

BTI 2014 | Botswana Country Report

Status Index	1-10	7.91	# 18 of 129	
Political Transformation	1-10	8.35	# 15 of 129	➔
Economic Transformation	1-10	7.46	# 22 of 129	➔
Management Index	1-10	6.92	# 9 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2014. It covers the period from 31 January 2011 to 31 January 2013. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	2.0	HDI	0.634	GDP p.c.	\$ 16321.4
Pop. growth ¹	% p.a.	0.9	HDI rank of 187	119	Gini Index	-
Life expectancy	years	46.7	UN Education Index	0.683	Poverty ³	% -
Urban population	%	62.3	Gender inequality ²	0.485	Aid per capita	\$ 53.0

Sources: The World Bank, World Development Indicators 2013 | UNDP, Human Development Report 2013. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

Botswana is expected to hold its eleventh general elections in October 2014 – in line with its tradition of holding multiparty elections. On 16 October 2009, the Botswana Democratic Party (BDP) won its tenth general election in a row. International observers declared the elections free, albeit not entirely fair. Observers and the opposition continued to criticize the lack of a level playing field in the election and questioned the democratic credentials of Botswana’s fourth president, Ian Khama. Since the last general elections, over fourteen highly competitive bye-elections have been held across the country. Although the majority (10) were won by the ruling Botswana Democratic Party (BDP), the different opposition parties individually won a seat or two. Thus, to a very large extent Botswana maintained an observable level of political and economic transformation; nevertheless, challenges persist. Botswana’s transformation toward a mature economy has been slow, in part owing to slow economic diversification and declining mineral revenues, particularly from diamonds. Indisputably, the 2008 global financial crisis demonstrated the vulnerability of the Botswana economy. Moreover, there have been some deficiencies relating to freedom of the press and the executive’s occasional arbitrary actions over the reporting period. The government media is tightly controlled by the Office of the President. The growing number of cases of unexplained deportations of non-citizens is another issue of great concern. The issue of the land rights of indigenous people in the Kalahari Desert, the San (also called “Basarwa” or “Bushmen”), and their development challenges remain unresolved. Growing challenges of increasing corruption in the face of a growth in unemployment, especially among young people, combined with the aftermath of a sustained public-sector unions strike in 2011 involving teachers and medical personnel, pose serious threats to Botswana’s long term economic, political and social stability.

Politically, the dominance of the BDP persists despite the split of 2010 that led to the formation of the Botswana Movement for Democracy (BMD). The effect of the split is yet to be felt. Meanwhile, opposition parties have concluded the unity/cooperation talks in which they were

involved since the 2009 elections. The BCP merged with the small Botswana Alliance Movement (BAM). The Botswana Movement for Democracy, the Botswana National Front (BNF) and the Botswana Peoples Party (BPP) formed themselves into an Umbrella for Democratic Change (UDC) in 2012. The parties that formed the UDC have retained their separate identities, raising doubts about their ability to effectively challenge BDP dominance. As a result, three main political parties – BCP, BDP and UDC – are expected to contest the 2014 general elections. Lack of resources continues to be a major challenge for the opposition.

The record of economic transformation in Botswana is mixed. As in the past, Botswana's dependence on diamonds has proved highly problematic. Growth stalled when diamond prices and global demand for minerals fell in response to the global recession beginning in 2008. For the first time in 17 years, the government requested a loan from the African Development Bank. However, Botswana's economy showed some positive signs of recovery in 2010, 2011 and 2012, resulting in a substantially reduced deficit in 2011/2012, and a balanced budget and marginal surpluses for financial years 2012/13 and 2013/2014. This once again attested to the country's commitment to sound macroeconomic stability. Existing social problems such as poverty, inequality and unemployment among the population are aggravated by the persistence of the HIV/AIDS pandemic. Nevertheless, the wide provision of antiretroviral treatment at no cost to the patient has helped to reduce deaths and prolonged the lives of many infected citizens. On the international front, Botswana remains active and genuinely supportive of regional cooperation, conflict resolution efforts and supports all anti-corruption initiatives by the African Union (AU), the Commonwealth and the United Nations (U.N.). Capability and resource efficiency remain relatively strong. Participation and consensus-building remain central pillars of Botswana's political culture. However, structures that encourage participation and building consensus, such as the "kgotla," are afflicted by apathy, particularly among the young.

History and Characteristics of Transformation

As previously reported, 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 Great 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, and Botswana qualifies as Africa's longest-standing multiparty democracy. After Khama's death in 1980, Vice President Sir Ketumile Masire took over as head of state and government. 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. The BDP was kept 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 Tswana groups (Seretse Khama and Ian Khama were chiefs of the largest of these groups). Additionally, the weakness of the opposition parties, due in part to their lack of a strong rural voter base, helps to keep the BDP in power, although its share of the popular vote has been

declining. The opposition's support base increased steadily until the late 1990s and has stabilized at around 47% of the popular vote. However, the tendency toward factionalism and the British-style "first-past-the-post" electoral system has prevented opposition parties from gaining more ground thus far.

The apartheid system in South Africa prompted a long period of adverse regional conditions which 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 were. Discovered shortly after independence in 1967, extensive diamond deposits began to be extracted more intensively 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 was still increasing by an average of more than 5% annually in real terms.

In contrast to several other African countries, the critical factor in Botswana was the prudent handling of the country's natural wealth. 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, while the country's infrastructure and educational facilities have been expanded systematically. 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 the De Beers multinational group and the government. The international financial crisis revealed Botswana's vulnerability when the economy shrank by 5.4% in 2009 due to plummeting diamond exports. The economy has shown signs of recovery in 2010, 2011 and 2012. It grew by 8.1% in 2010, 8.0% in 2011, 6.1% in 2012, and was expected to grow by 5.9% in 2013. In recent years, diamond production has been overshadowed by a campaign launched by an international advocacy group accusing the government of mistreating San (locally also called Basarwa) in the Kalahari Desert in order to mine diamonds. The government has denied these allegations, yet the issue remains controversial – even in 2013. The government has engaged constructively in international efforts to curb the trade in so-called "blood" diamonds.

Apart from the mining sector, the other core economic sectors include cattle ranching and high-budget tourism, especially in the Okavango Delta. The country's market economy conditions are exemplary when compared with the rest of sub-Saharan Africa. Despite considerable social progress, however, deficiencies remain, including persisting social inequality and worrisome unemployment, especially among the youth. In recent years, developments in neighboring Zimbabwe have posed a moderate challenge, due to the flow of illegal immigrants into Botswana caused by the pronounced crisis in Zimbabwe.

The greatest and most formidable challenge facing Botswana is the rampant HIV/AIDS pandemic that has devastated this country since the early 1990s. Statistics indicate that approximately 17.6% of all citizens are HIV positive, which makes Botswana one of the hardest-hit countries in the

world. A particularly worrisome component of this problem is that the economically active population is the demographic group most severely affected by the HIV/AIDS pandemic. The government has instituted many internationally lauded initiatives (such as an extensive antiretroviral drug (ARV) program) to fight the disease. These initiatives are showing positive initial results: 98% (in September 2012) of those in need of ARVs are covered by the public health system at no cost, and life expectancy at birth has risen recently.

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

As in the previous review period, Botswana does not have a major problem of stateness because it has a legitimate government in power. Save for a porous border, particularly with Zimbabwe, the state commands unlimited monopoly on the use of force throughout the whole territory.

Citizenship is not a major political issue in Botswana as it is protected by the Constitution. Everyone enjoys the right to citizenship irrespective of their color or creed. However, a major issue of contention (among some groups) is representation in the House of Chiefs (Ntlo ya Dikgosi) whose role, under the constitution, is to proffer advice on cultural and traditional matters. The bone of contention is that chiefs or Dikgosi representing the historically eight “major groups” continue to have automatic entry into the House of Chiefs while other groups continue to select their representatives to the House. A controversial constitutional reform that increased the size of the House in 2000 failed to resolve the issue of equitable access to the House by minority groups. The latter groups are also demanding the introduction of mother tongue languages in schools. Members of Ntlo ya Dikgosi from minority groups formed the Botswana Dikgosi (Chiefs) Association in 2013. Although some discrimination does take place against minorities, this seems to be mainly a problem of the rule of law.

