

COUNTRY PROFILE

**SAMPLE
FOR DISCUSSION**

COUNTRY PROFILE

BOTSWANA

MARCH 2015



United Nations
Economic Commission for Africa

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Notes on data source classifications

Data sources for the “At a Glance” summary page and data forecast table have been classified as “good,” “satisfactory,” and “needs improvement”. They are colour coded accordingly.

Data sources in the “At a Glance” summary page have been evaluated for transparency and accessibility for each statistic. The evaluation took into consideration data timeliness, reproducibility, citation, and availability in the public domain. For timeliness, we checked whether the latest year’s data are available. For reproducibility, we evaluated the data based on whether methodologies were available by the source, and whether metadata were sufficient for researchers to comprehend how these statistics were produced. Citation criteria evaluated the clarity of the data source, be it from the national statistical offices or international institutions. Finally, public domain criteria evaluated whether data were in an easily accessible, open-access database. We have also provided a numerical index indicating the source of each statistic.

The data forecast table has been classified by data transparency, accessibility and forecasting accuracy for each selected international institution. The scores take into consideration the data reproducibility, timeliness, history, source, format, availability in the public domain, and forecasting accuracy.

Botswana at a glance

General information

Region	Southern Africa
Official language	Setswana, English
Currency	Pula (BWP)
Capital city	Gaborone
REC membership	SADC

Rankings

HDI	109/187 (2013)	17
Gender Inequality Index	100/152 (2013)	17
Ibrahim Index of African Governance	3/52 (2013)	11
Ease of Doing Business	74/189 (2015)	8
Corruption Perceptions	31/175 (2014)	12

Key demographic indicators

Population (millions)	2.0 (2014)	4
Child (0-14 years)	0.7 (2014)	4
Adult (15-64 years)	1.3 (2014)	4
Aged (65+ years)	0.1 (2014)	4
Urban population (%)	0.9 (2014)	4
Growth rate (%)	57.2 (2014)	4
Crude birth rate (0/00)	24 (2014)	4
Crude death rate (0/00)	17 (2014)	4
Total fertility rate	2.6 (2014)	4
Life expectancy at birth (years)	68 (2011)	1

Education and employment

Literacy rate (15-24) (%)	97.9 (2015)	13
Net enrolment ratio in secondary (%)	60.8 (2008)	13
Female	65.3 (2008)	13
Male	56.4 (2008)	13
Employment to population ratio (total) (%)	62.6 (2013)	8
Unemployment rate (%)	20.0 (2013)	1
Youth unemployment rate (%)	36.0 (2013)	14
Population below International poverty line (\$2/day) (%)	27.8 (2009)	8

Health

Percentage of children under-5 underweight	11.2 (2007)	5
Prevalence of Undernourishment (%)	26.6 (2014)	3
Under 5 mortality rate (per 1,000)	46.6 (2013)	15
Neo-natal mortality rate per 1,000 live births	24.9 (2013)	15
Maternal mortality ratio per 100,000 live births 1	182.6 (2013)	15
Maternal mortality ratio per 100 000 live births	120 (2013)	1

Economic performance and inflation

GDP, billion USD	14.2 (2013)	8
Real GDP growth rate (%)	5.9 (2013)	1
Inflation - Annual change (%)	4.4 (2014)	1

Money and finance

International reserves, million USD	8,698 (2014)	1
Total external debt, million USD	2,430 (2013)	8

Government finance

Total revenues and grants - (% of GDP)	36.6 (2013/14)	1
Total expenditures and net Lending (% of GDP)	36.3 (2013/14)	1
Overall deficit (-) / Surplus (+) (% of GDP)	0.3 (2013/14)	1

External sector

Exports - Total, million USD	8,083 (2013)	10
Imports - Total, millions USD	8,255 (2013)	10
Net ODA - million USD 8	108 (2013)	9
Net FDI Inflows - million USD 8	188.6 (2013)	8

Top three crops production

Sorghum, thousand tonnes	23 (2013)	3
Maize, thousand tonnes	15 (2013)	3
Sunflower, thousand tonnes	7 (2013)	3

Top three minerals production

Hard coal (1000 metric tons)	818 (2014)	1
Gold ores and concentrates (kg)	837 (2013)	2
Diamonds, unworked (1000 carats)	12,234 (2014)	1

Use of new information and communication technologies

Mobile cellular penetration rate (%)	160.6 (2013)	16
Individuals using the Internet (%)	15 (2013)	16

Environment

Forest area (% of land area)	19.6 (2013)	3
CO2 emission (1000 metric tons)	5,232 (2010)	6
Per capita metric tons	2.65 (2010)	6
Energy consumption per capita (kg oil equivalent)	1,115.0 (2011)	6

Data Source Code Index:

- | | | | |
|---------------------------|---------------|--------------------------------|--|
| 1. National official data | 6. UNSD | 11. MO Ibrahim foundation | 15. UN inter-agency group for child mortality estimation |
| 2. ASYB 2014 | 7. IMF | 12. Transparency International | 16. ITU |
| 3. FAO | 8. World Bank | 13. UNESCO | 17. UNDP |
| 4. UN Population Division | 9. OECD | 14. ILO | 18. USGS |
| 5. WHO | 10. UNCTAD | | |

● Good ● Satisfactory ● Needs improvement



Overview

Botswana is a landlocked country at the centre of the Southern African region, with a surface area of 581,730 km². It is bordered by Zambia to the north, Namibia to the west and north, South Africa to the south and south-east, and Zimbabwe to the north-east. Formerly the British protectorate of Bechuanaland, Botswana adopted its new name upon independence in 1966. Four decades of uninterrupted civilian leadership, progressive social policies and significant capital investment have made it one of the most dynamic economies in Africa. Mineral extraction, principally diamond mining, dominates economic activity, however tourism is a growing sector on account of the country's conservation practices and extensive nature reserves. Botswana has become an upper-middle-income country over the years, though it continues to be marred by significant social challenges, the most adverse being the high HIV/AIDS prevalence rates. Other social challenges include unequal distribution of wealth, and high levels of poverty and unemployment.¹

