics of Transformation

As stated in the 2018 BTI, Botswana's political transformation preceded its economic transformation by only a few years. The first parliamentary elections were held in March 1965, more than a year before independence from Britain. The Botswana Democratic Party (BDP) and its leader, Seretse Khama, emerged victorious. Since then, the BDP has won every general election, with no evident irregularities. Botswana qualifies as Africa's longest-standing multiparty democracy. After Khama's death in 1980, Vice-President Ketumile Masire took over as head of state and government. In line with the constitution, Masire stepped down in 1998 and was replaced by Festus Mogae, who served as president until March 2008 when he stepped down in favor of Vice-President Ian Khama, Seretse Khama's son. Likewise, Ian Khama served as president for 10 years until he was succeeded by Vice-President Mokgweetsi Masisi in April 2018, in accordance with the constitution.

The BDP has stayed in power not only by its successes in delivering political freedom and economic development, but also because of its strong support among the rural population and the majority of the Tswana people (Seretse Khama was and Ian Khama is a chief of one of these groups). Additionally, the weakness of the opposition parties, due in part to their weak rural voter base, sustained the BDP in power, although its share of the popular vote has been declining. The opposition's combined support base increased steadily until the late 1990s and has stabilized at

around 47% of the popular vote. It increased marginally during the 2014 general elections, reaching 50%, but still not enough to win political power. The tendency toward factionalism and the British-style “first-past-the-post” electoral system have prevented opposition parties from gaining more ground. The next elections are expected to be held in October 2019.

The apartheid system in South Africa prompted a long period of adverse regional conditions that affected Botswana, though the country’s circumspect policies steered clear of either collaboration or confrontation with its more powerful neighbor. This in turn saved it from being destabilized by the South African apartheid regime, as other countries such as Angola and Mozambique have been. Discovered shortly after independence in 1967, extensive diamond deposits began to be intensively extracted in the early 1970s. This diamond production triggered unparalleled growth and transformed Botswana from one of the 25 poorest countries in the world into a middle-income economy. Its GDP grew an average of 12% annually in real terms from 1977 to 1987. In the last decade of the twentieth century, per capita GDP increased by an average of more than 5% annually in real terms.

A critical factor in Botswana’s success has been the prudent use of the country’s natural wealth, a contrast from policies seen in several other African countries. The government showed great acumen in its negotiations with multinational corporations (first and foremost, De Beers). An almost overly cautious budget policy (and spending problems) regularly led to budget surpluses. The country’s infrastructure and educational facilities were systematically expanded. Despite a fundamental market orientation and numerous efforts at privatization and economic diversification, Botswana remains largely dependent on its diamond deposits, which are mainly mined through Debswana, a joint venture between De Beers and the government. Undoubtedly, the global financial crisis exposed the vulnerability of Botswana’s economy, which shrank 5.4% in 2009 owing to plummeting diamond exports. Since 2010, the economy has showed signs of recovery: real GDP growth was 5.8% in 2013, 5.2% in 2014 and 0.3% in 2015. Growth rates for 2016 and 2017 were initially projected at 3.5% and 4.1%, respectively (State of the Nation Address 2016), but subsequently revised to 4.3% and 4.7%, respectively. In terms of the 2018/19 budget, the government reported that the economy was expected to grow by 5.3% 2018, evidence of a positive recovery, compared to what was reported during the last BTI. It remains doubtful that the economy will realize pre-global financial crisis growth levels in the immediate future. In the past, diamond production was overshadowed by an international campaign accusing the government of mistreating the San people in the Kalahari Desert in order to mine diamonds. The government denied these allegations, but the issue remained controversial. It seems the onslaught against Botswana’s diamonds has diminished. Botswana has also constructively engaged in international efforts to curb the trade in blood diamonds.

Apart from mining, the core economic sectors include cattle (livestock) ranching and high-value tourism, especially in the Okavango Delta. Market economy conditions are exemplary when compared with the rest of sub-Saharan Africa. However, despite considerable social progress, deficiencies remain, including persistent social inequality and worrisome unemployment, especially among the youth. Between 2008 and 2013, developments in neighboring Zimbabwe presented a moderate challenge due to the inflow of refugees caused by the pronounced crisis. The

situation has moderately improved since the July 2013 elections in Zimbabwe, easing relations between the two countries, until President Mugabe was ousted in 2017. However, following a contested election in July 2018, won by President Emmerson Dambudzo Mnangagwa, economic and political turmoil has been brewing, with violence reported in some areas in January 2019, which is likely to negatively affect Botswana.

The greatest and most formidable challenge facing Botswana remains the HIV/AIDS epidemic. Approximately 18.5% (2013 estimates) of all citizens are HIV positive, making Botswana one of the countries hardest-hit by the pandemic. Particularly challenging is that the economically active population is the most severely affected by the HIV/AIDS pandemic. The government has maintained many internationally lauded initiatives (e.g., an extensive antiretroviral drug program) to fight the disease. These initiatives are showing positive results: those in need of antiretroviral therapy are covered by the public health system at no cost and life expectancy at birth has improved.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state sustained its unparalleled dominance of force covering the entire territory. There are no manifest and immediate dangers to the state's monopoly on the use of force. However, on November 5, 2018, President Mokgweetsi Masisi, who automatically succeeded Ian Khama on April 1, 2018, declared an uneasy transition, confirming media reports of differences between the two leaders. These differences continued to play out in public at the time of writing, including reports of threats to challenge the legitimacy of Mokgweetsi Masisi as the leader the BDP. It was reported that Ian Khama had not resigned as president of the BDP when he stepped down as the country's president. Furthermore, disconcerting social challenges remained.

The legitimacy of the nation-state is broadly acknowledged without much difficulty, and citizenship is not generally a foremost public concern. Nonetheless, representation in the House of Chiefs (an advisory body) remains unequitable, as some chiefs are automatically included in that house. This remains so despite a constitutional change in 2000. Discernment against certain minority groups was sustained, with courts intervening in some cases.

The Botswana state has sustained its secularism, and religion has no manifest influence on the constitution, including its legal proclamations and institutions. Undoubtedly, freedom of religion is broadly embraced, tolerated and safeguarded, and there are no palpable threats or difficulties that impede the enjoyment of religious convictions.

Question
Score

Monopoly on the
use of force

10



_____ 1

State identity

9



_____ 1

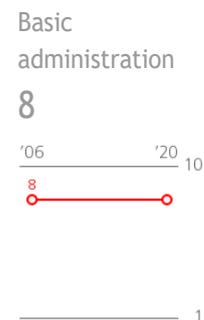
No interference of
religious dogmas

10



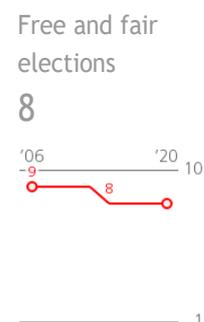
_____ 1

The Botswana state has maintained relatively functional basic administrative structures to enable access and delivery of government services throughout the country. As expected, following his succession of Ian Khama as the country's president, President Masisi reshuffled his cabinet, yet maintained the reorganized ministerial portfolios with some of the ministers who served under Ian Khama not appointed. Despite a change of leadership, not much has changed as ineptitude, poor capacity for implementation and inadequate resources continue to afflict service delivery across the entire country. This is the case despite the government's pledge under President Masisi to make conducting business easier. Interestingly, private media has produced reports of corruption, wrongdoing and administrative sloppiness involving senior civil servants and politicians despite a declaration to tackle these ills by President Masisi. It seems a culture of non-accountability is entrenched, and the weakness of anti-corruption agencies is becoming apparent. It is worth noting that in November 2018, a former minister under Ian Khama and a high court judge were among those arraigned before court in connection with the National Petroleum Fund scandal, that involved around BWP250 million.