Botswana is a secular state where there is a distinct separation between the church and the state. Freedom of religion is protected by the constitution and different religious groupings are very visible in the country. In terms of the constitution, no one shall be forced to take an oath that is in conflict with their religion or beliefs. According to the Religious Freedom Reports by the U.S. State Department, religious freedom is generally respected and protected in Botswana. Religious education is taught in schools and it emphasizes tolerance of the various religious groupings.

Question
Score

Monopoly on the
use of force
10

State identity
9

No interference of
religious dogmas
10

There were no reports of societal abuses or discrimination based on religious affiliation, belief or practice in the period under review.

In general, there is a highly operational administrative system, and public safety and order are largely assured, relative to other African countries. The percentage of citizens with access to sanitation is markedly above the African average and 96% have access to a water source. Progress is hampered by bureaucratic sluggishness and inefficiency. Corruption appears to be slowly creeping in. A number of high-profile cases have been processed by the courts recently but none resulted in a conviction. Some ministers charged with corruption under Ian Khama's administration have failed to resign, contrary to established practice, resulting in concerns that Khama "condones corruption". In general, the judiciary is functional and independent but more recently there have been concerns in some quarters regarding the appointments of certain judges.

Basic
administration
8

2 | Political Participation

Botswana is a republic, and every citizen aged 18 and above (save where the constitution places certain restrictions/limitations) has the right to vote, contest and campaign for public office at their own expense. The franchise is evidently protected in Botswana. Since independence, the country has maintained a tradition of multiparty elections that have always been regarded as free, although their fairness has been a major political issue for the opposition and analysts. Ten multiparty elections have been held so far, with the most recent in 2009. Botswana is expected to go to the polls in October 2014. One of the major criticisms about Botswana's elections is the lack of fairness. The president's power to appoint the Secretary of the Independent Electoral Commission (IEC) remains a contentious issue. The president also decides on the election date. Moreover, political parties are privately funded. As one would expect, the ruling party has always found it easy to solicit donations from private companies, including De Beers, which is in a diamond mining partnership with the government and forms the mainstay of Botswana's economy. The law does not require political parties to disclose their sources of funding. Funding of political parties has always been a matter of secrecy, with the exception of a donation from Kgalagadi Breweries, which the company disclosed and shared among the various political parties in 2009, on the basis of the share of the vote that each won in the 2004 election. Reports in early 2013 suggested that the government was not keen to embrace public funding of political parties. The ruling party also enjoys wide coverage from state media, which is tightly controlled by the Office of the President. Equal coverage is not extended to opposition parties. All these features work to the advantage of the ruling party, which already benefits enormously from incumbency and thus contribute to a political system dominated by a single party.

Free and fair
elections
8

There is no evident challenge to effective governing of the country. Save for the extensive powers of the president that overshadow the role of elected political representatives and parliament, the government is not under any threat from any group that threatens its ability to rule effectively. However, concerns have been raised in some quarters regarding former army officers being appointed into the civil service since the assumption of the presidency in 2008 by Ian Khama, himself a former army commander of the Botswana Defense Force (BDF). His recently retired vice president, Mompoti Meraphe, (who retired in 2012) was also a former commander of the BDF. Despite this, Botswana continues to have a professional army that is subordinate to civilian authority, a rare situation in Africa.

Effective power to govern
10

Freedom of association and assembly are protected by the constitution. Forming a political party in Botswana is as easy as forming a burial society. Political parties and civil society organizations operate without hindrance as no areas of Botswana are outside the rule of law. Organizations may only fail to reach other areas on account of a lack of resources. With regard to trade unions, staging a legal strike was almost impossible before the introduction of the new Public Service Act in 2008. In 2011, public sector employees engaged in a two-month-long legal strike, the longest in the country's history, demanding a 16% salary increase. The government did not accede to their demands, instead offering a 3% salary increase in 2012, citing the global financial crisis and its negative impact on the economy. However, essential services employees (i.e. health workers) were told to report to work immediately or face dismissal, following an industrial court ruling in 2011 that declared their participation in the strike illegal. Those who failed to comply were dismissed. The dismissed workers, through their unions, challenged their dismissal at the High Court. The High Court in 2012 ruled that their dismissal was illegal, and declared that they should be reinstated. The government appealed and the Court of Appeal in 2013 overturned the high court ruling, resulting in unions questioning the independence of the judiciary. The Court of Appeal in 2013 also declared the participation of essential services employees in the 2011 strike as illegal. Following the 2011 strike, the government employed a statutory instrument to increase the list of categories covering essential service employees. The unions also challenged this decision at the High Court, which ruled in their favor. The government has again appealed this High Court decision. Judges in Botswana are appointed by the president. Effectively, the government has granted the right to strike on the one hand, while denying it on the other.

Association / assembly rights
9

Botswana's constitution protects freedom of expression and as such no one shall be hindered in holding an opinion or communicating ideas and information, and the state shall not interfere with citizens' correspondence, save for the limitations specified in the law. Botswana's political culture also encourages open criticism face-to-face. The government has been most heavily criticized by the private media and analysts. State media are not critical of government and do not provide coverage of those critical of government, the president or his ministers – at the instruction of government officials

Freedom of expression
8

and ministers. State media are firmly controlled by the Office of the President. The country has only one state-owned newspaper, which is distributed for free and published in English and Setswana, the national language. Following heavy criticism by the government of the media, particularly private media, the government approved a contentious media practitioner's bill in 2008 that gave ministers the power to appoint a supervisory council of the media. This council is not yet functional because of disagreements surrounding the appointment of its members. The president continues to denounce the private media for its "unprofessionalism". As in previous years, Botswana was awarded the "partly free" category on the Freedom of the Press index in 2012. It dropped to this category in 2006. However, in the press Freedom Index 2011/2012 by Reporters without Borders, Botswana improved on its ranking. It ranked 43rd out of 179 countries, compared to 62nd out of 178 in 2010. In the past, the government took measures of dubious legality against foreign journalists and academics. Even now, unexplained deportations of foreign nationals continue.

3 | Rule of Law

Botswana does not have a directly elected president. Instead, the leader of the party that gains a simple majority of the seats in parliament automatically becomes president. An unpublished Afrobarometer survey of June/July 2012 suggests that Botswana (59%) would prefer a directly elected president. In Botswana, there is a blending of parliamentary and executive powers, with the president commanding extensive constitutional and political powers in relation to parliament. The president also enjoys immunity from prosecution, including for non-official matters while in office. This was confirmed by the High Court and the Court of Appeal in 2009 in a case in which a former secretary general of the ruling party challenged a decision made by Ian Khama as party president. These extensive powers of the president coupled with party discipline and party dominance pose a challenge to executive accountability and the effectiveness of other checks and balances; this applies particularly to parliament, which effectively is a department under the Office of the President. Judges are appointed by the president, with the result that the powers of the president overlap into the three branches of government. There were calls in 2012 for a constitutional review. To this extent the presidency appears overly powerful in relation to other branches of government. Despite this, the judiciary thus far remains the last line of defense, as state legislation and executive action or inaction are subject to relatively effective judicial control. However, other actors, such as unions, disagree, as noted below.

Separation of powers
7

Judicial independence in Botswana is still largely intact –acting as the last line of defense because other institutions are relatively weak. The unpublished Afrobarometer survey results of June/July 2012 suggest that 67% of Botswana trust the courts of law. Nevertheless, concerns were raised in some quarters regarding the

Independent judiciary
9

appointment of certain judges. However, the judiciary has demonstrated its independence by ruling against government in a number of crucial cases. In January 2011, the court of appeal ruled against government in its refusal to provide water to residents of the Central Kalahari Game Reserve (CKGR). In June 2012, the High Court overturned a decision by the government to dismiss essential services employees who took part in a public-sector strike of 2011, and retroactively reinstated them. The government appealed this decision and the Court of Appeal in 2013 annulled the High Court ruling. In turn, the Court of Appeal in 2013 ruled that the participation of essential services employees in the 2011 strike was illegal. Following these two crucial judgments, the unions questioned the independence of the judiciary. In a related matter, the High Court in August 2012 overturned a statutory instrument that sought to expand the list of essential services employees following the 2011 public-sector strike. Such an action was intended to make it difficult for these employees to participate in a strike. The government has also appealed this judgment. Despite this, the government has generally respected court decisions – save for the narrow interpretation of the 2006 CKGR court decision, which attracted negative publicity and criticism from the government. Reports in 2013 suggested that the Basarwa intend to challenge the government’s continued narrow interpretation of the 2006 High Court ruling.