On the political front, Botswana has a pluralist, democratic, Westminster-style system, and has held 10 peaceful multiparty elections since independence. The nation has a track record of political maturity, as evidenced by the recent general elections that were conducted peacefully on 24 October 2014. The result was the eleventh victory in a row for the Botswana Democratic Party, which won 37 of the 57 seats. The incumbent President, Ian Khama, was sworn in for a second term on 28 October 2014.²

Botswana remains one of the strongest economies in Africa. It has a good

governance system that has allowed it to manage its natural resources better than other countries on the continent. Often cited as a development success story, Botswana has created and maintained strong institutional and governance structures, and efficient management systems for revenue management. It is reported that the country's annual growth rate averaged about 9 per cent from 1966 to 1999.³ As a result, Botswana has progressed from being a poor country into the ranks of the upper-middle-income countries. Revenues from the minerals sector have been deployed for the development of infrastructure and public services, such as schools, roads and health facilities, and for financing education and skills development. The authorities continue to make progress with local beneficiation and with deepening the value chains for its diamonds, as part of the industrialization and diversification of the country's economy. In spite of this success, Botswana continues to grapple with an economic structure that remains narrow, and with the attendant overdependence on the minerals sector, particularly on diamonds. Although the Government has a reputation for prudent management of mineral revenues, and a good governance record, and Botswana is a stable democracy, the need for economic diversification remains critical. On the social front, the distribution of resources and the level of development remain major concerns. With a Gini coefficient of 0.61, Botswana exhibits a relatively unequal distribution of wealth. The incidence of poverty is also high, with 18.4 per cent of the population living below the poverty line. Other challenges include a high

¹ Government of Botswana, Ministry of Finance and Development Planning, 2015 budget speech, Gaborone.

² Available from www.electionsbotswana.org.

³ African Development Bank, Organization for Economic Cooperation and Development, United Nations Development Programme and Economic Commission for Africa (2013). African Economic Outlook 2013: Special Thematic Edition: Structural Transformation and Natural Resources.

unemployment rate, at 19.8 per cent,⁴ and a relatively low human development index ranking and score, mainly due to the 23.4 per cent prevalence of HIV/AIDS, which drags life expectancy down.⁵

The economic performance of Botswana improved in 2013, continuing the recovery that set in after the global financial crisis of 2008 and 2009.⁶ Real growth in gross domestic product (GDP) is estimated to have increased from 4.2 per cent in 2012 to 5.4 per cent in 2013; this was mainly driven by the service-oriented sectors, notably trade, transport and communications, and financial services. In addition, the mining sector – predominant in Botswana – registered a rebound, in spite of the impact of sluggish global prospects. Those positive developments were somewhat counteracted, however, by water shortages and electricity outages brought about by a severe drought. The increasing contribution of sectors other than mining is laudable, as it suggests nascent steps towards economic diversification. Short-term prospects are robust, with economic growth expected to remain at around 5 per cent each year through to 2015, mainly premised on downstream manufacturing arising from the relocation of diamond-sorting and sales activities from London to Gaborone, and from the development of complementary activities around the emerging diamond mining and processing cluster. As a result of these developments, the country will continue to experience positive economic growth. In addition, low prices globally for energy and food will contribute to low inflation levels in the country.

⁴ Ministry of Finance and Development Planning, 2015 budget speech.

⁵ African Development Bank, Organization for Economic Cooperation and Development and United Nations Development Programme (2014). African Economic Outlook 2014: Global Value Chains and Africa's Industrialization.

⁶ Ibid.

Economic performance

According to the 2013 edition of African Economic Outlook, at independence in 1966, Botswana was one of the poorest countries in Africa. It ranked among the least developed countries in the world and had a per capita GDP of about \$70. Thirty years later, Botswana had transformed itself into an upper-middle-income country and one of the fastest-growing economies in the world, with an average annual growth rate of about 9 per cent between 1966 and 1999, thanks to discoveries of minerals (diamonds) and effective use of its revenues.

Ongoing uncertainty in global markets and the slow pace of economic recovery in developed countries have continued to impact negatively on the economic outlook of Botswana, mainly due to the country's heavy reliance on diamond exports. Real GDP growth slowed considerably in 2012, to around 4 per cent, after two years of strong post-crisis growth. This was mainly the result of a significant contraction in the mining sector, which bore the brunt of continued subdued global demand, impacting both on volumes and on price. However, the economy bounced back in 2013 with real GDP growth increasing to 5.4 per cent, up from 4.2 per cent in 2012. Real GDP growth was projected to be 5.1 per cent in 2014. Drivers of the recovery include a firming up of global demand, particularly in the United States of America, the leading market; and specific production dynamics in Botswana, as a result of the recent relocation of De Beers' diamond-sorting and sales activities from London to Gaborone.⁷

⁷ Ibid.



Figure 1
Real GDP growth



Source: African Development Bank, Organization for Economic Cooperation and Development and United Nations Development Programme. African Economic Outlook 2014: Global Value Chains and Africa's Industrialization.

Sectoral performance

Almost all sectors of the economy of Botswana expanded between 2008 and 2013 (table 1). The table below shows the contribution of each sector to GDP in 2008, 2012 and 2013.