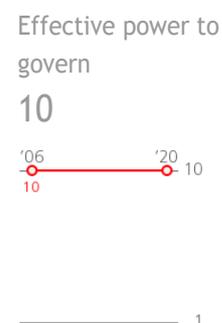
2 | Political Participation

Political participation remains a less contested matter because the right to rule is decided through universal suffrage in line with the country's constitution. All key political players (political parties) have participated in elections without fail, and overall, accept the outcome of the elections. Where the results were in dispute, they were challenged through the court without use of violence. As stated in the previous BTI, all elections were won by the BDP but its popular vote has been waning over the years, dropping to 47% in the 2014 elections. The next elections are expected to be held in October 2019. The only major contention regarding political participation is that the electoral process unfairly tilts in favor of the ruling party. The ruling party enjoys advantages of incumbency.



However, the quality of elections is relatively very good.

As indicated in the 2018 BTI report, there are no evident or known veto groups that undermine democratically elected representatives in Botswana. The major standing challenge that confronts democratically elected representatives continued to be an overbearing executive, particularly in relation to parliament.



Undoubtedly, associational and assembly rights are secured by the constitution, and there are no outright violations or impediments toward enjoyment of these rights by residents and various groups that exist in the country. Nevertheless, and as reported in the preceding BTI, protracted tensions between President Ian Khama's government and public sector unions, especially those under the umbrella of the Botswana Federation of Public Sector Unions (BOFEPUSU), resulted in BOFEPUSU terminating its membership and participation in the Public Service Bargaining Council (PSBC) in April 2017. It declared to return to the PSBC in 2019 as it was anticipating a change in government following the 2019 elections. Subsequent to BOFEPUSU's decision, its members were permitted to draw on salary increases that were a subject of contention, and these were only in effect as of June 1, 2017. Consistent with the 2015 and 2016 decisions, in April 2017, the High Court declared as unlawful 3% and 4% salary rise of public employees who were not members of the unions and those that did not fall under the PSBC, for the 2016/17 and 2017/18 financial years respectively, as they were decided outside the PSBC. In January 2018, the Court of Appeal bemoaned government for the folding on the PSBC. Earlier in 2017, the Court of Appeal had cautioned government for a salary rise done without involving the PSBC as it weakened trade unions.

President Masisi declared to revive the PSBC following his assumption of office in April 2018. However, the revival of the PSBC was delayed by his government's decision, on October 16, 2018, to request public sector unions to apply anew for "recognition agreements with government" by end of July 2019 or face non-recognition, much to the chagrin of public sector unions that challenged this decision at the Industrial Court. This court decided on a provisional deferment of their non-recognition by government. Owing to the delay to revive the PSBC, it was decided in December 2018 that salary negotiations in 2019 to 2020 and 2020 to 2021 be conducted outside the PSBC, in line with collective labor agreements of respective unions. This suggests that the relations between trade unions and government remain polarized.

Section 12 (1) of Botswana's constitution guarantees freedom of expression against interference or undue restrictions thus allowing individuals, groups and the press to largely exercise these rights apart from where exceptions exist. In the main, crude censorship, media intrusions or blackouts are not evident. This notwithstanding, certain government actions appear to work against Section (1). The state media, for example, not only promotes government policy and remains under firm government control. However, in November 2018 the state media covered the Opposition leader's response to President Masisi's State of the Nation Address – a development that could not be considered under President Khama. The operationalization of the Media Practitioners' Bill of 2008 remained paralyzed by disagreements over the appointment of its members. Under Ian Khama, government seemed intolerant to a critical media that exposed excesses and secrecy. A telling example was in 2014, when the government arrested the editor of the Sunday Standard newspaper, Outsa

Association / assembly rights

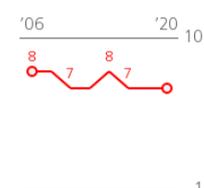
8



1

Freedom of expression

7



1

Mokone, and he subsequently faced a sedition charge that was widely disapproved of, including by the United States of America, after his newspaper associated President Khama with a car accident. Mokone was charged along with one of his senior reporters, who fled and sought refuge in South Africa. Interestingly, in September 2018 the government decided not to proceed with the charge of sedition against Mokone. Furthermore, the government maintained measures of dubious legality, including the unexplained deportations of foreigners, until President Khama stepped down on March 31, 2018. Since President Masisi assumed office on April 1, 2018, only one such deportation was recorded in May 2018 but was subsequently overturned by the president, possibly out of pressure from different quarters. President Masisi's tolerance of a critical media is yet to be tested. According to the 2018 World Press Freedom Index by Reporters Without Borders, Botswana maintained the same position as 2017, ranking 48 out of 180 countries evaluated.

3 | Rule of Law

Botswana's constitution clearly delineates the composition and functions of the three main branches of government. As noted in the previous BTI, a closer assessment of the three branches suggests that the functions of the executive overlap with those of the two other branches; judiciary and parliament. As a result, the dominance of the executive has been sustained, which may have a bearing on ensuring effective checks and balances.

Despite this, what is encouraging is that there has not been any evident disregard for the rule of law by the executive, even under President Khama who is considered in some quarters as the worst president in the country's history. President Masisi has also declared his commitment to the rule of law during his inauguration and subsequent to that.

As much as parliament remained weak in relation to the executive, confidence in the judiciary remains relatively strong. However, misgivings over its independence persisted in some quarters, with some judges described as "executive minded." These concerns emanate from the sweeping executive powers conferred on the country's indirectly elected president.

As reported in the previous BTI, judicial independence has been, overall, sustained and justice dispensed without much fear or favor. Consistent with what was reported in the 2018 BTI report, individuals and institutions have successfully challenged government in court, despite misgivings in some quarters. Take for instance the following: in April 2017, the High Court declared as unlawful award of public service salary rises outside the PSBC for the financial years 2016/17 and 2017/18 respectively. In February 2017, the High Court decided that it was unlawful for the president to re-appoint six Court of Appeal judges, following the expiry of their fixed contracts, thus setting aside Section 4 of the Court of Appeal Act. The Court of

Separation of powers

8



1

Independent judiciary

9



1

Appeal confirmed the setting aside of Section 4 of the Court of Appeal Act in June 2017. In another interesting case, the Court of Appeal in April 2017 overturned President Khama's rejection of the 2015 Judicial Service Commission (JSC) endorsement for appointment of Omphemetse Motumise as a judge of the High Court. Subsequent to this decision, President Khama reluctantly appointed Motumise as a judge, effective from January 2018, following pressure from certain quarters, including the Law Society of Botswana. In another case, in December 2017, the High Court permitted a transgender to alter her records – to be recognized as a female as opposed to a male. Blatant executive interference in the functions of the judiciary has not been evident. This notwithstanding, the appointment of judicial officers by the president is not considered transparent by some. In terms of the 2018 World Justice Rule of Law index, Botswana ranked 45 out of 113 countries.

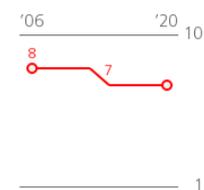
The Directorate on Corruption and Economic Crime (DCEC) remains the central institution that leads the fight against corruption, but the independence of this body remains a public issue as the head is appointed by the president. The right to prosecute rests with the Directorate of Public Prosecutions (DPP).

As indicated in the previous BTI, private media has continued to report on a number of cases of corruption and wrongdoing involving senior public officials and politicians that have slipped through political, legal or technical loopholes – giving rise to adverse publicity for the DCEC, with some accusing it of mainly focusing on petty corruption. One such a case the private media has been relentless on relates to the former Director General of the Directorate of Intelligence and Security Services (DISS), Isaac Kgosi, who has been presented as an associate of President Khama. Kgosi was only removed from office on May 2, 2018 by President Masisi and immediately replaced by his nemesis Peter Magosi. Another case that appeared in December 2017 relates to the BWP 250 million from the National Petroleum Fund (NPF). In November 2018, a former minister under Ian Khama and a high court judge were among those arraigned in connection with the National Petroleum Fund scandal. Media reports suggest that Isaac Kgosi has links to the NPF scandal. On September 1, 2017, Victor Paledi was appointed Director General of the DCEC, with the former head reassigned to another organization. Isaac Kgosi was dramatically arrested by DISS agents on arrival at the airport on January 15, 2019, possibly for corruption and tax evasion but released the following day after a search of his properties.