The fight against corruption has an institutional base in the form of the Directorate on Corruption and Economic Crime (DCEC), whose independence remains suspect as its director is appointed by the president. The DCEC nevertheless refers its cases to the Directorate of Public Prosecutions (DPP) for prosecution. The DCEC has been criticized heavily for concentrating on petty corruption. However, a number of high profile corruption cases, including some involving ministers, have been registered in court. One such case was that of a former managing director of Debswana, Louis Nchindo, who was charged, alongside his son and former senior executives of Debswana, with embezzling funds from the diamond company. Nchindo committed suicide in 2010 before the case could be concluded. His son and a former senior executive were convicted but were cleared of wrongdoing by the court of appeal at the beginning of February 2013. Minister of Defense, Justice and Security Ramadeluka Seretse was also charged with corruption in 2010. Seretse, who is a cousin of President Ian Khama, reluctantly resigned from his ministerial position. He was acquitted in October 2011. The Minister of Finance and Development Planning, Kenneth Matambo, was also charged with corruption but was acquitted in November in 2011. Unlike Ramadeluka Seretse, Matambo refused to resign his ministerial position, contrary to established practice. Assistant Minister of Finance and Development Planning Vincent Seretse (no relative of Ramadeluka Seretse and Ian Khama) has also been charged with corruption and has yet to resign his ministerial position. Ramadeluka Seretse was immediately re-appointed as minister of defense, security and justice following his acquittal. The failure of ministers charged with corruption to resign under Ian Khama’s administration and the apparent reluctance

Prosecution of
office abuse

7

on the part of the president to force those charged to resign before they have cleared their names are a source of disquiet which could reinforce concerns that President Khama condones corruption. The Directorate of Corruption and Economic Crime is headed by another relative of Ramadeluka Seretse and Ian Khama, Rose Seretse.

The constitution guarantees and protects civil rights, and citizens have the right to seek redress in court in case of violation. There is no evident problem of widespread violation of civil rights in Botswana. Such cases are few and isolated. A clear case of injustice and violation of civil rights involves the Basarwa/San of the CKGR, whom the government relocated from their ancestral land, the CKGR, ending the provision of services inside the reserve in 2002 and offering services outside the reserve instead. The government decision attracted criticism from certain quarters and human rights agencies. The San challenged the constitutionality of the government decision in court, and the high court decided in their favor in 2006 but the government gave a narrow interpretation to that court decision. In 2011, the Court of Appeal affirmed that it was illegal to deny water provision to the San in the CKGR. As noted above, reports in 2013 suggested that the Basarwa intend to approach the courts of law because of the government's continued narrow interpretation of the 2006 high court judgment. Another contentious issue is capital punishment: Botswana rejected a recommendation to abolish capital punishment at the 15th Session of the Universal Periodic Review (UPR) working group of the United Nations Human Rights Council in February 2013. Other recommendations rejected by Botswana at that review were enhanced transparency in executing the death penalty, legalizing consensual same-sex, and promoting tourism in the CKGR in a manner that would allow the San to continue with their traditional way of life (Sunday Standard, February 2013). Botswana pledged, in 2013, to establish a human rights institution, which is to be responsible for safeguarding and advancing human rights in the country.

Civil rights

8

4 | Stability of Democratic Institutions

Democratic institutions are relatively functional and efficient in Botswana compared to most African countries. There are no evident impediments to the process of decision-making as the ruling party has the majority in parliament. The greatest political challenge faced by the ruling party so far was the split in 2010 that led to the formation of the Botswana Movement for Democracy (BMD). This was the first in its history and followed many years of intense factionalism. President Ian Khama failed to prevent the split in part because of his leadership style. Nevertheless, the BDP maintained its majority and some of the founding members of the BMD (including members of parliament) have since rejoined the BDP.

Performance of
democratic
institutions

9

Democratic institutions are relatively established and generally regarded as legitimate. However, concerns have been raised in some quarters regarding the independence of the Independent Electoral Commission (IEC) and the electoral system. Despite this, the IEC has delivered credible elections. The main issue of contention surrounding elections in Botswana is their fairness, not their freeness. The unpublished Afrobarometer survey results of 2012 put confidence in the IEC at 61%. Analysts, the media and the opposition also question President Ian Khama's commitment to democracy, citing his leadership style including his intolerance of criticism or opposing views. Despite these fears, Khama remains popular, particularly in rural areas where he is seen more as a chief than a president. According to the unpublished Afrobarometer survey results of 2012, confidence in Ian Khama stood at 77%.

Commitment to
democratic
institutions
9

5 | Political and Social Integration

Botswana has a relatively well-established party system, with dominance by one party as its defining feature. The greatest challenge to the ruling BDP's dominance was in 2010, when a faction broke away and formed the BMD, following many years of intense factionalism that reached its peak under Ian Khama. Even then, the BDP maintained its majority in parliament (40 out of 61 members of parliament) as only eight members of parliament resigned from the BDP to join the BMD. Five BMD members of parliament (including one who was a leader of the opposition in parliament and co-founder of the BMD) have since rejoined the BDP, leaving the BMD with only four members of parliament in 2013 (3 who defected from BDP and one who joined BMD after being voted in as an independent in 2009). Despite one-party dominance, one other challenge to Botswana's party system is a fragmented opposition that, combined, won around 47% of the popular vote in 2009. It currently has 14 seats in parliament. In addition to internal wrangling within the parties, the first-past-the-post electoral system also works in favor of the dominant party.

Party system
7

Attempts have been made to unite opposition parties since the 2009 elections, without much success. The BCP united with the Botswana Alliance Movement (BAM, which had one MP in parliament). The two parties contested the 2009 elections under a pact. Four opposition parties – BCP, BMD, BNF and the Botswana Peoples Party (BPP) – started talks aimed at forming an umbrella party. The talks collapsed in December 2011 because the four parties could not agree on the criterion for allocating seats to the parties involved, resulting in a deadlock. However, in 2012 the BMD, BNF and BPP continued with the umbrella talks without the BCP and formed a party call the Umbrella for Democratic Change (UDC), appointing BNF president Duma Boko as its leader. The parties that formed the UDC have maintained their individual identities, a move that is likely to create a credibility challenge for voters. However, members of parliament affiliated with BMD (four) and BNF (three) joined the UDC

in 2012. This resulted in the leader of the BCP, Dumelang Saleshando, losing his position as the leader of opposition in parliament in November 2012 as both the BCP and UDC have an equal number of members of parliament (seven each). Saleshando was appointed leader of the opposition in July 2012, following the resignation of Botsalo Ntuane (leader of the opposition in parliament due to the BMD and BNF coalition), who has since rejoined the BDP. Internal wrangles and the propensity to split pose a credibility challenge to the opposition, particularly the BNF.

Despite decades of democratic development, Botswana does not have a wide range of active and developed interest groups. Interest groups are generally weak. However, there are a few groups that have been visible and vocal: Emang Basadi (a women's group); Ditshwanelo, the Botswana Centre for Human Rights; the First People of the Kalahari (San Group); and more recently public-sector unions. Although unions have not played a significant role because of legislative hurdles and a relatively small labor force in formal employment, the public-sector unions, under the umbrella of the Botswana Federation of the Public-Sector Unions (BOFEPUSU), went on a two-month national strike in 2011, demanding a 16% salary increase, which the government rejected, citing the global financial crisis. During the strike, the unions also condemned President Khama for his leadership style and dictatorial tendencies. The government only agreed to a 3% salary increase in October 2012. The strike resulted in the dismissal of some essential services employees. The unions challenged the government decision in court. In 2012, the High Court ruled in favor of essential services employees who were dismissed following the 2011 public service strike. The government has appealed the judgment and the Court of Appeal overturned the High Court ruling in 2013. The Court of Appeal in 2013 also affirmed a 2011 industrial court ruling that declared participation of essential services employees in the strike illegal. In a related measure, the High Court in August 2012 overturned a statutory instrument that sought to expand the list of essential services employees following the 2011 public-sector strike. The action was intended to make it difficult for these employees to participate in a strike. The government has also appealed this judgment.