Public finances

Prudent fiscal policy remains one of the hallmarks of the country's macroeconomic framework. Prior to the 2008 global financial crisis, the Government ran budget surpluses and had accumulated substantial savings. The sharp reduction in diamond production in 2009, of 46 per cent, pushed the budget into a deficit of 11.3 per cent of GDP, after a surplus of about 4.7 per cent on average over the previous five years. The Government undertook fiscal consolidation measures and committed to eliminating the deficit so as to achieve a broadly balanced budget within three years. The budget out-turn for 2012/2013 attests to the achievement

of that target, as a small budget surplus of 0.7 per cent of GDP was recorded, largely on account of improved revenue from the Southern African Customs Union (SACU). A budget surplus of 0.8 per cent of GDP is projected for 2013/2014. While total expenditure is projected to decline by 2.5 percentage points to 33.2 per cent of GDP, the impact will be offset by an almost equal decline in total revenue of 2.4 percentage points to 33.4 per cent of GDP. It is worth noting that the decline in expenditure is largely due to restrained expenditure on recurrent spending, including wages. Indeed, the Government's wage bill, together with subsidies and transfers, accounts for about 50 per cent of total expenditure and therefore reduces the margin of manoeuvre for fiscal policy. Another modest budget surplus is expected in 2014/2015, on account of high SACU revenue, rebounding mineral

Table 1
GDP, by sector (percentages)

Sector	2008	2012	2013
Agriculture, hunting, forestry and fishing	2.8	2.9	2.3
Mining	29.2	21.9	22.4
Manufacturing	6.3	6.4	5.2
Electricity, gas and water	1	-0.5	-0.2
Construction	5.5	7.4	6.3
Wholesale and retail trade, and hotels and restaurants	14.8	16.6	14.9
Transport, storage and communications	4.9	6.2	5.5
Finance, real estate and business services	13.8	15.9	13.9
Public administration, education, health and social work, and community, social and personal services	16.1	16.4	20.9
Other services	5.7	6.8	8.2
Gross domestic product at basic prices (factor cost)	100	100	100

Source: *African Economic Outlook 2014 (Botswana)*; *Bank of Botswana Annual Report 2014*.

revenues and continued efforts to rein in unnecessary spending.⁸

Botswana recorded a balance of payments surplus of P13.1 billion in 2014 due to an increase in receipts from SACU, which went from P13.8 billion in 2013 to P15.0 billion in 2014. This contributed to an increase in foreign exchange reserves, which stood at P79 billion in December 2014, equivalent to 18 months' import cover of goods and services.⁹

The Government's tax policy focuses on sustaining a broad tax base while encouraging private sector investment. This has ensured that the country's tax system remains robust and non-distortionary. The

sound performance of the Botswana Unified Revenue Service has ensured that both tax and non-tax revenue targets are consistently surpassed. Value added tax (VAT) is currently set at 12 per cent, which is lower than in SACU peers Lesotho, South Africa and Swaziland which levy 14 per cent, and Namibia which levies 15 per cent. Income tax rates are applied progressively in relation to income levels; they range from 5 per cent to 25 per cent for the high-earning bracket. The structure of government revenue is such that revenue from income tax accounts for around 70 per cent of total revenue, with VAT accounting for about 14 per cent. In spite of the favourable revenue outcomes, Botswana could improve its tax system even further by eliminating the granting of various exemptions and incentives (table 2).

⁸ African Economic Outlook 2014 (Botswana).

⁹ Ministry of Finance and Development Planning, 2015 budget speech. (Exchange rate: 1 United States dollar = 8.72 Botswana pula.)



Table 2
Public finance (as percentages of GDP)

Public finance	2004/2005	2009/2010	2010/2011	2011/2012	2012/2013 (e)	2013/2014 (p)	2014/2015 (p)
Total revenue and grants	36.5	37.4	32.4	36.3	35.5	35.6	35.7
Tax revenue	33	33.1	28.7	30.7	33.6	30.8	30.8
Grants	0.7	1	0.3	0.5	0.1	0.3	0.4
Total expenditure and net lending (a)	35.3	50.9	39.9	36.7	35.7	35.1	34.6
Total current expenditure	26.8	33.2	28.2	27.4	28.1	24.9	24
Current expenditure excluding interest	26.2	32.7	27.6	26.9	27.6	24.9	24
Wages and salaries	10.4	11.9	12.4	12.2	12.8	11.5	11.3
Interest	0.6	0.5	0.5	0.6	0.6	0	0
Capital expenditure	8	16.8	11.8	9.4	7.3	10.2	10.7
Primary balance	1.8	-13	-6.9	0.2	0.4	0.5	1.1
Overall balance	1.2	-13.5	-7.5	-0.4	-0.2	0.5	1.1

Source: African Economic Outlook 2014 (Botswana).

Note: a = only major items are reported, e = estimated, p = projected.

Inflation, monetary policy and the exchange rate

According to the April 2014 edition of the International Monetary Fund's World Economic Outlook, inflation has declined considerably, from 8.5 per cent in 2011 to 5.8 per cent and 4.8 per cent in 2013 and 2014 respectively. The 2013 and 2014 inflation rates were consistent with the Bank of Botswana's medium-term objective of being within the 3 to 6 per cent range. Despite the risk of rising fuel prices, lower demand-side pressures are expected to keep inflation down to 5.4 per cent in both 2015 and 2016.