Botswana has continued to be recognized for respecting civil rights. As reported in the last BTI, residents have ways for restoring their rights in case of violations and the courts have demonstrated their willingness to intervene and protect civil rights. For instance, in December 2017, the High Court permitted a transgender to alter her records – to be recognized as a female as opposed to a male. It should be noted that lesbians, gays and bisexuals are still generally not tolerated. However, such cases remain few.

Prosecution of office abuse

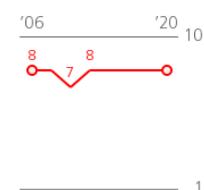
7



1

Civil rights

8



1

Despite being widely accredited for upholding the rule of law and protecting civil rights, the country is yet to establish a human rights commission. The country first declared to establish such a commission in 2013. Consultations were ongoing on this at the time of writing.

4 | Stability of Democratic Institutions

The stability of democratic institutions in Botswana has persisted. Standard democratic institutions, both at the local and national level, and its judiciary continued to function without any evident hindrances to decision-making in parliament, as the ruling party secured the majority of seats despite attaining only 47% of the popular vote in 2014, the lowest in its history. The next elections are expected in October 2019. Delays are not caused by unstable institutions, but administrative inefficiencies and lapses as well as structural weaknesses (i.e., parliament).

With President Mokgweetsi Masisi succeeding Ian Khama on April 1, 2018, there is a sense of optimism that the fear that gripped the country under Khama was waning, as Khama was considered intolerant. Masisi's tolerance to criticism is yet to be tested. Interestingly, and consequent to Masisi's ascendancy, media reports suggested a conflict between Masisi and Khama, suggesting differences between the two leaders. Their spat was confirmed by President Masisi during his maiden State of the Nation address on November 5, 2018, when he stated that "the transition from the previous administration has not been as smooth as expected," and that efforts to mediate had not been successful. Their public spat was ongoing at the time of writing, and media reports suggested there is a new faction within the ruling party by the name of New Jerusalem associated with Ian Khama. It appears the party is split between followers of Masisi and Khama. On December 18, 2018, Ponomi Venson-Moitoi declared that she would be challenging Masisi for president of the party, which is against established party practice. She was immediately relieved of her ministerial portfolio, and media reports linked her to the New Jerusalem faction. Ian Khama has declared his support for Venson-Moitoi's candidacy. The discord between President Masisi and Ian Khama has the potential to destabilize institutions (including the ruling party) and the country. Khama did not support Venson-Moitoi when she contested for the position of African Union (AU) Commission Chairperson.

Performance of democratic institutions



1

Notwithstanding the inherent weakness in some of the country's institutions such as parliament and the Independent Electoral Commission, commitment to democratic institutions remains intact. President Masisi has declared his commitment to democratic institutions. After assuming office in April 2018, he reshuffled his cabinet and did not tamper with democratic institutions. To this extent, those critical of these institutions doubt their independence from the executive, which continues to straddle the other two branches of government. In turn, the fairness of the country's elections remains a political issue in some quarters. In August 2018, the Office of the President declared that the controversial 2016 electoral law amendment that, among other things, embraced electronic voting, would not be used during the 2019 elections, as it was not in operation.

Commitment to democratic institutions



5 | Political and Social Integration

With the country having functioned as a relative democracy for the past 53 years, its political and social integration appears to be in motion. Its party system has remained relatively stable but fluid. Although one party dominance and opposition fragmentation have been critical features of the party system, these appear to be in decline. The ruling BDP secured 47% of the popular vote in the 2014 general elections and three opposition parties – the Botswana Movement for Democracy (BMD), Botswana National Front (BNF) and Botswana People's Party (BPP) – contested the elections under the auspices of the Umbrella for Democratic Change (UDC) yet maintained their individual identities. The performance of the UDC surpassed expectations as it secured 30% of the votes and 17 seats in parliament. The BCP, which did not embrace cooperation, won 20% of the votes and three seats. Overall, the opposition secured 20 seats (17+3), and these have declined to 19 (12 UDC, six Alliance for Progressives (AP), and one Independent), as an opposition member of parliament defected to the ruling party. Continued one-party dominance has, in the main, been aided by opposition fragmentation and the electoral system in use (i.e., first-past-the-post).

Party system



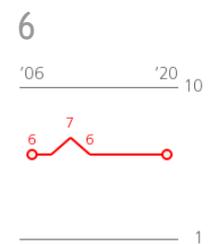
Following the formation of a UDC coalition that included the BCP in February 2017, there was optimism that the opposition was going to contest the 2019 elections as a bloc thus reducing fragmentation. These hopes have in part been quashed as a faction of the BMD split on September 20, 2017 to form the Alliance for Progressives (AP), while the conflict-ridden BMD was ousted from the UDC on October 25, 2018, following its suspension. The BMD is contesting its expulsion in court. The court was yet to make a decision at the time of writing. If the coalition was sustained, 2019 would be a critical juncture in Botswana's history. The formation of the opposition coalition was expected to go a long way in strengthening the party system and making it more stable.

As reported during the last BTI, Botswana lacks a broad range of interest groups reflecting competing interests. Its long-standing history of weak interest groups remains, and this is in part because the state continues to play a dominant role in the country's political and economic transformations and the private sector remains small, underdeveloped, and dependent on government for its survival. Active and vocal groups remain small and separate. Legislative hurdles continue to work against the development of interest groups, as seen in the case of LEGABIBO (Lesbians, Gays and Bisexuals of Botswana), which had to seek court intervention to earn official recognition. LEGABIBO's official recognition is remarkable by regional standards as homosexuality is banned in many African countries. Since the 2011 public sector strike, unions under the auspices of BOFEPUSU have caused issues for the government. The government responded in 2016, through an amendment of the Trade Dispute Act, in a way that would diminish the standing of BOFEPUSU by increasing the categories of essential services employees to include, among others, teaching and veterinary services. The government had previously attempted to expand the list of essential services categories through a statutory instrument, but this was successfully challenged by the unions through the courts. This demonstrates that the government was not keen to see strong interest groups emerging. Yet, such groups are critical for a vibrant democracy to take root.

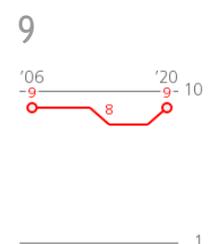
Citizen's approval of democracy remains fairly strong and there was nothing to suggest that support for democracy has declined. This is supported by the level of participation in democratic processes. According to the 2017 Afrobarometer survey results, support (preference) for democracy was at 80% while support for non-democratic government was 10%. This suggest that support for democracy remained high while there is a rejection of military rule.

Although the country has a known and long-standing history of weak interest groups, the government has over the years promoted a culture of peaceful co-existence, public consultation and consensus-building at the local and national level; principles that President Masisi affirmed during his inauguration speech. These principles are largely advanced through the institution of the "kgotla" (traditional council meeting), which is a resource of social capital. This ensures that citizens identify with government policies and projects as they are provided an opportunity to offer input. However, the level of participation has continued to decline over the years, which calls for new measures to cultivate and ensure sustained citizen participation, especially the youth.

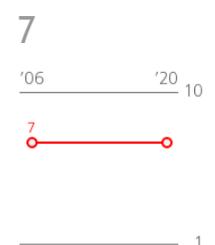
Interest groups



Approval of democracy



Social capital



II. Economic Transformation

6 | Level of Socioeconomic Development

Undoubtedly, Botswana's social and economic indicators for the last 53 years show that the country has realized an evident yet modest level of socioeconomic development. Its achievements caused the World Bank to classify it as a middle-income country. Although Botswana has attained middle-income standing according to the World Bank, socioeconomic barriers continue to present a challenge to its socioeconomic development. These challenges include poverty, unemployment, inequality and HIV/AIDS. Unemployment is more pronounced among the youth who constitute roughly 60% of its population. During his inauguration on April 1, 2018, President Masisi declared unemployment as his primary concern.

There has not been much motion on these challenges since the last BTI. On February 5, 2018, government put poverty and unemployment at 16.3% and 17.7% respectively, citing Statistics Botswana Multi Topic Household Survey of 2015/2016. Regarding HIV/AIDS prevalence and inequality, there has not been evident change noted, since the last BTI. Poverty and inequality are pronounced and partly structurally ingrained. Botswana's socioeconomic barriers continue to pose a major threat to its steady and modest economic transformation realized over the last 53 years.