Interest groups
6

According to the results of the unpublished Afrobarometer Round 5 survey conducted in June/July 2012, support for democracy decreased slightly since the last survey in 2008, with 83% of Botswana preferring democracy to any other kind of political system (6% said they would prefer a non-democratic one under certain circumstances, 85% supported democracy in 2008). As in 2008 surveys, 80% reject one-party rule, 92% are against abolishing elections and parliament, and 89% disapprove of military rule.

Approval of
democracy
8

In the 2012 Afrobarometer surveys (not published), the level of trust in institutions was as follows: 32% for the opposition parties; 57% for the ruling party (BDP); 54% for parliament; 61% for the Independent Electoral Commission; 62% for the police;

67% for courts of law, 70% for the president and 72% for the military. Generally, there was a decline of confidence across institutions.

Despite the weakness of civic groups, Botswana enjoys a relatively high level of trust and cooperation among citizens, with self-help being one of the pillars of government. The government has over the years cultivated a culture of open and peaceful discussions, consultation and consensus-building across the country. These values have been nurtured and encouraged by government through the “kgotla” (traditional council meeting). Through consultation, Botswana are able to have an input into government policies and projects, resulting in a sense of ownership. Nevertheless, apathy seems to be slowly creeping in.

Social capital

7

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Botswana is considered a middle-income country by the World Bank but its rate of socioeconomic transformation remains modest. In terms of the World Bank indicators, Botswana realized a GNI of \$7470 per capita and a GDP per head in PPP of \$14,746 in 2011. The International Monetary Fund puts its GDP per head in PPP in 2011 slightly higher than the World Bank at \$16,105 – a rare accomplishment in Africa. Despite these laudable achievements, social marginalization is considerable and at times deep-rooted, particularly among the San community. Poverty is the major cause of moderate and, for large parts of the population, considerable social marginalization. In fact, about a fifth of the population can be regarded as poor (20.7% according to the Botswana Core Welfare Indicators (Poverty) Survey of 2009/2010 (most recent), falling from 30.6% in 2002/2003. The 2009/2010 survey puts the number of people who earned less than \$1.25 per day at 6.5 percent, down from 23.4 percent in 2002. Nevertheless, there is a high level of unemployment and social inequality.

Socioeconomic
barriers

5

The Botswana Core Welfare Indicators (Poverty) Survey of 2009/2010 puts official unemployment figures at 17.8% (up from 17.5% in terms of the 2005/2006 Labor Force Survey) with the most affected group being young people aged 15 – 19 (41.4%). According to the African Economic Outlook, the Gini coefficient for Botswana is in excess of 0.60, making it one of the most unequal societies in the world. Additionally, the country has been severely affected by the HIV/AIDS pandemic, with a national prevalence rate of around 17.6%. This has lowered life expectancy (53 years in 2011 and 56 years on average in 2012), which in turn has resulted in a relatively low HDI status. With a value of 0.633, the country is ranked

at 118 (“Medium Human Development”) out of the 187 countries listed in the 2011 Human Development Index; this, however, represents a decrease compared to 2010. In 2010, its value stood at 0.663, ranking 98th out of 169 countries.

Economic indicators		2009	2010	2011	2012
GDP	\$ M	10106.8	13746.7	15292.4	14411.0
GDP growth	%	-8.2	8.6	6.1	3.7
Inflation (CPI)	%	8.0	6.9	8.5	7.5
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	1.3	0.0	2.7	2.0
Export growth	%	-37.7	16.0	27.5	-7.0
Import growth	%	-10.9	6.5	19.2	8.2
Current account balance	\$ M	-707.9	-192.3	358.9	-795.2
Public debt	% of GDP	15.8	17.6	16.7	14.9
External debt	\$ M	1707.4	1797.1	2396.2	-
Total debt service	\$ M	46.9	75.2	72.9	-
Cash surplus or deficit	% of GDP	-12.3	-7.0	-1.9	-
Tax revenue	% of GDP	27.7	22.0	23.5	-
Government consumption	% of GDP	21.4	18.4	18.6	19.3
Public expnd. on edu.	% of GDP	7.8	-	-	-
Public expnd. on health	% of GDP	3.5	3.3	3.1	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.3	2.6	2.4	2.3

Sources: The World Bank, World Development Indicators 2013 | International Monetary Fund (IMF), World Economic Outlook 2013 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2013.

7 | Organization of the Market and Competition

Market competition in Botswana is supported by a relatively healthy institutional framework. However, the country has a smaller informal sector than most African countries. With a score of 4.06, the country ranks 79th out of 144 countries in the

Market-based
competition

8

2012/2013 World Economic Forum's Global Competitiveness Index (GCI), lower than in 2010/11 (rank 76). According to the GCI, Botswana has the fifth-most economically competitive macroeconomic framework in sub-Saharan Africa, outperformed only by South Africa, Mauritius, Rwanda and Seychelles. With a value of 7.03 (the value of 10 being the highest), Botswana ranks 67th out of 144 countries (in 2010) on the Fraser Institute's "Economic Freedom of the World" Index released in 2012. On the Heritage Foundation's Index of Economic Freedom, Botswana has consistently been rated as "mostly free", ranked at 30th in the world with a score of 70.6, which is 1.0 better than in 2012 (when it was ranked 33rd with a score of 69.6). According to the Heritage Foundation's Index of Economic Freedom, this is mainly because of an improvement in "freedom from corruption" and management of government expenditure. Botswana is outperformed by Mauritius in sub-Saharan Africa, which is ranked at 8th in the world, with a score of 76.9. Last year, total government expenditures, including consumption and transfer payments, soared to 40.5% of GDP. The state is an important economic actor and privatization of state assets has been slow.

Botswana has a relatively functional anti-monopoly policy but the diamond mining sector is uneven as it is dominated by Debswana, a 50/50 joint venture between the government of Botswana and De Beers. Diamonds remain a major revenue earner for the country. Monopolies are not prevalent in other sectors, including diamond-cutting. Trade in the country is steered by non-discriminatory values.

Anti-monopoly
policy
7

Botswana operates one of the most open economies in the world. From independence in 1966 Botswana has committed to free trade and attracting foreign investment as a deliberate development strategy. It is through such efforts that Botswana was able very early on to attract the diamond magnate De Beers into the country to start diamond mining. Today almost all mineral resources – coal, copper/nickel, soda ash, gold and diamonds – are mined by foreign companies. The manufacturing, tourism and retail sectors are equally led and dominated by foreign investors. Consequently, Botswana's economy has a high import and export ratio. Membership in the Southern African Customs Union (SACU) has not led to protectionism. Botswana's weighted average tariff rate was put at 5.2% in 2013. According to the Index of Economic Freedom, import bans and restrictions on some products, import taxes, import licensing, domestic bias in government procurement and weak enforcement of intellectual property rights add to the cost of trade.

Liberalization of
foreign trade
9

Botswana has an established banking sector and a reliable capital market. The government is a key player in the banking system but private banks are allowed to thrive. Botswana has an efficient central bank. The country also has a credible credit standing internationally, although it is vulnerable to external shocks, as the economy is based on the export of diamonds. This vulnerability was demonstrated in the recent 2008 global financial crisis, which resulted in the country experiencing its first budget deficit in a long time because of the low demand for diamonds. The deficit for

Banking system
9

2011/2012 turned out to be lower than originally projected, because of an improvement in revenues, and underspending (P181 million instead of P3.76 billion; the initial deficit for 2011/2012 was put at P6.93 billion – 1 U. S. dollar buys roughly 7 P). However, the country recorded a marginal surplus in 2012/2013 and another surplus is anticipated for 2013/2014. As a result of an improvement in the government's financial position, prudence and ability to respond to the global financial crisis, Moody's rating agency maintained its sovereign credit ratings at A2 in 2012. Botswana continues to hold one of the best credit ratings in Africa and is on a par with many countries in Central Europe, East Asia and Latin America.