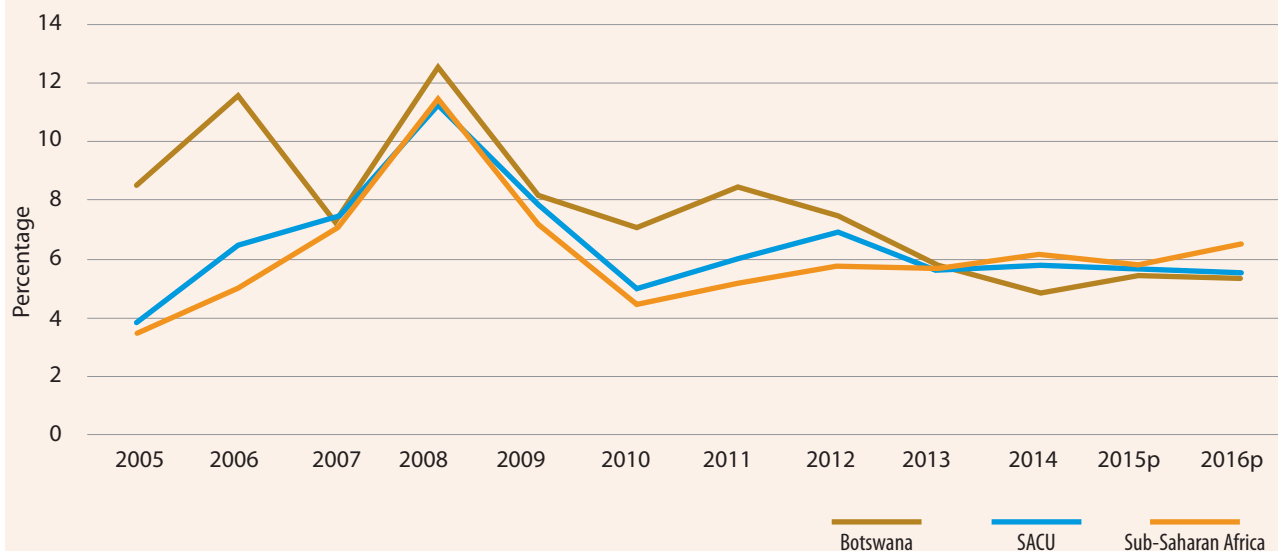
The Bank of Botswana continues to maintain its accommodating monetary policy stance in order to support the domestic economic recovery, having reduced its policy rate by a staggering 100 basis points, from 7.5

per cent to an all-time low of 6.5 per cent, at its meeting on 18 February 2015.¹⁰ The exchange rate was relatively volatile in 2014, resulting from the weakness of the South African rand against the United States dollar.

The real value of the Botswana pula against major foreign currencies has remained stable in line with the crawling-peg regime and despite persistent high inflation rates and low demand for the country's exports into its major markets in Europe, Asia and America. This reflects the appropriateness of the crawling-peg regime, under which the nominal effective exchange rate is continuously adjusted to take account of forecasted inflation differentials between Botswana and its major trading partners. More importantly, the Government took

¹⁰ Bank of Botswana Annual Report 2015.

Figure 2
Inflation rates



Source: International Monetary Fund (2014).
Note: p = projected. World Economic Outlook (October).

a critical step in its 2013/2014 budget by disclosing both the rate of crawl of the pula and the weight of the currencies in the basket, after almost eight years of non-disclosure, a move that was hailed by stakeholders as critical in fostering transparency of the country's exchange rate mechanism. Trends in bilateral nominal exchange rates show that from the end of December 2012 to the end of December 2013, the Botswana pula depreciated against the euro by 16.1 per cent, against the British pound by 13.7 per cent, and against the United States dollar by 12.2 per cent, although it appreciated against the South African rand (the currency of its major trading partner) by 9.3 per cent.

Current account: trade performance

The country's membership of SACU and the Southern African Development Community (SADC) provides an opportunity for engaging in key regional integration initiatives, such as unified trade negotiations, coordinated trade facilitation and cross-border infrastructure development. As a

SACU member, Botswana trades freely with member countries without any duties or quantitative restrictions, and with a common external tariff on all goods imported into the Union. Botswana also receives customs and excise revenues collected by the Union, in line with the agreed revenue-sharing formula.¹¹ Intra-SADC trade is based on the SADC Protocol on Trade, while extraregional trade is based both on the World Trade Organization's negotiated tariff liberalization process and on bilateral and/or interregional trade arrangements. Trade with non-SACU countries is administered through the SACU common external tariff. Nevertheless, the Government supports a carefully planned tariff liberalization process that would include restructuring and simplifying, with a view to achieving the country's objective of moving away from using tariffs as a source of revenue to using them as a tool for industrialization. Botswana has applied some non-tariff barriers to trade, including import permit requirements for a variety of food products, seasonal trade bans on selected

¹¹ Available from www.sacu.int.



Table 3
Current account (percentages of GDP)

Current account	2005	2010	2011	2012	2013(e)	2014(p)	2015(p)
Trade balance	16	-7.3	-4.9	-8.4	-11.7	-11.2	-13.7
Exports of goods (f.o.b.)	44.7	33.7	42.2	41.5	40.8	42.2	41.5
Imports of goods (f.o.b.)	28.7	41	47	49.9	52.5	53.4	55.2
Services	2.5	-3.2	-2.2	-2.6	0	0	0
Factor income	-8.4	-4	-0.4	-0.5	1.2	1.2	1.3
Current transfers	6.4	8.5	7.1	11.8	12.4	12.2	11.6
Current account balance	16.4	-6	-0.4	0.2	1.8	2.2	-0.9

Source: Bank of Botswana Annual Report 2013.

Note: e=estimated, p=projected, f.o.b. = free on board.

agricultural goods, and a state monopoly on beef exports.¹²

In terms of the direction of trade, South Africa emerges as Botswana's dominant source of imports, accounting for 63 per cent of the total in 2012. Another major source of imports was the United Kingdom, which accounted for 17 per cent. The shares of the European Union and the United States were relatively small, at 3 per cent and 2 per cent respectively. The United Kingdom was the most important destination for exports, accounting for 60 per cent of the total in 2012; this was followed by South Africa with 13 per cent. The European Union and the United States accounted for 5 per cent and 1 per cent respectively. Botswana needs to diversify its traditional trading partners to include emerging markets such as China and India, in order to mitigate the risk of exposure to shocks that could result from reliance on such a limited market. In 2014, Botswana recorded a large trade balance shift; this saw the trade surplus of 1.6 per

cent of GDP in 2013 turn into a 3.4 per cent deficit in 2014.