Economic indicators		2015	2016	2017	2018
GDP	\$ M	14420.6	15646.3	17406.6	18616.0
GDP growth	%	-1.7	4.3	2.9	4.5
Inflation (CPI)	%	3.1	2.8	3.3	3.2
Unemployment	%	18.0	17.9	17.6	17.9
Foreign direct investment	% of GDP	2.6	0.8	1.0	1.2
Export growth	%	-16.3	0.4	-10.9	4.1
Import growth	%	2.3	-5.1	-23.4	12.1
Current account balance	\$ M	317.8	1212.9	929.0	345.3

Question
Score

Socioeconomic
barriers

5

'06 '20 10



1

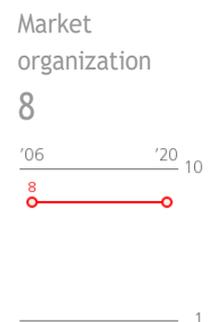
Economic indicators		2015	2016	2017	2018
Public debt	% of GDP	17.2	15.6	13.4	12.1
External debt	\$ M	2225.6	2109.2	1717.7	1748.7
Total debt service	\$ M	246.9	167.9	175.0	183.3
Net lending/borrowing	% of GDP	-3.1	0.3	-1.1	-
Tax revenue	% of GDP	24.7	20.9	22.1	-
Government consumption	% of GDP	20.6	18.2	18.4	18.7
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	3.3	3.1	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.7	3.3	3.0	2.8

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Botswana has maintained a comparatively sturdy, steady, and functional market structure that facilitates competition, and the private sector has continued to play a critical role in the economy. The government has maintained its efforts to attract foreign direct investment, even under President Masisi since he took office in April 2018. The informal sector remains small, but has shown steady growth and continues to play an important role in creating employment and generating income. In terms of the 2018 World Economic Forum's Global Competitiveness Index, Botswana was ranked 90 out of 140 countries assessed globally, which is a serious decline compared to a ranking of 63 out of 137 countries, according to the 2017/18 Index. Botswana ranked sixth in Africa, demonstrating that it still has a comparatively competitive economic framework.

According to the Fraser Institute's Economic Freedom of the World 2018 Annual Report, Botswana ranked 44 out of 162 countries, with a score of 7.43 out of 10. The 2019 Index of Economic Freedom of the Heritage Foundation placed Botswana under the "moderately free" category with a score of 69.5 (compared to 69.9 in 2018) and a rank of 36 out of 180 countries in the world, which secured third place in Sub-Saharan Africa.



As reported during the previous BTI, Botswana has an institutional base that safeguards against the emergence of economic monopolies in the form of the Competition Authority, which falls under the Ministry of Trade and Industry. The Authority draws its mandate from the Competition Act of 2009. The country's anti-monopoly policy has been relatively effective and there is no evident discrimination in trade. However, inconsistencies in enforcement cannot be ruled out. Debswana, a partnership between the government and DeBeers, maintained its dominance in the diamond sector.

The government has maintained its policy of openly allowing the private sector to play a critical role in the economy, promote free trade and attract foreign direct investment. Foreign direct investment has played a critical role in transforming Botswana's economy, particularly the mining sector – which continues to be a major revenue earner for the country. The contributions of the private sector and foreign direct investment are evident in other economic sectors, including tourism, retail, and emerging manufacturing.

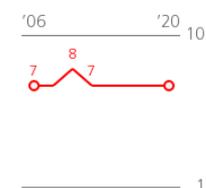
In terms of the 2019 Index of Economic Freedom of the Heritage Foundation, “The combined value of exports and imports is equal to 97.1% of GDP. The average applied tariff rate is 0.6 percent. As of June 30, 2018, according to the WTO, Botswana had 21 non-tariff measures in force. Foreign investment in some sectors is restricted.”

As reported during the previous BTI, Botswana has maintained a relatively efficient and stable banking sector and capital market; its central bank is functional and efficient. There are clear well-defined rules that govern the banking sector. Although the government has a role in the banking sector, there is no evident interference in the operations of private banks. According to the Heritage Foundation's 2019 Index of Economic Freedom, Botswana is “Generally adhering to global standards in the transparency of banking supervision, the financial sector provides considerable access to credit and has expanded.” The country has also continued to ensure prudent management of its economic resources – a major challenge for most African countries – and maintained reasonably sound foreign reserves. Despite this, Botswana remains susceptible to external shocks since diamond mining remains a key sector in the economy.

Although the economy has been showing signs of recovery, budgets have continued to record deficits. For instance, 2017/2018 budget recorded a deficit of BWP 2.42 billion while the 2018/2019 budget anticipated a deficit of BWP 3.59 billion. Internationally, the country has continued to enjoy a sound credit rating from agencies such as Moody's Investor Service and Standard and Poor's – making its economy one of the best rated in Africa.

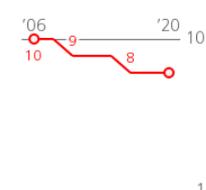
Competition policy

7



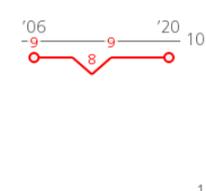
Liberalization of foreign trade

8



Banking system

9



8 | Monetary and fiscal stability

The Bank of Botswana, the country's central bank, has maintained its commitment to closely monitoring inflation and safeguarding a stable foreign exchange policy. Inflation has been maintained within the Bank of Botswana's range of 3% to 6%, thus ensuring price stability. For instance, according to the 2018/19 budget inflation was put at 2.9% in January and 3.2% in December 2017. The country's exchange-rate policy promotes an export-oriented strategy. Evidently, inflation controls and exchange-rate policies are in keeping with other government economic policies. Thus, it can be authoritatively argued that the country's policies of monetary stabilization are harmonized with other objectives of economic policy and are institutionalized in a de facto independent monetary authority, which consistently communicates with other economic actors.

The government has sustained a sound fiscal policy in order to promote macroeconomic stability. Although Botswana has sustained its commitment to stable macroeconomic management, its budgets have continued to record deficits. For instance, 2017/2018 budget recorded a deficit of BWP 2.42 billion while the 2018/2019 budget anticipated a deficit of BWP 3.59 billion. The government has continued its pledge to contain public debt, which is in keeping with its medium range debt management strategy. According to the Heritage Foundation's 2019 Index of Economic Freedom, "Public debt is equivalent to 15.6% of GDP." The country also maintained positive ratings from Moody's Investors Service, and Standard & Poor's – showing that the government has upheld sound credit ratings as in the previous BTI.

9 | Private Property

Section 8 of the country's constitution guarantees protection of private property; there is no evidence to suggest that property rights and regulations are not being enforced and protected. Overall, judicial independence has been maintained, justice dispensed without fear or favor, and court decisions are respected – although concerns over the independence of the judiciary remain. Furthermore, its judiciary has sustained enforcement of contracts and property rights. According to the 2019 Heritage Foundation Index of Economic Freedom, "The independent judiciary provides strong protection of property rights," and "Courts enforce commercial contracts." However, shortage of serviced land and administrative inefficiencies continued. In terms of the 2018 International Property Rights Index (IPRI) Botswana was awarded a score of 5.9, a global rank of 49 out of 125 and position 4 out of 26 countries in Africa (Rwanda secured 1st place in Africa). According to the 2019 World Bank ease of doing business index, Botswana ranked 86 out of 190 countries surveyed, with a score of 65.40. This suggests that the country has a lot to do to ease the doing of business.

Monetary stability

10



1

Fiscal stability

10



1

Property rights

9



1

As reported during the last BTI, there has not been any change in the government’s policy of identifying and recognizing the private sector as a critical and viable partner in economic development and an engine of economic production. In fact, the private sector has been a backbone of Botswana’s economy. This is supported by the sustenance of partnerships the government has entered into and continues to form with the private sector. A well-known example is the long-standing 50/50 partnership with De Beers – Debswana.