8 | Currency and Price Stability

The country has demonstrated its commitment to monitoring inflation and ensuring a sound foreign exchange policy through its central bank, the Bank of Botswana. The Bank of Botswana has set its medium-period inflation range goal from 3 – 6%. However, inflation has continued to elude this target. According to the government, the national annual year-on-year inflation rate stood at 7.4% in December 2012, compared to 9.2% in December 2011.

Anti-inflation /
forex policy

8

The government has focused on prudent fiscal policies and macroeconomic stability, restoring a budget surplus in 2012/2013, with another surplus projected for 2013/2014 despite uncertainty surrounding the mining sector. The government had anticipated a revised deficit of P3.76 billion in 2011/2012, but it turned out to be lower at P181 million because of an improvement in revenues and underspending (1 U.S. dollar buys roughly 7 P). A surplus of P1.15 billion in 2012/2013 was projected but it turned out to be P835 million. For 2013/2014, a surplus of P779 million has been anticipated, demonstrating once again the government's commitment to sound macroeconomic management. The government is also committed to reducing the debt level, which currently stands at 23.5% of the 2012/13 GDP according to government figures.

Macrostability

9

9 | Private Property

The Botswana constitution provides for the protection of property. The judiciary is relatively independent, and the rule of law is respected and enforced. Property rights are well established, and the acquisition of property is effectively regulated by government. However, administrative shortcomings and delays persist, coupled with an overburdened judiciary. Shortage of serviced land remains a major challenge. According to the International Property Rights Index (IPRI) of 2012, Botswana scored 6.3, and was ranked 39th out of 130 countries in the world. Regionally, it was outperformed by South Africa, emerging 2nd out of 24 African countries on the IPRI of 2012. Finland scored 8.6 and was ranked 1st in the world. However, access to loans

Property rights

9

is still regarded as a challenge. In terms of ease of doing business, Botswana was ranked 58th and 59th in 2011 and 2012 (respectively) out of 185 countries in the world, according to World Bank figures.

Although government plays an active part in Botswana's economy, it is driven by the private sector. The government has fully embraced the private sector as a partner in economic development. However, it takes 61 days to open a business in the country, according to World Bank data, which is clearly above the African (and international) average.

The government also consults with the private sector and other actors through the High Level Consultative Conference (HLCC) and the National Business Conference. These consultations have given rise to a number of policies and initiatives that favor the private sector. Even then, Debswana (a 50/50 partnership between the Government of Botswana and De Beers) continues to dominate the diamond sector. Debswana has also created the Diamond Trading Company Botswana (DTCB) in order to improve diamond beneficiation, and the complete relocation of DTCB international sales from London to Gaborone is planned for December 2013, according to the government. The government has also created the Okavango Diamond Company (ODC), planned to be operational in 2013, to buy and sell up to 15% of Debswana diamonds in line with the new sales agreement, according to the government. The underlying aim of keeping larger parts of the value chain in Botswana is to create more jobs in this sector. Several diamond-cutting factories are operational in Botswana but the challenge facing this sector is that it is capital intensive. The privatization of a number of public enterprises, such as Air Botswana, Botswana Telecommunications Corporation (BTC) and the National Development Bank (NDB) has yet to take off. The privatization of Air Botswana has stalled, and that of BTC is expected to show some results in two years from September 2012. The timeline for privatization of the NDB has not been specified but a draft NDB Transition Bill has been ratified by the government.

Private enterprise
8

10 | Welfare Regime

Botswana has put in place a number of social safety nets to cater for the poor, the vulnerable and economically disadvantaged groups, in part because the economy has so far failed to create adequate jobs. These safety nets take the form of food baskets, feeding programs, cash transfers, labor-intensive public works, educational subsidies and empowerment programs. According to the government, there were 30,906 destitute; 40,766 orphans and vulnerable children; 93,090 old age pensioners and 1,275 community based care patients supported by government by October 2012 (budget speech, 2013). The health care system is generally accessible to almost everyone. The government has also put in place an effective antiretroviral therapy (HAART) for HIV/AIDS patients, which had 198,553 patients enrolled in September

Social safety nets
7

2012, representing about 98% of those in need of HAART medication. The government has been commended for functional HIV/AIDS policies and programs. To demonstrate its commitment to addressing the HIV/AIDS scourge, the government has set a target of mother-to-child transmission at less than 1% by 2015. In addition, around 42,000 males aged 13 – 49, out of a possible 385,000, had been circumcised in November 2012, according to the government. A major challenge is the sustainability of some of these safety net programs and initiatives.

In principle, there is equal opportunity in Botswana, but institutions meant to actively compensate for gross social inequalities remain inadequate. Generally, there is no discrimination against particular ethnic groups or women. However, there is structural discrimination against the San, who at times have had to seek redress through the courts of law. Women have access to higher education and public office. The relatively well-developed education sector has reduced but not sufficiently resolved social and economic inequalities between men and women and between poor and wealthy families. Nevertheless Botswana operates a wide and relatively successful system of social safety nets (SSNs), which has mitigated the negative effects of reintroducing school fees since 2006, abject poverty and prevented death due to hunger and curable diseases.

Equal opportunity
7

11 | Economic Performance

Botswana's economy was negatively affected by the global financial crisis, mainly because of its heavy dependence on diamonds. However, the economy has shown signs of recovery and recorded a marginal budget surplus in 2012/2013, with another surplus projected for 2013/2014. According to the government, real GDP growth was 8.0% in 2011, 6.1% in 2012 and projected at 5.9% in 2013. It is doubtful that the economy will be able in the immediate future to regain the real growth rates it enjoyed before the financial crisis, according to the government (budget speech, 2013). However, the Economist Intelligence Unit projected growth at 6.4% in 2011 and 4.8% in 2012. According to the government, customs and excise was the main contributor to government revenue to the 2013/2014 budget, at 31.08%, while mining contributed 30.11%, after the mining sector contracted by 12.5%. Despite this, mining remains the mainstay of the Botswana economy but uncertainty looms for this sector. Although the economy has still not diversified significantly, the Economic Diversification Drive (EDD) was reported to be showing some initial results, according to the government. Further, the privatization of some public parastatals has yet to take off. There is also a plan to rationalize some public enterprises. Government policies and programs appear to have militated against the HIV/AIDS scourge.

Output strength
8

12 | Sustainability

Botswana has no evident environmental problems. However, the government is keen to protect the environment, and environmental education is included in school curricula. The government has put in place measures to protect the country's pristine natural resources, habitat and wildlife, which are a major source of tourist attraction. One of the major challenges facing the country is recurring drought. The level of consciousness on ecological/environmental issues is also worryingly low. Botswana was ranked 66th out of 132 countries in the Environmental Performance Index (EPI) of 2012.

Environmental
policy
7

Botswana has systematically invested in educational infrastructure. There is a nationwide system of primary, secondary, college and university-level educational opportunities for children and the young, in particular. Annually, the government allocates nearly a quarter of its public budget to education. The resulting outcomes have been Botswana's high rates of literacy and enrollment in secondary education; growing tertiary-level participation rates and enhanced attainment rates at all levels of education. . However, fewer than 60% of those enrolled in secondary schools complete their schooling. Despite the fact that the literacy rate stands at 85%, a significant improvement over the 69% recorded in 1991, the skill level of the population remains unsatisfactory. With regard to higher education and training and technological readiness, which are pillars of the World Economic Forum's 2012/13 Global Competitiveness Index (GCI), Botswana scores worse than on the general index. In terms of innovation, it ranks only slightly higher than the average score (CGI: 79th; higher education and training: 95th; technological readiness: 106th; innovation: 73rd).

Education policy /
R&D
7

Declining educational quality, as demonstrated by the decline in primary and secondary-level results in the past ten years, is a serious issue of national concern.

Consequently, the government established the Botswana International University of Science and Technology (BIUST) in Palapye as a second university with a technical focus to complement the University of Botswana. BIUST had its first intake of students in August 2012 and is currently housed at the Oodi College of Applied Arts and Technology (a few kilometers from Gaborone). Educational performance is therefore one of the most topical issues in Botswana and many citizens are concerned that it is undercutting the country's ability to transform into a knowledge society and its efforts to attract a sizable number of foreign students into the country.