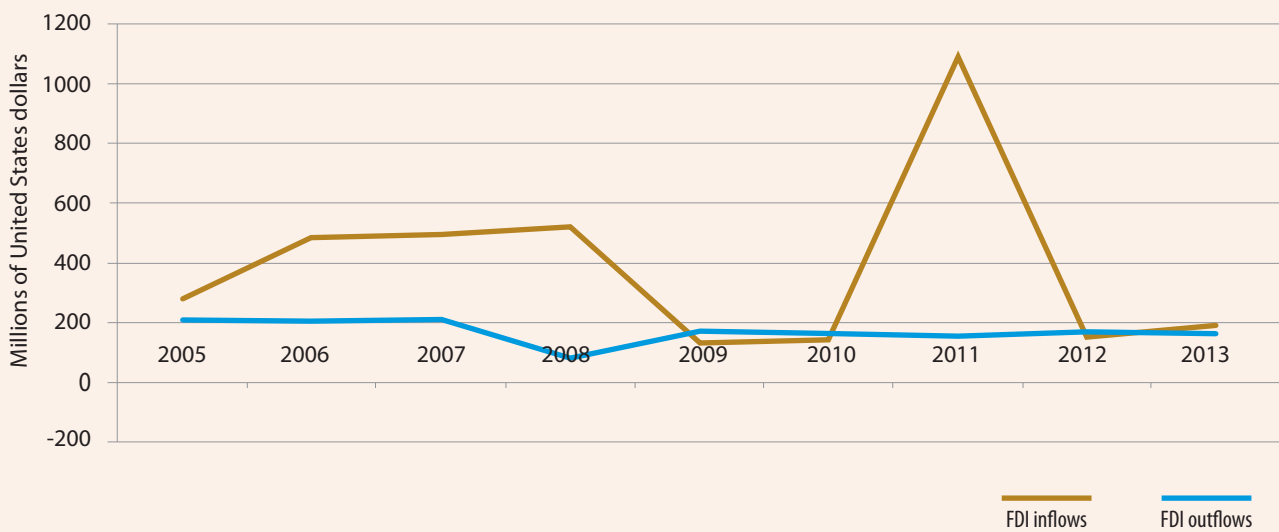
Capital account

According to United Nations Conference on Trade and Development (UNCTAD),¹³ Botswana received its largest amount of foreign direct investment (FDI) inflows in 2011, to the value of US\$1,092.8 million. FDI inflows declined drastically to US\$147.06 million in 2012, and then increased again, by 28 per cent, to \$188.25 million in 2013. Investment in the implementation of major government infrastructure projects accounted for this increase. As regards FDI outflows, the country continues to struggle with less FDI going to other countries, with the least recorded in 2008 (\$-91.4 million). Since 2009, the country's FDI outflows have improved, with 2013 seeing \$-0.3 million. This represents a 100.3 per cent improvement over 2008.

¹² African Development Bank, Organization for Economic Cooperation and Development and United Nations Development Programme (2014). African Economic Outlook 2014: Global Value Chains and Africa's Industrialization.

¹³ United Nations Conference on Trade and Development, World Investment Report 2014.

Figure 3
FDI flows



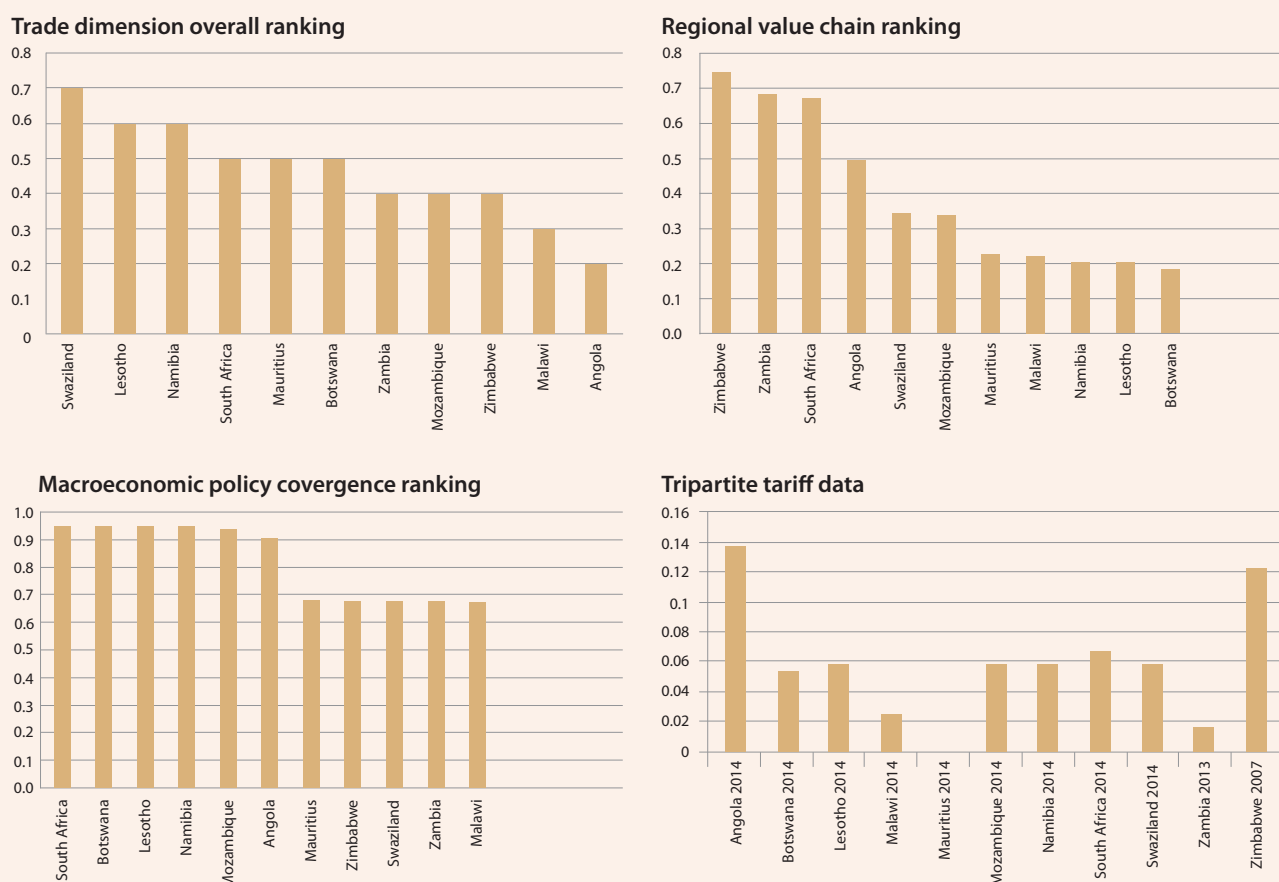
Source: United Nations Conference on Trade and Development, World Investment Report 2014.