Although government takes an active role in the economy, it has continued to provide an enabling environment for the private sector to function. As a result, its active and deliberate policy of attracting foreign direct investment has been sustained under President Masisi. Government has also maintained its policy of consulting the private sector on a regular basis, among others through the High-Level Consultative Conference and National Business Conference. This demonstrates that the government sees and accepts the private sector as a partner in economic development. A number of policies intended to simplify business practices were developed following these consultations, and President Masisi has pledged more reforms to ease the process of doing of business. A one-stop service center that facilitates the ease of doing business has been maintained. In terms of the 2019 Heritage Foundation Index of Economic Freedom, “The regulatory environment protects the overall freedom to establish and run a business relatively well. . . ., and the process for business closings has become easy and straightforward.” However, a small and largely government dependent private sector has persisted.

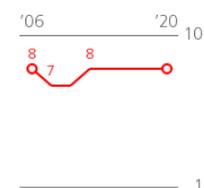
10 | Welfare Regime

As reported during the previous BTI, the country continues to experience real social risks such as poverty and unemployment, with unemployment more pronounced among the youth. These risks cause the social marginalization for a significant portion of the population, especially the youth, who make around 60% of the country’s population. In order to mitigate susceptible and underprivileged groups against these risks, the government sustained its social welfare programs – but their sustainability in the long term has become a matter of debate in some quarters. These programs include cash transfers, empowerment programs, food baskets, feeding programs, public works and education subsidies. For instance, in December 2018, President Masisi declared that 109,134 recipients were recorded under a number of social programs.

The government has also sustained accessible health care for almost everyone and vigorously continues to respond to the challenges of HIV/AIDS by putting in place effective programs and strategies. These include the provision of antiretroviral therapy to HIV patients, including to expectant mothers to reduce mother-to-child transmission, male circumcision, and the “treat all” strategy, which was introduced

Private enterprise

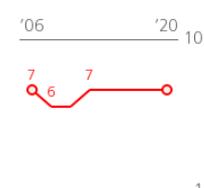
8



1

Social safety nets

7

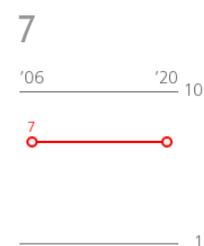


1

in 2016. These programs appear to have led to positive achievements. For instance, mother-to-child transmission is at 2% since 2016, while around 94% of HIV patients are on treatment, according to government, as reported in November 2018. Meanwhile the government has continued to receive support from development partners to address the HIV/AIDS menace. These notwithstanding, the country's prevalence rate remains one of the highest.

Discrimination on the basis of race, tribe, place of origin, political opinion, color, creed or sex is prohibited in terms of Section 15 of the country's constitution. Generally, there is equal opportunity to gain public office, education and employment. Since independence, the government has consistently made education a priority. This has been supported by its commitment to ensure access to education by allocating substantial resources to it. During the 2018/2019 budget, the Ministry of Basic Education and the Ministry of Tertiary Education, Research, Science and Technology received BWP 7.97 and BWP 4.75 billion, respectively. In December 2018, President Masisi affirmed that government was committed to the Education and Training Sector Strategic Plan (ETSSP 2015–2020), including the implementation of the Outcome Based Education. The ETSSP is expected to promote access and enhance the quality of education, as well as to ensure the transference of requisite skills, in the long term. Despite these allocations and adoption of the ETSSP, concerns over declining standards and quality have been sustained. The private sector has continued to be a key partner and to provide support in the education sector. This notwithstanding, social discrepancies have continued. For instance, the number of women holding political positions has remained low, in part because of the electoral system in use and cultural factors that discourage women from standing for political office. Moreover, the San continued to suffer from structural discrimination and social marginalization, which is ingrained. Furthermore, the government has maintained its social safety programs that cushion the disadvantaged and vulnerable from social risks.

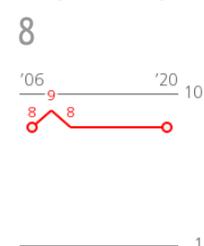
Equal opportunity



11 | Economic Performance

As reported during the last BTI, Botswana's economic performance has continued to be afflicted by uncertainty because of its overdependence on diamond exports. The country has sustained its astute and stable macroeconomic management, with evident signs of recovery, budgets have continued to record deficits. For instance, 2017/2018 budget recorded a deficit of BWP 2.42 billion while the 2018/2019 budget anticipated a deficit of BWP 3.59 billion. These demonstrate once again that the economy remains vulnerable and that it has failed to realize broad-based growth owing to the slow pace of diversification – despite government efforts.

Output strength



In terms of the 2018/19 budget, the government reported that the economy was expected to respectively grow by 4.7% and 5.3% in 2017 and 2018, evidence of a

positive recovery, compared with figures during the last BTI period. The 2018/19 budget also stated that minerals continue to make a significant contribution to the country's revenue earnings; with minerals revenue accounting for 38.3%, customs and excise for 23.1, non-minerals income tax for 20.8% and value added tax for 12.6% of the BWP 64.28 billion of revenue and grants. Botswana's continued reliance on minerals remains an issue of concern as it puts the country in a precarious and risky position as broad-based growth has eluded it for the past 53 years, despite sustained government efforts. Diversification of sources of economic growth and revenue has remained a priority, including under President Masisi.

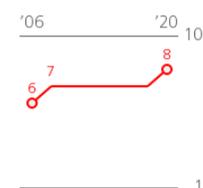
12 | Sustainability

As reported in the 2018 BTI, Botswana has no evident major environmental concerns. Despite this, the country has actively demonstrated its commitment to environmental sustainability by putting in place an institutional base – the Ministry of Environment, Natural Resources, Conservation and Tourism – that enforces laws and policies meant to address environmental concerns in order to realize sustainable development. All new projects are preceded by and subjected to an environmental impact assessment. In order to facilitate the ease of doing business, the government declared in November 2018 that the process of revising the Environmental Assessment Act and its regulations was in motion and would be concluded at the close of the 2018/19 financial year. Undoubtedly, the government has maintained its commitment to preserving its natural resources, habitat, and wildlife, including by making anti-poaching a major priority, because they are a main source of tourism and revenue for the country. The government has also sustained its promotion of awareness on environmental concerns (e.g., by celebrating World Environment Day) and ensuring community participation on issues relating to the environment. Environmental education remains a clear component of school curricula. In light of the Botswana's climatic conditions, droughts and water deficits continue to pose a major challenge in part because of unreliable and low rainfall that the country experienced in certain parts of the country. Even so, the level of ecological consciousness remained low. In terms of the 2018 Environmental Performance Index (EPI), Botswana ranked 113 out of 180 countries, with a score of 51.70 out of 100.

Indisputably, Botswana has sustained its investment in the education sector. This has facilitated access to education across all levels, and in turn an evident rise in the country's literacy rate. In addition to promoting access, it has also put in place measures that are meant to enhance the quality of education. For instance, in November 2018, President Mokgweetsi Masisi stated his commitment to the ETSSP (2015–2020) that seeks to address access, quality and the transfer of requisite skills. Early childhood has been embraced and sustained under the ETSSP, a demonstration of government commitment to ensuring education for all. Despite an adoption of the ETSSP, concerns over declining standards in education have continued, as was reported in the 2018 BTI report.

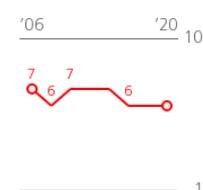
Environmental policy

8



Education policy / R&D

6

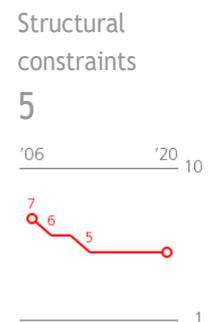


Governance

I. Level of Difficulty

A closer assessment of Botswana's governance performance suggests that the country has achieved evident but modest strides in its transformation. However, structural constraints that range from modest to high have continued to curtail its performance. There are no evident ethnic and social tensions recorded since the last BTI. These have been moderately contained and managed and they do not seem to present a danger to the country's economic and political transformation. Even so, issues of equitable representation in the House of Chiefs were yet to be resolved. The issue of the mother tongue also remains topical in some quarters. The country has largely maintained consensus-building, and a relatively effective public consultation system but apathy is creeping in, particularly among the youth. Clear discrimination against certain groups is not a major issue. Botswana's political system has continued to be characterized by a culture and practice of a moderate civil society in part because of government policies that work against the emergence of vibrant civil society organizations.