Transformation Management

I. Level of Difficulty

The level of difficulty for transformation in Botswana remains moderate. Ethnic and social conflicts do not pose a serious threat to possibilities for improvement. Traditions of civil society are moderate. The structural constraints on governance are moderate to high. For a land-locked country, Botswana has a fairly well-developed physical infrastructure and relatively high educational standards. However, these standards have failed to produce a satisfactorily educated labor force. Nevertheless, there is a proposal to introduce a Human Resource Development Plan (HRDP) to be coordinated by the Human Resource Development Council (expected to be formed in 2013), in line with the National Human Resource Development Strategy (NHRDS) of 2009. Absolute poverty and income inequality remain at worrisome levels, with around a quarter of the population living below the national poverty line, coupled with a high Gini coefficient. The potentially negative impact of dependence on raw materials (diamonds) became evident during the international financial crisis, causing a sharp decline in economic growth (-5.4% in 2009) when the crisis led to a sharp decrease in demand for diamonds. Before 2009 and again in 2010, revenues from diamonds served as a growth engine (growth rates around 5% per annum). Minerals were expected to continue playing a key role as the economy showed signs of recovery in 2011, although concerns over the possibility of a double-dip recession weighed heavy in 2012. Frequent droughts in an arid climate and outbreaks of foot-and-mouth disease are responsible for limited potential in agricultural production. The most formidable constraint on governance is the high rate of HIV infection; the HIV prevalence rate among people between the ages of 15 and 49 stood at 23.9% in 2010 (down from over 30% before 2007). Although these infection rates are lower than former estimates (recent figures are taken from comprehensive nationwide testing, while former figures were based on estimates drawn from HIV rates among pregnant women in public hospitals), the prevalence rate is still one of the highest worldwide. HIV/AIDS alone is responsible for the drop in the country's HDI values.

Structural
constraints

5

Botswana does not have an established culture and history of civic engagement. Compared to countries like South Africa, civil society is relatively weak. However, there are a handful of civic organizations, particularly those that do not pose a threat to government, that are relatively active. Those that pose a threat to the government,

Civil society
traditions

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such as trade unions and the private media, face legislative hurdles. Despite this, the government has nurtured the country's traditional culture of consultation and consensus-building through the "kgotla," which has fostered trust among the general population. This has become a political resource for the government. However, unpublished Afrobarometer survey results of June/July 2012 suggest that trust in public institutions has generally declined.

Botswana does not have a history of crude ethnic, religious or social/political tensions or conflicts. The country's culture also abhors confrontational politics and the use of violence. Furthermore, the constitution outlaws discrimination. As such there is no evident problem of conflict: the only major conflict with ethnic connotations was between the government and the San of the CKGR following their relocation in 2002. This was resolved through the court process. The courts have repeatedly ruled in favor of the San. In 2013, the San indicated that they intend to approach the courts of law because of the government's continued narrow interpretation of the 2006 High Court ruling. Despite this, the conflict has a remote chance of developing into an overt and violent conflict. The San constitute around 3% of the population. The tension/conflict between the public-sector unions and the government following the public-sector strike of 2011 was also resolved through the courts in 2012 and 2013. Immigration from Zimbabwe has not resulted in heightened ethnic tensions, either.

Conflict intensity

2

II. Management Performance

14 | Steering Capability

Since independence in 1966, Botswana has used rolling five-year plans to steer economic development within the framework of a market economy. Government sets its strategic priorities and long-term goals through the National Development Plan (NDP), which is overseen by the Ministry of Finance and Development Planning (MFDP). Ten five-year plans have been produced since independence with the tenth, NDP 10, introduced in April 2010. The remaining years of NDP 10 will focus on maintaining infrastructure (budget speech of 4 February 2013). What is distinctive about Botswana's planning system is its commitment to the priorities contained in the planning period. There are only small deficits in the organization and stronger ones with respect to implementation. The NDP is a product of national consultation.

Question
Score

Prioritization

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Although largely committed to structural and qualitative transformation of the political and economic system, Botswana's government has had only limited success in implementing its stated policy measures. For instance, its prime economic reform goals of diversifying the economy and privatizing state assets have not yet been

Implementation

7

realized. The country's dependence on diamond extraction remains largely unchanged. However, efforts at establishing a diamond-processing industry are beginning to show initial results. The Public Enterprises Evaluation and Privatization Agency (PEEPA) has been ineffective. A renewed economic diversification initiative, launched by President Khama, stresses the government's intention to use its own resources to develop and support local businesses. This initiative is called the "Economic Diversification Drive" (EED) and was touted by Khama as "one of two flagship projects," the other being poverty eradication.

Regarding the HIV/AIDS pandemic, the government has maintained its approach of fighting the disease. It cooperates closely with foreign foundations, the pharmaceutical industry and international organizations. Today, blood tests routinely involve an HIV test, an approach that has made more people aware of their HIV status. There is also an uptake of voluntary counseling and testing services at health facilities. Mother-to-child transmission has been reduced to around 4%. Antiretroviral medication is available through the public health system at no cost to the patient. Close to 198,553 patients, as of September 2012, are on antiretroviral therapy. This represents 98% of Botswana who are expected to require treatment (according to government data). Implementation of gender empowerment measures has been relatively successful. On the 2009 Human Development Report's Gender Empowerment Measure (GEM), which examines whether women take an active part in economic and political life (share of seats in parliament held by women; female legislators, senior officials and managers; female professional and technical workers; and gender disparity in earned income), Botswana ranks 65th out of the 109 countries assessed. According to the Human Development Report 2009, 33% of all legislators, senior officials and managers were women, whereas only 11% of members of parliament are female.

The authorities have demonstrated a relatively positive learning ability. The political leadership is able to replace failed policies with innovative ones. Concerning the San minority ("Bushmen"), the government was reluctant to implement the High Court ruling from December 2006 that declared their relocation from the Central Kalahari Game Reserve unconstitutional, and resorted to a narrow interpretation of the court judgment. However, in January 2011, the Court of Appeal finally granted the San the right to access water in the game reserve. The San indicated that they intend to approach the courts of law in 2013 because of the government's continued narrow interpretation of the 2006 judgment. In addition, President Khama's sometimes harsh reaction to criticism has sustained some international controversy, to which the government has responded with a lack of flexibility.

The traditional aim of consensus-building has been weakened to some extent by President Khama's more assertive leadership style. This may have contributed to splits in the governing Botswana Democratic Party (BDP), but it has also reduced possible constraints due to an inability or unwillingness to make decisions. The

Policy learning

7

government regularly consults with major stakeholders, such as the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM), to design or redesign its policies. A government decision to host a budget “pitso” (consultative meeting) in October 2010 at which interested parties were briefed on and discussed the government’s plans to balance the budget by 2012/13, was welcomed by stakeholders. As with the NDP preparation process, this attests to the continued orientation toward consensus and learning ability in the government and among other stakeholders.

15 | Resource Efficiency

Botswana has been widely commended by international organizations and analysts for its judicious use of resources. However, malfeasance seems to be creeping in and three ministers were charged with corruption between 2010 and 2013. Two of them were acquitted in 2011, and the third minister’s case had yet to be decided by the court during the period under review. The cabinet is comprised of 22 ministers.

Efficient use of
assets

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Despite its relatively efficient use of resources, Botswana has so far failed to diversify its economy’s dependence on minerals – making it highly vulnerable. An evident example is the recent global financial crisis that had a serious negative effect on the Botswana economy and its sources of revenue: minerals, especially diamonds. A World Bank report called for stronger control of public expenditure to ensure long-term budget sustainability. The International Monetary Fund (IMF) also called for a reduction in public expenditure, including a reduction in the size of the public sector. President Khama’s government’s refusal to accede to demands by public-sector unions for a 16% salary increase in 2011 seems to suggest that the government is keen to curtail public spending (specifically, its wage bill). Instead the government agreed to a 3% salary rise in October 2012. Despite budget deficits in 2009/10, 2010/11 and 2011/12, the government has once again shown its commitment to efficient use of resources by restoring a balanced budget, with a marginal surplus in 2012/13 and a surplus of P779 million projected for 2013/14. Another positive indicator of economic efficiency is the country’s manageable debt level. However, poor maintenance of public buildings, including schools and government buildings, as well as delayed completion of capital projects such as dams, stadia, roads and schools, have been a major source of cost to the country in recent years.