Measuring regional integration dynamics and processes

The Africa Regional Integration Index is designed to measure the extent to which each country in Africa is integrating with the rest of the continent. The index assesses achievement of the goals laid out in integration agreements such as the African Union's Minimum Integration Programme and the Treaty Establishing the African Economic Community. The index is composed of around 76 indicators. The final index may be based on fewer indicators, if data are not available for some of the indicators. The index is a joint project of the Economic Commission for Africa, the African Development Bank and the African Union Commission. Some of the indicators used to constitute the index are infrastructure, trade, investment, regional value chains and macroeconomic policy convergence. The regional economic communities have unanimously agreed to

retain all the following sectors, in order of importance: free movement of persons, goods, services and capital (with a 100 per cent weighting); peace and security (100 per cent); infrastructure and energy (100 per cent); agriculture (100 per cent); trade (86 per cent); industry (86 per cent); investment (86 per cent); and statistics (86 per cent). The data collection phase for the index is currently underway and the results will be presented in the next editions of the country profiles. Figure 4 shows data for Botswana for selected indicators from the index, comparing the values for Botswana with those for other countries. On trade integration, Botswana comes sixth among the SADC member States, with Swaziland scoring the highest and Angola the lowest. For obvious reasons, SACU countries score the highest. Botswana trades freely with SACU countries, without any duty or quantitative restrictions. It also enjoys a common external tariff with the SACU countries. On macroeconomic policy convergence, Botswana ranks second behind South Africa and is level with Lesotho,

Figure 4
Selected regional integration indicators



Source: African Trade Policy Centre, ECA (2014).

Mozambique, Namibia and the United Republic of Tanzania.

As regards participation in regional value chains, Botswana trades least with countries within the region, and more with the United Kingdom, other European Union countries, and the United States.

Social transformation in Botswana

Social development

Botswana's social indicators compare well with those of its upper-middle-income neighbours (South Africa and Namibia) and

with those of upper-middle-income countries with similar populations elsewhere in Africa (Gabon) and in Latin America (see table 4). One area where Botswana (and South Africa) falls short in comparison to its Latin American peers is in terms of life expectancy – a consequence of the devastating HIV/AIDS epidemic.¹⁴

Human development

The latest human development index value and ranking in respect of Botswana are 0.683 and 107 respectively. Out of the 187 countries and territories that are ranked in the index, Botswana is in the medium human development category. Between 1980 and

¹⁴ United Nations Development Programme, Human Development Report 2014, and World Bank, World Development Indicators 2014.

Table 4
Comparison of social indicators

Social indicators	Botswana	South Africa	Namibia	Gabon	Jamaica	Panama	Costa Rica
Population (millions)	2	50	2.3	1.5	2.7	3.5	4.7
GDP per capita (US dollars, 2011)	8533	8070	5293	11114	5330	7498	8647
Life expectancy (years)	52	53	63	64	76	79	82
Maternal mortality (per 100,000 live births)	160	300	200	230	110	92	40
Under-5 mortality rate (per 1,000 live births)	25.9	46.7	41.5	65.6	18.3	19.5	10.1
Adult literacy (15 years and above)	84.5	n/a	88.8	88.4	86.6	94.1	96.2

Source: United Nations Development Programme, Human Development Report 2014, and World Bank, World Development Indicators 2014.

2013, the country's value increased from 0.470 to 0.683, an increase of 45.4 per cent or an average annual increase of about 1.14 per cent. Between 1980 and 2013, life expectancy at birth increased by 3.7 years, mean years of schooling increased by 6.5 years, and expected years of schooling increased by 4.3 years. Gross national income (GNI) per capita increased by about 199.7 per cent between 1980 and 2013. However, when the country's index value of 0.683 is discounted for inequality, it falls to 0.422, a loss of 38.2 per cent. The loss due to inequality for Botswana is greater than the average loss for countries in the world with medium human development and greater than the average loss for sub-Saharan Africa, which stand at 25.6 per cent and 33.6 per cent respectively. The human inequality coefficient for Botswana is 36.5 per cent.¹⁵

Gender equality

Botswana has ratified most of the international conventions relating to gender equality, including the Convention on the Elimination of All Forms of Discrimination against Women, and its Optional Protocol;

the Beijing Platform for Action, and the +15 Plan of Action (2009); the Programme of Action of the International Conference on Population and Development (Cairo population and reproductive health agenda, 1994); the International Labour Organization Discrimination (Employment and Occupation) Convention, 1958 (No. 111); the African Charter on the Welfare and Rights of the Child; the Convention on the Rights of the Child; and the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime.

The Abolition of Marital Power Act, passed in 2004, is the most important piece of legislation in the area of gender equality. The Act made women equal to men in marriage, property ownership, and the domicile and guardianship of minor children, and removed the restrictions that had previously been placed on the legal capacity of a wife. It legally abolished the dominant position of a man as the head of the household. Nevertheless, women in Botswana still do not enjoy equitable treatment with regard

¹⁵ United Nations Development Programme, Human Development Report 2014.



to the controlling of productive resources, due to cultural practices that are particularly strong in rural areas. However, women now account for about 40 per cent of senior posts¹⁶ in the public service, occupying such positions as Governor of the Central Bank, Attorney-General, Speaker of the National Assembly and Director of Public Prosecutions. At the parliamentary level, 7.9 per cent of seats were held by women before the October 2014 elections. As far as education is concerned, 73.6 per cent of adult women have reached the secondary level of education or higher, compared to 77.5 per cent of their male counterparts.¹⁷ Furthermore, the Human Development Report 2013 reports that Botswana has a Gender Inequality Index value of 0.485, which places the country 102nd out of 148.