The country has also sustained its relatively developed physical infrastructure and investment in the education sector. However, concerns of declining standards have persisted even with the adoption of the 2015 ETSSP (2015–2020), which was in part expected to respond to these challenges. According to the 2019 Heritage Foundation Index of Economic Freedom, "Employment regulations are relatively flexible." In terms of the 2018, Index of Economic Freedom, "Botswana has minimal labor strife, but relatively low labor productivity is a constraint on business." Social risks such as poverty, unemployment and deep-rooted inequalities have continued. Minerals accounted for 28.6% and 38.3% of the 2017/2018 and 2018/2019 budgets, respectively. The agricultural sector remains vulnerable to frequent droughts and prone to disease outbreaks, especially foot-and-mouth. The other major social risk is HIV/AIDS, which remains the highest, but government has responded with effective policies that have realized noticeable achievements.



As reported during the previous BTI, Botswana has not yet developed a strong culture of civic participation. This is in part because government policies (i.e., legislative hindrances) that continue to militate against the emergence of vibrant civic groups, particularly those perceived as a menace to government. An evident example is public sector unions affiliated to the Botswana Federation of Public Sector Unions (BOFEPUSU) that have been a thorn to government since the 2011 public employees strike; resulting in BOFEPUSU declaring its support to the UDC during the 2014 general elections. This in turn gave rise to protracted tensions between President Khama's government and public sector unions, especially those that fell under the umbrella of BOFEPUSU. This resulted in BOFEPUSU terminating its membership and participation in the Public Service Bargaining Council (PSBC) in April 2017 and declaring to return to the PSBC in 2019, as it was anticipating a change in government following the general elections. President Masisi pledged to revive the PSBC following taking office in April 2018, but tensions between government and public sector unions were reported in January 2019 as public sector salary negotiations were yet to take shape – despite President Masisi's pledge, with unions accusing government representatives of ill-advising the president.

Following the formation of a UDC coalition that included the BCP in February 2017, in part out of pressure from BOFEPUSU, there was optimism that the opposition was going to contest the 2019 elections as a bloc thus reducing fragmentation. These hopes have in part been quashed, as a faction of the BMD split on September 20, 2017 to form the Alliance for Progressives (AP), while the conflict-ridden BMD was ousted from the UDC on October 25, 2018, following its suspension. The BMD is contesting its expulsion in court, and the court was yet to make a decision at the time of writing. If the coalition was sustained, 2019 was going to turn out to be a critical juncture in Botswana's history.

The 2016 amendment of the Trade Disputes Act increased the list of categories considered essential services to include the teaching and veterinary services. This effectively reduced the number of public sector employees that can participate in a strike and thus somewhat weakening BOFEPUSU. Relations between government and unions remained polarized. Overall, however, consultation and consensus-building remain major features of Botswana's political system and culture.

Botswana has no known violent incidents based on ethnic, social or religious differences. Conflicts are decided on following established due process of the law. A well-known conflict with ethnic connotations involved the San and the government and was resolved through the courts. The country's constitution prohibits discrimination and its political culture does not tolerate violence or open conflict. Public consultation remained at the core of Botswana's political culture. To this extent, Botswana has contained and abated conflict.

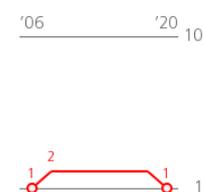
Civil society traditions

6



Conflict intensity

1



II. Governance Performance

14 | Steering Capability

Botswana has in its 53 years of independence, largely shown its capacity to establish and maintain its strategic priorities through regular development plans, designed to direct economic development within a market economy. It consistently maintained its rolling plans directed by the Ministry of Finance and Development Planning (MFDP), renamed the Ministry of Finance and Economic Development in October 2016.

The National Development Plan 11 (NDP 11) became operational in April 2017 following its adoption by parliament in 2016. The NDP 11 has been brought into line with the country's Vision 2036 and United Nations' Global Goals (i.e., Sustainable Development Goals). Just like the previous Vision 2016, Vision 2036 was crafted following a public consultation process. NDP 11 is expected to address unrelenting social risks: inequality, poverty and unemployment. The government maintained its commitment to enhance project implementation, which has been a major challenge for government. NDPs are drawn after an established public consultation process, and the government has in the main consistently adhered to approved plans.

Botswana has sustained a commitment to transform its political and economy system, although success remains modest. However, the country continued to be confronted by inadequate implementation capability, and low levels of productivity continue to militate against government exertions. The government has maintained exertions to diversify the economy but without much success, and privatization of state assets remained slow. Consequently, over reliance on minerals remain at the core of its economy. Meanwhile, the government sustained flagship Economic Diversification Drive (EDD) that uses "Government purchasing power to boost local productive capacity and help build competitiveness for ... industries in the regional and global markets," and government stated that an assessment of the EDD was in motion, to be concluded by close of 2018 (State of the Nation Address 2018). The 2015 Economic Stimulus Program (ESP) through which the government sought to augment growth, its long-standing exertions to diversify the economy and employment creation, has also been maintained.

Botswana remains one of the countries worst plagued by HIV/AIDS, and the government has maintained its policy responses, with the support of its development partners. Its policies seem to be yielding positive outcomes by ensuring access (around 94% in November 2018) to antiretroviral therapy for those affected. Mother-to-child transmission stands at 2% – demonstrating government commitment to

Question
Score

Prioritization

8



1

Implementation

8



1

containing the scourge. With respect to gender empowerment initiatives, these appear to be relatively successful. The government has embraced the Convention on the Elimination of All Forms of Discrimination against Women and introduced the National Gender Commission in 2016. It also embraced the Revised Southern African Development Community (SADC) Protocol on Gender on May 10, 2017. In terms of the 2017 Human Development Index (HDI), Botswana ranked fifth in Africa, and 101 out of 189 countries, with a value of 0.717 – thus placing it in the “high human development” category. The 2017 Gender Inequality Index (GII) ranked Botswana 98 out of 160 countries, with a value of 0.434.

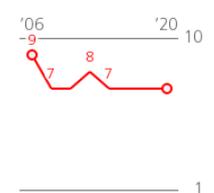
Overall, the country’s political leadership has sustained its policy learning ability, but its flexibility remained restricted. A telling and well-known example was the government’s decision to apply a narrow reading of a 2006 High Court pronouncement that affirmed the relocation of the San from the Central Kalahari Game Reserve (CKGR) as unconstitutional. In turn, the Court of Appeal granted the San access to water in the reserve in 2011. The government’s limited flexibility became more pronounced over the past 10 years (2008-2018) under the presidency of Ian Khama, who appears to have been the most divisive president this far in the country’s history.

Government’s restricted flexibility extended to its relations with public sector unions affiliated with the Botswana Federation of Public Sector Unions (BOFEPUSU), particularly since the 2011 public employees’ strike, with the two parties deciding to resolve their differences through the courts. Protracted tensions between President Khama’s government and public sector unions, especially those under the umbrella of the BOFEPUSU, resulted in BOFEPUSU terminating its membership and participation in the Public Service Bargaining Council (PSBC) in April 2017. It declared to return to the PSBC in 2019 as it was anticipating a change in government following the 2019 elections. In line with the 2015 and 2016 decisions, in April 2017, the High Court declared as unlawful 3% and 4% salary rise of public employees who were not members of the unions and those that did not fall under the PSBC, for the 2016/17 and 2017/18 financial years respectively, as the decision was outside the PSBC. In January 2018, the Court of Appeal bemoaned government for the folding on the PSBC. In 2017, the Court of Appeal had cautioned government for a salary rise done without involving the PSBC as it weakened trade unions. These court pronouncements suggest that government has been inflexible/unyielding to learn from its past mistakes, to the extent of even going against the advice of government lawyers. The 2016 amendment of the Trade Disputes Act enlarged the list of categories deemed essential services employees to include the teaching and veterinary services, thus effectively reducing the number of public sector employees that can participate in a strike.