The government coordinates its policies relatively effectively and acts in a coherent manner. The national development plans form coherent frameworks for the implementation of policies. Constraints are of a structural nature: prudent fiscal policies are hard to reconcile with coherent poverty alleviation (subsidies and social welfare), job creation and the fight against the HIV/AIDS pandemic.

Policy
coordination

9

The government has in general been coherent in its prioritization of macroeconomic stability over high-level social expenditure. For instance, in 2010, the government placed a freeze on recruitment for vacant positions in order to fund the settlement with public-sector trade unions which increased the number of payable days from 20 to 22 days per month. Again, in 2011, the government rejected demands by public sector unions for a 16% pay rise. Investment in infrastructure for education and training is seen as the avenue for social progress in the long term – although there are serious concerns that the quality of education has been declining. However, poverty, inequality and unemployment remain widespread phenomena given the country's moderate level of socioeconomic development. To some extent this calls into question this liberal, indirect approach to alleviating poverty and reducing unemployment. In response, the most contentious political issue in the period under investigation was once again how to prioritize measures to reduce poverty in the country.

Botswana is the process of developing its anti-corruption policy. However, the country has already had an anti-corruption institutional base since 1994 in the form of the Directorate on Corruption and Economic Crime (DCEC). The DCEC was established following a number of scandals in the early 1990s. The greatest challenge facing the DCEC is its perceived lack of independence. It has also been criticized for concentrating its efforts on petty corruption. To this extent, its effectiveness is suspect. However, a number of high profile cases have been registered in court since 2010. However, it should not be assumed that those charged were necessarily guilty. One such case was that of a former managing director of Debswana, the late Louis Nchindo, who was charged along with his son and some former senior executives of Debswana with embezzling funds from the diamond company. Nchindo committed suicide in 2010 before the case could be concluded. His son and a former senior executive were convicted but were cleared of wrongdoing by the court of appeal at the beginning of February 2013. Minister of Defense, Justice and Security Ramadeluka Seretse was also charged with corruption in 2010. Seretse, who is a cousin of President Ian Khama, reluctantly resigned from his ministerial position. He was acquitted in October 2011 and immediately re-instated as the minister of defense. Minister of Finance and Development Planning (MFDP) Kenneth Matambo was also charged with corruption but he too was acquitted in 2011. Matambo failed to resign his ministerial position throughout his corruption trial. In 2012, the current assistant minister of finance and development planning, Vincent Seretse, was also charged with corruption, and the court has yet to decide on his case. Like Matambo, Vincent Seretse has maintained his cabinet position despite being charged. President Khama has not forced the two ministers to resign from their ministerial positions. This raises doubts about Khama's commitment to combating corruption, giving rise to suggestions that he condones it. This demonstrates a lack of serious political will to curb high-level corruption. Some critics claim that the DCEC was created more as a

Anti-corruption
policy
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way of reassuring foreign investors and donors than in order to seriously deal with the issue of high-level corruption.

Despite this, the DCEC launched a code of conduct that it developed jointly with the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM). A special court to expedite the processing of corruption cases was expected to start operations in 2013. Moreover, the Directorate of Public Prosecutions, in 2012, was in the process of creating a unit to deal with cases of corruption. Despite its limitations, the country has declared zero tolerance of corruption. One of the factors that work against efforts to contain corruption is the absence of effective party financing regulations. Currently, political parties and politicians receive donations and are not forced to disclose them under the law. Equally, there is no law on declaration of assets and liabilities by public officeholders, demonstrating the lack of political will in combating corruption or abuse of office. Afrobarometer survey results of June/July 2012 (unpublished) suggest that 54% of Botswana would prefer ministers to declare their assets and liabilities while 64% suggest that the law on declaration of assets should also include members of parliament and senior government officials. Botswana was appointed host of the Commonwealth's Africa Anti-Corruption Center in February 2013. The center is sponsored by the Commonwealth Secretariat.

16 | Consensus-Building

Consultation and consensus-building are some of the unique features defining Botswana's political culture. Given the prevailing global political climate, there is no doubt that all the main political players agree on democracy oriented toward the rule of law and economic prosperity as the long-term goal of transformation. Doubts about President Khama's commitment to democracy remain. The BDP is oriented toward a liberal market economy, and argues for the indirect impact of education and capacity-building on reducing poverty. The BNF argued for economic socialism. The BNF and BCP and other opposition parties advocate for a more proactive poverty reduction strategy. They also argue that the state should play a more proactive and direct role in the economy in order to create meaningful jobs and thus reduce poverty. The country needs to nurture active popular participation in matters of governance in order to achieve more effective political transformation – unlike the current situation where the citizenry is generally apathetic in matters of governance.

There are no political actors with anti-democratic veto powers and there has been no change since the last round of the BTI in 2011. The greatest challenges to the country's political and economic transformation, and indeed its realization of human security, are structural constraints such as poverty, unemployment (particularly youth unemployment which is estimated at around 35%), inequality and HIV/AIDS. Leadership is another factor that has played a key role in the country's moderate

Consensus on goals

9

Anti-democratic actors

9

socioeconomic growth, although continued good leadership can by no means be taken as a given. President Ian Khama has been heavily criticized for his leadership style since his assumption of office in 2008, particularly for his intolerance to dissenting views, which was partially to blame for the split of the BDP.

The potential for more serious social and ethnic polarization exists, but a traditional culture of consensus and peaceful conflict resolution, combined with apathy among the rural population, has helped to prevent cleavages from escalating into more severe conflicts. All governments since independence have contributed to this situation and the Khama administration is no exception; the government uses the “kgotla” meetings for nationwide consultation and discussion of national policies on a regular basis. Khama, himself a traditional chief, has continued this practice but has appeared to adopt a rather isolationist leadership style by making decisions without previous extensive consultation. To some degree, the split in the BDP, which partly resulted from criticism of his “arbitrary” and “dictatorial” leadership style, as well as the handling of the San issue, indicate a less pronounced commitment to the culture of consensus-building.

With regard to the potential of ethnic conflict, top political officials have shown little willingness to exploit ethnic prejudice in election campaigns. Some opposition parties tried to exploit this potential in the past, but this prompted adverse reactions from both the government and the population. The handling of the San issue, however, is less consensus-oriented. As described under “civil rights,” the government decided to engage in a narrow interpretation of the High Court ruling and restricted the right to return to the CKGR to those 189 San who had filed the motion. Khama had promised to resolve the issue and met with Basarwa activists, but in his first state of the nation address in November 2008, he portrayed the traditional style of hunting and gathering as an “archaic fantasy.” In August 2010, the African Commission harshly criticized government practices with regard to the San’s right to return to the CKGR. However, in January 2011, the Court of Appeal ruled that denial of water provisioning to Basarwa/San was indeed illegal, and the government pledged to respect the ruling. The conflict between the San and government has not yet been resolved. In 2013, the San declared that they intend to take the government to court for its continued narrow interpretation of the 2006 High Court ruling.

Likewise, Khama and the BDP leadership failed to accommodate conflicts within the party’s ranks. Khama could not prevent, and was at least partly the reason for, the breakaway of the BMD in 2010. Nevertheless, some key founder members of the BMD rejoined the ruling BDP in 2012.

Although the government actively consults the population for input into national policies and fosters trust through the “kgotla” (traditional council meeting), a major challenge facing the country is its lack of strong civil society groups. The country’s political culture, which encourages submission before authority, also contributes to

Cleavage /
conflict
management

8

Civil society
participation

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passive participation in matters of governance. Active and strong civil society groups are central to realizing popular participation in governance. The government is suspicious of trade unions and intellectuals, who in general tend to be vocal on alternative points of view, leading government to associate them with the opposition parties.

Botswana has maintained a fairly stable human rights record since 1966. Hence, there are no noteworthy past injustices.