African Gender and Development Index

The African Gender and Development Index is a composite index made up of two complementary components: the Gender Status Index and the African Women's Progress Scoreboard. Together, the Gender Status Index and the African Women's Progress Scoreboard provide data and information on the status of gender equality in countries and the effects of national gender policies in addressing women's marginalization. As the quantitative dimension of the African Gender and Development Index, the Gender Status Index covers aspects of gender relations that can be measured through mathematical computation, and provides a quantitative assessment of gender equality. The Gender Status Index considers three aspects: social power (capabilities), economic power (opportunities) and political power (agency). Each variable in the Gender Status Index is given the same weight. For each variable,

the indicator of gender equality is calculated in the same way. The Gender Status Index makes a comparison (ratio) of female achievement to male achievement. The closer the indicator is to 1 (one), the better the performance on gender equality is in the country.

Botswana carried out its research for the African Gender and Development Index in 2011. It produced a national report that shows that the country is on a good trajectory towards achieving gender equality. Its overall Gender Status Index figure of 0.76 represents a situation where there is nearly total gender parity in a country. The main contributor to achieving this level of gender equality in Botswana is the social power block, where women's performance has exceeded men's, especially in the education and health sectors. In the health sector, it is notable that HIV/AIDS prevalence is still higher for girls and women between 15 and 24 years old than it is for boys and men in the same age group, however the Government has made substantial efforts to curb this tendency by providing access to antiretroviral treatments for women.

Botswana has made steady progress in the area of gender and development, particularly as regards legislative reforms that seek to improve the status of women and promote their equality. The main challenges to achieving gender equality continue to revolve around institutional mechanisms, funding, capacity enhancement, research, monitoring and evaluation.

African Social Development Index

The African Social Development Index helps member States to assess their current position and their progress with regard to reducing human exclusion. The index is an estimate of how deeply rooted exclusionary practices are in six key areas of well-

¹⁶ SADC Gender Monitor 2013.

¹⁷ United Nations Development Programme, Human Development Report 2013.



being throughout life, using a measurable parameter that tracks the differences between those who benefit fully from development and those who are excluded, in each area in question. Furthermore, the index can be used to analyse the differential impact of exclusion by region or gender. The index goes from 0 to 6. A value of less than 2.5 indicates a low level of human exclusion, a value of between 2.5 and 3.5 indicates an average level, and a value of more than 3.5 indicates a high level. However, the index has not been computed in respect of Botswana as it is not one of the pilot countries.

Unemployment

Unemployment is one of the major social challenges facing Botswana. Current official statistics show that the unemployment rate stands at 19.8 per cent,¹⁸ reaching

34 per cent among young people (20–24 years of age). High youth unemployment in Botswana reflects a mismatch between the quality of education and labour market demand in the country. The Government has recognized this as a challenge, and plans to continue rolling out programmes, projects and strategies aimed at improving the livelihoods of young people and women. The Government expects to create new employment opportunities via the allocation in its 2015 budget of P12.93 billion for infrastructure projects such as the construction of new schools, and new power transmission lines and water pipelines.¹⁹ The Government has also taken steps to address the unemployment challenge through the 2010 National Human Resources Development Strategy and the comprehensive Human Resources

Table 5
Human development trends in Botswana

Year	Life expectancy at birth (years)	Expected years of schooling	Mean years of schooling	GNI per capita (2011 ppp dollars, 2013)	Human development index value
1980	60.7	7.4	2.3	4,935	0.47
1985	62.7	8.5	3.8	6,025	0.528
1990	62.7	10	5.4	7,833	0.583
1995	56.3	10.6	6.6	8,751	0.58
2000	48.7	11.7	7.5	9,611	0.56
2005	54.6	12	8.2	10,486	0.61
2010	63.4	11.7	8.8	12,763	0.672
2011	64	11.7	8.8	13,930	0.678
2012	64.2	11.7	8.8	14,400	0.681
2013	64.4	11.7	8.8	14,792	0.683

Source: United Nations Development Programme, Human Development Report 2014.

¹⁸ Ministry of Finance and Development Planning, 2015 budget speech.

¹⁹ Ibid.



Development Plan, underpinned by a sector-wide approach. Specific strategies and measures envisaged include reform of the education system, especially of secondary and tertiary institutions, to diversify academic programmes so as to equip learners with the needed skills. To this end, an internship programme has been established to facilitate skills development among young unemployed graduates. This is an ongoing programme that, since its inception in 2009, has provided placements to over 3,000 interns. The majority are reported to have gained permanent employment.²⁰

Other social challenges that Botswana has to contend with include its relatively low human development index ranking (119th in the world)²¹ and score. These are mainly attributable to the high prevalence of HIV/AIDS, currently reported at 23.4 per cent, which lowers life expectancy.²²

Education

The adult female literacy rate is about 83 per cent and equal to that of men. The country has recorded sound progress recently towards achieving universal primary education. About 90 per cent of school-age children (7–13 years old) were in school in 2011, and there is near-universal access to primary and junior secondary education. Notably, between 1996 and 2010, the total literacy rate increased from 34 per cent to 83 per cent, and gender parity in primary and secondary education has virtually been achieved. In 2012, the literacy rate in the 15 to 24 age group was 96 per cent.²³ At primary school level, girls' enrolment stands at more than 100 per cent of the primary school-going age group. Of the students registered in secondary schools, 52.9 per cent are boys

and 47.1 per cent are girls. The gender parity index is 0.98 for primary schools and 1.05 for secondary schools. The key policies that have contributed to these outcomes include the provision of free basic education, the adoption of the Inclusive Education Policy in 2011, and an ongoing literacy programme that has mainly benefited women. In view of the fact that education and skills development are critical in enhancing people's quality of life, spending on education constitutes about 25 per cent of the Government's total budget expenditure.²⁴ In order to equip young people with necessary skills, the Government is giving higher priority to the development of vocational and technical training. The Botswana Training Authority was established in the year 2000 to provide a framework for promoting skills development training, in partnership with industry. In addition, the Department of Vocational Education and Training has developed a new technical and vocational education and training programme, and the Botswana Qualifications Authority began its work in 2013 with a mandate to provide for and maintain the National Credit and Qualifications Framework and to coordinate the education, training and skills development quality assurance system.