There has been a renewed sense of optimism in government since President Mokgweetsi Masisi took office as president on April 1, 2018, who in turn declared to

Policy learning

7



revive the PSBC. However, the revival of the PSBC was delayed by his government’s decision on October 16, 2018 to request public sector unions apply anew for “recognition agreements with government” by end of July 2019 or face non-recognition. Public sector unions challenged this decision at the Industrial Court, which decided on a provisional deferment of their non-recognition by government. Owing to the delay to revive the PSBC, it was decided in December 2018 that salary negotiations in 2019 to 2020 and 2020 to 2021 be conducted outside the PSBC – in line with collective labor agreements of respective unions. This suggests that the relations between trade unions and government remain polarized. Despite these, government continued to consult, including with the private sector.

15 | Resource Efficiency

Botswana has been extensively accredited for its judicious usage and management of its resources. Despite this, broad-based growth has eluded the country in part because of its slow exertions to diversify the country, making the country susceptible to outside shocks such as those evidenced during the 2008 and 2009 Great Recession.

The government has continued its pledge to contain public expenditure, including the wage bill. Government’s refusal to support higher salary increases attest to this. Although the economy has been showing signs of recovery, budgets have continued to record deficits. For instance, the 2017/2018 budget recorded a deficit of BWP 2.42 billion while the 2018/2019 budget anticipated a deficit of BWP 3.59 billion. This notwithstanding, the government has maintained its commitment to limit public debt, in line with its medium range debt management strategy. In terms of the 2019 Heritage Foundation Index of Economic Freedom, “Public debt is equivalent to 15.6% of GDP,” compared to 13.9% in 2018 Index of Economic Freedom. Internationally, the country has continued to enjoy a sound credit rating from agencies such as Moody’s Investor Service and Standard and Poor’s – making its economy one of the best rated in Africa. In February 2018, the government declared that foreign reserves stood at BWP 73.7 billion as of December 2017, compared to BWP 76.8 billion in December 2016.

Efficient use of assets

7



Generally, the government has sustained effective and efficient coordination of its policies and maintained its rolling national development plans (NDPs) as its framework for defining development priorities. NDP 11 became operational in April 2017 and was aligned to the country's Vision 2036. Even so, structural constraints continue to make it difficult to reconcile sound monetary policies with pressures to alleviate poverty, create jobs and contain HIV/AIDS. The government has continued its policy of prioritizing macroeconomic stability over high social expenditures. For instance, the government has, to the chagrin of public sector unions, been consistent in rejecting higher salary increases since 2011, due to poor economic performance.

The government has continued to allocate substantial resources to the education sector. Even so, concerns over declining standards and quality have persisted, despite the adoption of the ETSSP 2015 to 2020. The ETSSP 2015 to 2020 is expected to go a long way in promoting access and augment the quality of education as well as to ensure the transfer of requisite skills. However, the persistence of social risks such as poverty and unemployment puts into question the government's liberal and indirect approach to these challenges.

As reported during the previous BTI, government has yet to approve the National Anti-Corruption Policy. Meanwhile, the Directorate on Corruption and Economic Crime (DCEC) remains the country's flagship institution with a primary role in combating corruption and economic crime applying its three-pronged strategy of investigation, corruption prevention, and public education. A zero-tolerance policy toward corruption has also been maintained, as well as a reputation of being Africa's least corrupt country. Nevertheless, the DCEC's perceived lack of independence persisted and this has raised doubts on its effectiveness. Interestingly, the private media has continued to report on a number of cases involving senior public officials and politicians that have generally slipped through political, legal or technical loopholes, giving rise to adverse publicity for the DCEC. Failure to successfully prosecute senior officials and politicians has been interpreted as a lack of political will in fighting high-level corruption, with the DCEC being criticized for concentrating its efforts on low-level corruption. The government has, however, established a special court to expedite corruption cases. The Whistle Blowing Act was adopted in July 2016. The DCEC has also sustained a Botswana Business Ethics Forum, in partnership with the University of Botswana.

At the time of writing, Botswana was yet to embrace laws on declaration of assets and liabilities, and on political party financing. Even so, in November 2018 President Masisi pledged to introduce the declaration of assets and liabilities law. The absence of these laws presents opportunities for corruption. Botswana hosts the Commonwealth Africa Anti-Corruption Centre (CAACC), sponsored by the Commonwealth Secretariat. Botswana continued to be considered among the least corrupt countries in Africa by several international ratings, and its positive ratings seem to have allowed for contentment to creep in.

Policy coordination

9



1

Anti-corruption policy

8



1

16 | Consensus-Building

Botswana's political culture is predicated on public consultation and attaining a consensus around an issue. All the key political players agree to a democracy based on the rule of law and economic prosperity as the strategic long-term goal of transformation. With President Masisi having taken office as president in April 2018, there is a sense of optimism that the fear that gripped the country under President Khama was somewhat diminishing. Khama was considered intolerant. In fact, he could be regarded as the most damaging president in the country's history. The country needs to nurture a culture of active participation in matters of governance to attain effective political transformation. Public interest in issues of governance has been diminishing, particularly with the failure to prosecute senior officials and politicians implicated in corruption.

The Botswana Democratic Party (BDP) has been sturdy in its adherence to a liberal market economy and maintained an indirect approach to alleviating social risks. The opposition has in the main not been fully pro-market economy, and it calls for a proactive strategy to contain social risks. It also urges for active and direct state involvement in the economy to generate meaningful jobs and reduce poverty. President Masisi declared unemployment his primary concern during his inauguration on April 1, 2018.

Anti-democratic actors are still not a political issue in Botswana because all the major players agree on a democracy based on the rule of law. The military is different than in most countries in Africa because it is not politically relevant. The major issues posing a threat to the country's stability are social risks such as poverty, inequality, unemployment and HIV/AIDS. President Masisi has declared his commitment to the rule of law during his inauguration, and subsequent to that. President Masisi's tolerance is yet to be tested.

Botswana does not have a history of significant and protracted conflicts along ethnic, religious, social, or political lines. The possibility for such conflicts exists, but conditions have been prevented from deteriorating into more serious and open conflicts through (1) the country's established "kgotla" (traditional council meeting) culture of consensus-building and peaceful conflict resolution and (2) general apathy among the citizenry. However, conflicts with ethnic connotations do exist; for example, the conflict between the government and San, which was resolved through the courts (who maintained the San's independence). The country's constitution outlaws discrimination. The political leadership has shown little willingness to exploit ethnic prejudice, including during elections. Those who have tried to exploit ethnicity have received adverse reactions from the population and government. With President Masisi having taken office as president in April 2018, there is a sense of

Consensus on goals

9



1

Anti-democratic actors

10



1

Cleavage / conflict management

8



1

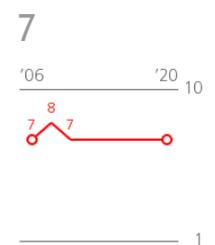
optimism that the fear that gripped the country under President Khama was somewhat diminishing.

However, with Masisi taking over, media reports have suggested a conflict between Masisi and Khama. Their spat was confirmed by President Masisi during his maiden State of the Nation Address on November 5, 2018, when he stated that “the transition from the previous administration has not been as smooth as expected,” and that efforts to mediate had not been successful. Their public spat was in motion at the time of writing, and media reports suggested the creation of a new faction within the ruling party by the name of New Jerusalem associated with Ian Khama. It appears the party is split between followers of Masisi and Khama. On December 18, 2018, Ponomi Venson-Moitoi declared that she would be challenging Masisi for president of the party, which is against established party practice. She was immediately relieved of her ministerial portfolio, and media reports linked her to the New Jerusalem faction. Ian Khama has declared his support for Venson-Moitoi’s candidature. The tiff between president Masisi and Ian Khama may give rise to seeds of discord, thus has the potential to destabilize institutions and (including the ruling party) and the country.

Botswana has maintained its tradition of public consultation and consensus-building through traditional council meetings (Kgotla). However, the absence of a strong civil society remained evident, in part because government policies continue to work against the development of strong civil society organizations (through legislative obstacles). The country’s political culture also contributes to passive participation in issues of governance as it promotes submission to those in positions of leadership and authority. Those who hold alternative views are viewed with an element of suspicion and distrust by government; in most instances their views were not covered by state media as they were often associated with the opposition. These include trade unions, private media and even intellectuals. However, in November 2018, the state media covered the leader of the Opposition’s response to President Masisi’s State of the Nation Address – a development that could not be considered possible under President Khama.