Reconciliation
n/a

17 | International Cooperation

Botswana's political leadership has generally demonstrated its willingness to cooperate with outside actors, including development partners. Botswana receives assistance from international organizations such as the African Development Bank and the International Monetary Fund (IMF), aimed at realizing the country's transformation goals. Thus it is regarded as a dependable and credible partner. The country has been steadfast over the years in using international aid effectively for economic transformation. However, aid to Botswana has decreased substantially since it was declared an upper middle-income country. Botswana has never been subjected to IMF structural adjustment programs, in part because of its prudent use of resources. At the height of the global financial crisis, Botswana secured a \$1.5 billion loan in 2009 from the African Development Bank (AfDB), the first in 17 years, to support government finances.

Effective use of
support
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The fight against HIV/AIDS provides evidence of cooperation. With the support of donors, philanthropists and international pharmaceutical companies, several anti-AIDS programs have been established. Botswana is a beneficiary of the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). The program, which distributes antiretroviral drugs through the public health system, is collaboratively funded by the pharmaceutical company Merck and the Bill and Melinda Gates Foundation. However, it should be noted that because of Botswana's favorable fiscal status, low debts and levels of aid, the country is not dependent on external actors in setting policy priorities.

The international community considers the government to be a credible and reliable partner. Since independence, the government has built a considerable degree of trust among major international actors. The country has never experienced problems in repaying its debts to foreign donors. However, a bitter dispute with the UK-based advocacy group Survival International (SI) attracted international attention for a long time and continued to simmer in 2013. In December 2006, the High Court ruled in favor of the Basarwa and declared the relocation unlawful. The government has honored the ruling only in the strictest literal sense, meaning that only the applicants were allowed to re-enter the CKGR. Further, the court of appeal ruled in January

Credibility
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2011 that denial of water provisioning to the Basarwa/San was illegal and the government pledged to respect the court ruling. Although the international profile of this issue has been somewhat lower than in previous years, the controversy has reduced the government's credibility in this area.

On the whole, Botswana enjoys very good international relations, especially with the United States, which closely cooperates in military matters, and increasingly with China. President Khama's visit to Japan, Australia and Germany, among others, demonstrates that the government is eager to maintain a diverse range of partnerships.

In the past, the political leadership actively and successfully built up many regional and international cooperative and diplomatic relationships. Under the present government (of Ian Khama), the top leadership's commitment to the African Union (AU) agenda, in particular, has been questioned. Since coming to power in 2008, President Khama has not attended a single AU summit. The country is a member of the Southern African Customs Union (SACU), the oldest customs union in the world. Botswana has also been active as a member of the Southern African Development Community (SADC) and favors stronger political and economic integration of Southern Africa. The SADC's headquarters are based in Botswana's capital, Gaborone. In 2009, however, ignoring objections by South Africa, Botswana, together with Lesotho and Swaziland, signed an interim Economic Partnership Agreement with the EU. Its decision hinged on the need to safeguard access to EU markets for its beef exports, and to make the country more attractive to international investors. In this respect, Botswana plans to act as a hub for international investment in Africa, and Southern Africa in particular.

Botswana enjoys good relations with most of its neighbors. The biggest challenge from the government's perspective is the political situation in neighboring Zimbabwe. Within the SADC, Botswana has been the most vocal opponent to Zimbabwe's president, Robert Mugabe. The government views the neighboring country's economic deterioration and political crisis – despite the formation of a fragile power-sharing government – as a destabilizing factor that calls regional integration, economic development and the region's reputation into question. Furthermore, the influx of Zimbabwean refugees is believed to place a burden on Botswana's society. Botswana's President Khama has consistently called for President Mugabe's removal. He supports opposition leader Morgan Tsvangirai, who, under the Global Political Agreement (GPA), acts as Zimbabwe's prime minister. However, at the end of 2010, President Khama called for the removal of Western sanctions against President Mugabe and his allies. This aligned his position with that of the regional SADC. Khama cited such reasons as the wish to provide a climate conducive to the GPA's success, and secondly, to deny Mugabe's party ZANU-PF the "lame excuse" it uses to undermine the unity government formed with Prime Minister Tsvangirai's Movement for Democratic Change (MDC).

Under the fragile GPA, the parties were to agree on or introduce some crucial reforms to pave the way for the next elections expected in June 2013. The Movement for Democratic Change (MDC) had always argued that the old constitution did not create an environment conducive to free and fair elections. President Robert Mugabe and Prime Minister Morgan Tsvangirai reached an agreement on a new constitution in January 2013, opening the way for elections. The new constitution was subjected to a referendum in March 2013. However, the Botswana government continued to criticize human rights abuses and the unconstitutional use of political power in Sudan, Madagascar, Mali, Libya, Egypt and Côte d'Ivoire, among others.

Strategic Outlook

Save for potential social disruption due to dissatisfaction among the large numbers of unemployed youth, overall, Botswana is likely to maintain its stable progress on democratic transformation and economic growth. In terms of political and socioeconomic transformation, as in previous years, Botswana's future will depend mainly on a few key aspects.

First, a leadership that is accommodative, tolerant and able to balance the population's genuine but competing demands has been an important resource that has contributed enormously to Botswana's political and economic success in the past. Past successes also came from dedicated and selfless leadership. There are widespread signs that these values are losing currency or being eroded as ministers and senior public officials are frequently being taken to court to answer anti-corruption cases. The credibility of the leadership is at stake and the government's failure to embrace certain laws, to declare its assets and provide access to information is not helping to reduce general perceptions that the leadership is both corrupt and condones corruption (Sunday Standard, January 2013).

Second, the economic consequences of the HIV/AIDS epidemic and the effectiveness of government measures will prove crucial to Botswana's political future. The effects of the nationwide distribution of antiretroviral drugs are promising in this regard and the program should be continued. Preventive measures also seem to be yielding some positive results. Third, notwithstanding the willingness of the government to share diamond revenues with its people, the still worrisome levels of inequality, poverty and unemployment pose a major challenge for Botswana's future. It seems unlikely that this will translate into deeply rooted social conflict, given the predominant culture of peace on the one hand and apathy on the other. However, the potential exists, and social shortcomings serve to hinder transformation. In this context, it is also crucial for the government to promote the diversification of the economy, as dependence on diamonds poses obstacles to sound economic transformation, and the international financial crisis has shown how vulnerable Botswana is.

Fourth and finally, Botswana should address a number of human rights issues, such as the treatment of the San and the freedom of the press. In particular, the government should engage in finding a consensual solution to the San issue, by honoring the most recent ruling of the Court of Appeal in January 2011 and developing a mutual understanding with the minority's representatives. The issue of the San has not been resolved in 2013 and Survival International continues with its campaign against Botswana. The country's international reputation will be of central importance to its current advanced efforts to address the HIV/AIDS problem. Foreign assistance should be maintained. Likewise, foreign donors should assist the country in its efforts to achieve progress in the social order and to dilute dependency on natural resources. The government aims to overcome these problems indirectly by stressing factors such as education, rather than by directly addressing poverty and inequality. The government's concern is that

generous distribution policies pose the risk of damaging macroeconomic stability. While there is no direct way to influence the quality of leadership, the international community can make use of the leadership'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 and academic freedom, as well as the treatment of illegal immigrants from Zimbabwe and of ethnic minorities, particularly the San.

Botswana's future transformation path will depend largely on the success of the government's fight against HIV/AIDS, as well as the reduction of its economic dependency on diamonds and other raw materials. Social problems pose additional challenges. In all areas, the leadership qualities of President Khama and other key actors will be of utmost importance. It will be crucial for public and private donors to further assist the country in its already advanced efforts to address the scourge of HIV/AIDS and support Botswana's efforts in diversification and the alleviation of social problems.

Finally, although in the early years of President Khama's rule Botswana was highly critical of Zimbabwe's President Mugabe and his party, the ZANU-PF, it has recently warmed to the latter and called for the removal of sanctions against Zimbabwe. In January 2013, Mugabe and Morgan Tsvangirai reached an agreement over a new draft constitution, which had been a major hindrance to the holding of elections, thus reducing the potential destabilizing effect on Botswana.