Social protection

In line with major subsidy reforms, the Government of Botswana has introduced various safety nets in recent years, which include an old age pension, a destitution allowance, the World War II veterans' programme, primary school feeding programme, and vulnerable group feeding programme, and drought relief programmes. Some notable developments, as recorded in the mid-term review of the tenth National Development Plan, include: (a) coverage of up to 98 per cent of eligible orphans; (b) the provision of either cash or food

²⁰ African Economic Outlook 2014.

²¹ Ibid.

²² Ibid.

²³ United Nations Development Programme, Human Development Report 2014.

²⁴ African Economic Outlook 2014 (Botswana).



baskets to 17,016 vulnerable beneficiaries; (c) the primary school feeding programme, benefiting 840,633 children, and extra meals delivered in drought-stricken areas, benefiting a further 46,572 children; (d) the provision of shelter to 851 destitute persons; and (e) assistance for 442 beneficiaries in settlements in remote areas with livestock.

The Government of Botswana has introduced the Employment Act, Workers' Compensation Act, Trade Unions and Employers' Organizations Act, and Employment of Non-Citizens Act to enforce labour market regulations.

The Government's efforts to eradicate poverty by means of safety nets for vulnerable groups such as women, the elderly and people living with disabilities has yielded positive results. This is evidenced by the decline in the numbers of people living in poverty, from 30 per cent in 2002/2003 to 19.3 per cent in 2009/2010.²⁵ Furthermore, the Government is formulating its Botswana Poverty Eradication Strategy, which is expected to be finalized in September 2015 and which is aimed at guiding all government efforts to eradicate extreme poverty and to ensure inclusive growth and economic development.

Thematic structural transformation focus

Botswana has embarked on a transformation strategy by focusing on the diversification of its economy. Good governance practices in the management of diamond revenues have ensured that the country benefits from its natural resources. Botswana has embarked on an economic diversification programme

for long-term economic sustainability, under which the country has increased its savings, built infrastructure and improved on its investment in education and health. Specifically, the Government has ensured that domestic saving is above 40 per cent of GDP and that investment is 35 per cent of GDP. The Economic Diversification Drive initiative seeks to develop local companies by using local procurement and government-preference margins in the short term, and to develop a vibrant and globally competitive private sector, independent of government support and protection.²⁶ This initiative focuses on six thematic areas, as follows:

- (a) sectoral development and linkages;
- (b) investment and finance;
- (c) research, innovation, and technology development and transfer;
- (d) export development and promotion;
- (e) entrepreneurship development; and
- (f) quality control, standards and production.

The focus on diversification will ensure that the country continues to enjoy the benefits of its natural resource endowment long after the resources have been depleted. As regards the diamonds sector, Botswana, through the Diamond Hub, has sought to develop a cluster around diamond mining, sorting, cutting, polishing and marketing. The relocation of diamond sales and sorting activities from London to Gaborone in 2013 has deepened the sector's local linkages and generated economic multipliers. For example, the Diamond Hub employed 3,500 people in 2014.²⁷

Policy challenges: constraints to sustainable economic development

Despite its notable achievements, Botswana faces many challenges, which include

²⁵ Ministry of Finance and Development Planning, 2015 budget speech.

²⁶ African Economic Outlook 2013: Special Thematic Edition: Structural Transformation and Natural Resources.

²⁷ Government of Botswana, Ministry of Minerals, Energy and Water Resources.



inequality, social vulnerability, extreme poverty in rural areas, a high HIV/AIDS prevalence rate, and desertification.

Although life in the major cities and towns has improved during the last few years, poverty levels remain at an all-time high in rural areas, due to inequality and unequal distribution of wealth. The benefits from diamond earnings, which account for more than 75 per cent of GDP, have not flowed to rural areas in any measurable way. In addition, most of the people living in rural areas are subsistence farmers who grow crops and rear animals. However, because of desertification, most farmers in rural areas have lost their farmlands, leaving them with nothing and hence in absolute poverty.

Furthermore, Botswana has the second-highest HIV/AIDS prevalence rate in the world today (about 25 per cent), with about 350,000 people living with HIV/AIDS, despite numerous efforts to bring the rate down.

As has already been mentioned, diamond mining has fuelled much of the expansion that the country has enjoyed, but diamonds are exhaustible, hence the need for accelerated economic diversification. The impact of the 2008 and 2009 global economic crisis on the Botswana economy illustrated the dangers of dependency on one mineral.

Conclusion

The economy of Botswana has performed very well in recent decades, driven by diamond exports. However, the recent global crises have revealed vulnerabilities in the domestic economy. There have consequently been calls for an urgent diversification of the economy, for empowering the private sector, and for nurturing alternative sources

of government revenue via measures such as tax efficiency and effectiveness. A successful diversification strategy would also help to address the persistent challenges of unemployment and non-inclusive growth.

The HIV/AIDS pandemic remains the biggest challenge for all stakeholders. More needs to be done, as the high HIV/AIDS prevalence rate among young people affects productivity levels in various industries and thus the overall economic outlook for the country.

Inequality also remains a major challenge. Deliberate policies to tackle the wealth gap are needed in the country in order to avoid creating a social time bomb, especially among young people.