Botswana has sustained a relatively stable human rights record since independence in 1966. There are no noteworthy past injustices. Issues affecting minorities are addressed through the courts.

Civil society participation



Reconciliation



n/a

17 | International Cooperation

Generally, the country's political leadership has consistently demonstrated its readiness to work in partnership with external actors, including development partners, in implementing its long-term development strategy, though it is not reliant on outside actors to determine its policy priorities. The country continues to receive support from international organizations (i.e., bilateral and multilateral development partners and private foundations) that is intended to facilitate its transformation. Even so, support to Botswana has continued to decline significantly since it was placed in the upper middle-income category of countries. The government has maintained its judicious use and management of resources. It has also been successful in containing its public debt, in line with its medium range debt management strategy. According to the 2019 Heritage Foundation Index of Economic Freedom, "Public debt is equivalent to 15.6% of GDP." The country also maintained positive ratings from Moody's Investors Service, and Standard & Poor's, showing that the government has upheld sound credit ratings. The country's ability to collaborate has been clearly demonstrated in the area of HIV/AIDS, where a number of effective programs and interventions were delivered with the support of international companies and partners, with observable positive results. Collaboration has been extended to the development of a Health Financing Strategy. Overall, external actors have contributed to the country's transformation over the last 53 years because the political leadership makes well-focused use of international assistance in order to implement its long-term strategy of development.

Botswana has continued to enjoy the confidence and trust of most international actors and the government sustained its standing as a dependable partner in development, as shown by its sustained positive ratings. Even following the Great Depression of 2008 and 2009, the country did not have difficulties in repaying its debts. The government has consistently complied with the international agreements and conventions to which it is a party. Meanwhile, Survival International's (SI) onslaught on Botswana's tourism, citing government ill-treatment of the San, seems to have diminished. On the whole, Botswana has maintained good international relations with major countries, including the United States, demonstrating the country's commitment to sustaining diverse partnerships with external actors. It is doubtful if Botswana will maintain its critical foreign policy, which openly criticized countries that failed to advance democracy and good governance, under the leadership of President Masisi. Since he assumed office, President Masisi has shown his inclination toward positively advancing the country's foreign policy.

Effective use of support



1

Credibility

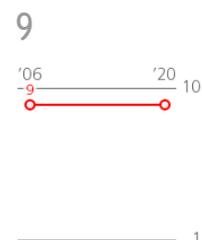


1

Botswana's political leadership has positively continued to build and nurture many regional and international cooperative and diplomatic relations. Unlike Ian Khama, President Masisi has, since he took office on April 1, 2018, renewed the country's commitment to the African Union (AU) and its Agenda 2063, and stated Botswana's intention to be a part of the African Peer Review Mechanism (APRM), a major development that will reaffirm and boost the country's commitment to the regional group. Ian Khama never attended an AU meeting during the ten years of his presidency. President Masisi also reaffirmed the country's commitment to the International Criminal Court (ICC). Most African leaders are suspicious of the ICC, as they perceive it to be mainly targeting African leaders.

Botswana has also continued its memberships in the Southern African Customs Union (SACU) and the Southern African Development Community (SADC), through which it favors durable economic and political integration of the region. The country continues to nurture its plans to act as a hub for international investment. Moreover, Botswana maintains good relations with its neighbors, including Zimbabwe. Relations with Zimbabwe were normalized in 2013, and they are even firmer since President Masisi succeeded Ian Khama in April 2018. It remains to be seen if good relations between the two countries will be maintained in light of the economic and political turmoil that has been brewing under President Emmerson Dambudzo Mnangagwa, following a contested election in 2018, with violence reported in some areas in January 2019, which is likely to negatively affect Botswana.

Regional
cooperation



Strategic Outlook

Botswana has moderate to high prospects of maintaining its trajectory of democratic transformation and economic performance. However, there exists a potential for social disorder arising from dissatisfaction among the large numbers of unemployed youth, who constitutes around 60% of the population. As in the BTI 2018, Botswana's future political and socioeconomic transformation will essentially be predicated on a number of critical facets.

First and foremost, a leadership that is accommodating, tolerant, and able to balance the population's competing pressures has been an important pillar and resource and contributed enormously to Botswana's political and economic accomplishments. Its previous successes also came from a dedicated and selfless leadership. As during the previous review period, it is evident that there are signs that these values are eroding. Private newspapers continued to report on corruption by politicians and senior public officials and it appeared there has been a reluctance to prosecute some of them under President Ian Khama. These reports led some to doubt the credibility of the political leadership. The Khama administration's failure to embrace reforms, disclose personal assets, and provide access to government information fostered public perceptions that the leadership was corrupt and condoned corruption. However, with President Mokgweetsi Masisi succeeding Ian Khama on April 1, 2018, there is a sense of optimism that the fear that gripped the country under Khama was waning, as Khama was considered intolerant. Masisi's tolerance to criticism is yet to be tested. With Masisi assuming office, a conflict between Masisi and Khama has been playing out in public, suggesting differences between the two leaders. The tiff between President Masisi and Ian Khama has the potential to destabilize institutions (including the ruling party) and the country.

Second, the efficacy of government responses to the HIV/AIDS pandemic and its economic consequences remain crucial to Botswana's political future. The results of nationwide distribution of antiretroviral drugs are promising and the program should be maintained. Likewise, preventive measures appear to be yielding positive results.

Third, worrisome levels of social risks, especially inequality, poverty and unemployment continue to present major constraints for Botswana's future. Given the country's predominant culture of peace and political apathy, it appears unlikely that these social risks will automatically translate into open social conflict, but potential of moderate conflict exists in the immediate future. In addition, these social challenges hinder transformation. In this context, it is crucial for the government to accelerate economic diversification, which has so far largely eluded the country. Diversification is crucial, as Botswana has evidently shown its economic vulnerability during the 2008 and 2009 global recession. The country's continued dependence on diamonds presents obstacles to sound economic transformation.

Finally, Botswana must address a number of rights issues, including its treatment of the San and other minorities, and freedom of the press. Although the intensity of the conflict between

government and the San has diminished, the government should continue to engage in finding a consensual solution to the dispute with the San by developing mutual understanding with the minority's representatives.

The country's international reputation will continue to be of central importance to advance efforts to address the HIV/AIDS pandemic. Foreign assistance should be maintained. Botswana's development partners should continue to assist the country in its efforts to achieve progress on social problems (e.g., poverty, inequality and unemployment) and dilute its dependence on natural resources. The government's strategy to overcome these challenges has continued to focus on indirect factors such as education, rather than on directly alleviating poverty and inequality. This cautious approach has been driven by a concern that generous distribution policies would negatively affect macroeconomic stability. The international community can make use of the government's evident desire to maintain its reputation as both a political and economic "African success story." This might also prove effective in combating deficiencies with respect to freedom of expression as well as the treatment of illegal immigrants from Zimbabwe and ethnic minorities, particularly the San.

Botswana's future transformation will largely depend on the government's success in fighting HIV/AIDS and reducing the economic dependency on diamonds. Social problems present additional challenges. In all areas, the leadership qualities of Botswana's fifth president, Mokgweetsi Masisi, who succeeded Ian Khama in April 2018, and those of other key actors will continue to be of the utmost importance. There was optimism and a possibility of an electoral victory by the opposition in the October 2019 elections if it maintained its coalition that included the BCP since February 2017. This possibility has somewhat been quashed as a faction of the BMD split on September 20, 2017 to form the Alliance for Progressives (AP), while the conflict-ridden BMD was ousted from the UDC on October 25, 2018, following its suspension. The BMD is contesting its expulsion in court, and the court was yet to make a decision at the time of writing. If the coalition was sustained, 2019 was going to turn out to be a critical juncture in Botswana's history. It will be crucial for public and private development partners to further assist the country in its advanced efforts to address the HIV/AIDS epidemic and support Botswana's efforts at economic diversification and the alleviation of social risks.