

BTI 2016 | Botswana Country Report

Status Index	1-10	7.84	# 17 of 129	
Political Transformation	1-10	8.25	# 16 of 129	➔
Economic Transformation	1-10	7.43	# 21 of 129	➔
Management Index	1-10	7.04	# 7 of 129	
	scale	score	rank	trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. 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	2.2	HDI	0.683	GDP p.c., PPP \$	16099.3
Pop. growth ¹	% p.a.	2.0	HDI rank of 187	109	Gini Index	60.5
Life expectancy	years	47.4	UN Education Index	0.619	Poverty ³	% 35.7
Urban population	%	57.2	Gender inequality ²	0.486	Aid per capita \$	49.8

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

Executive Summary

In line with a tradition of holding multiparty elections, Botswana held its 11th general elections in October 2014. As with previous elections, the October 2014 elections were won by the Botswana Democratic Party (BDP). However, the BDP secured the lowest popular vote in its history, 47%. 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 elections and questioned the democratic credentials of Botswana's fourth president, Ian Khama. Since the 2014 general elections, three council by-elections (special elections) were held in January 2015 and all won by opposition parties.

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 sluggish economic diversification and declining mineral revenues, particularly from diamonds. Indisputably, the 2008 global financial crisis demonstrated the vulnerability of Botswana's economy. Moreover, during the reporting period, there have been some deficiencies relating to press freedom and occasional arbitrary actions by the executive. Government media are tightly controlled by the Office of the President. The growing number of unexplained deportations of non-citizens (406 on 13 August 2013) is another issue of great concern. The land rights of indigenous people in the Kalahari Desert, the San (also called "Basarwa" or "Bushmen"), and their development challenges remain unresolved. The challenges posed by 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 persisted despite a 2010 split that led to the formation of the Botswana Movement for Democracy (BMD). Nonetheless, cooperation talks among the opposition that followed the 2009 general elections yielded some success. The Botswana Congress Party (BCP) merged with the small Botswana Alliance Movement (BAM). The BMD, the

Botswana National Front (BNF) and the Botswana Peoples Party (BPP) formed themselves into the Umbrella for Democratic Change (UDC) in 2012. The parties that formed the UDC retained their separate identities. As a result, three main political parties – BCP, BDP and UDC – contested the 2014 general elections. Of the 57 directly elected seats in parliament, the BDP won 37 seats (47% of the popular vote), UDC 17 seats (30% of the popular vote) and BCP 3 seats (20% of the popular vote). The electoral outcome demonstrated that the opposition parties have once again failed to form a winning coalition. Lack of resources continued to be a major challenge for the opposition.

The record of economic transformation in Botswana is mixed. Botswana's dependence on diamonds remains a major challenge. Growth stalled when diamond prices and global demand for minerals fell in response to the global recession beginning in 2008. For the first time in 17 years, the government requested a loan from the African Development Bank. However, the government's commitment to prudent economic management ensured that the economy realized a steady recovery, restoring a budget surplus since the financial year 2012/2013. The 2013/2014 budget generated a surplus of BWP 386.16 million, which was lower than the BWP 779.3 million initially anticipated (1 U.S. dollar buys roughly 8.5 pula). The 2014/2015 budget also recorded a modest surplus of BWP 280.83 million, again lower than the BWP 1.326 billion initially anticipated. The 2015/2016 budget has projected a surplus of BWP 1.23 billion. According to the government, real GDP growth was 5.8% in 2013, 5.2% in 2014 and is projected at 4.9% in 2015.

Existing social problems such as poverty, inequality and unemployment 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, the Commonwealth and the United Nations. 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" (traditional council meeting), are afflicted by apathy, particularly among the young.

History and Characteristics of Transformation

As reported in BTI 2014, 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. In line with the constitution, Masire stepped down in 1998 and was replaced by Festus Mogae, who served as president until March 2008 when he stepped down in favor of Vice President Ian Khama, Seretse Khama's son. 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 was and Ian Khama is a chief 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 combined opposition's support base increased steadily until the late 1990s and has stabilized at around 47% of the popular vote. It increased marginally during the 2014 general elections, reaching 50%, but still not enough to win political power. The tendency toward factionalism and the British-style "first-past-the-post" electoral system have prevented opposition parties from gaining more ground 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 have been. 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 increased by an average of more than 5% annually in real terms.

A critical factor in Botswana was the prudent use of the country's natural wealth, which contrasts with policies seen in several other African countries. The government showed great acumen in its negotiations with multinational corporations (first and foremost, De Beers). An almost overly cautious budget policy (and spending problems) regularly led to budget surpluses, while the country's infrastructure and educational facilities were 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 corporation and the government. The international financial crisis revealed Botswana's vulnerability when the economy shrank (5.4%) in 2009 due to plummeting diamond exports. The economy has showed signs of recovery since 2010. For instance, real GDP growth was 5.8% in 2013, 5.2% in 2014 and projected at 4.9% in 2015. It is doubtful that the economy will realize pre-international financial crisis growth levels in the immediate future. Lately, 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 2015. 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. However, despite considerable

social progress, deficiencies remain, including persistent social inequality and worrisome unemployment, especially among the youth. Lately, in particular between 2008 and 2013, developments in neighboring Zimbabwe posed a moderate challenge due to the inflow of refugees caused by the pronounced crisis in Zimbabwe. The situation has improved moderately following the July 2013 elections in that country.

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 18.5% 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 as those in need of ARVs are covered by the public health system at no cost, and life expectancy at birth has risen.

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

Stateness is not a political issue in Botswana as the country has a government that is widely recognized and the state enjoys an unrestricted monopoly on the use of force throughout its entire territory – a rare feat in Africa.

The concept of the nation-state is widely accepted and supported by the major groups in the country, and everyone enjoys the right to citizenship. It appears that citizenship is firmly protected by the country's constitution and no particular group is denied access to citizenship and naturalization on the basis of race, gender, language, religion, political opinions, place of birth, property, or other status. Nevertheless, equitable representation in the House of Chiefs (Ntlo ya Dikgosi) – whose role is to offer advice on customary matters – remains an issue for some (minority) groups. Following a constitutional reform in 2000, the House of Chiefs was enlarged but this failed to solve the issue of equitable representation. Some minority groups are even demanding the introduction of the mother tongue in schools. Consequently, members of the House of Chiefs from minority groups formed the Botswana Dikgosi Association in 2013. The subject of the mother tongue was a campaign issue in the October 2014 general elections for one of the opposition parties, the Botswana Congress Party (BCP). However, discrimination against minorities in Botswana is largely a challenge of the rule of law.

Botswana has remained steadfast as a secular state whereby there is a clear separation between the church and state. Although Botswana is largely considered a Christian nation, religious doctrines have no notable influence on political institutions and the legal order. As is the case with other fundamental freedoms, freedom of religion is firmly protected by the country's constitution per Sections 11(1) and (2). Further, Section 11(4) states that “no person shall be compelled to take any oath which is contrary to his religion or belief or to take any oath in a manner which is contrary to his religion or belief.” Although religious education is part of the school curricula, forbearance of the different religious groupings and beliefs is underscored. There is a peaceful co-existence of the different religious groupings and, as such, there have been no reported societal abuses or discrimination on the basis of religious beliefs thus far.

Question
Score

Monopoly on the
use of force
10

State identity
9

No interference of
religious dogmas
10

Overall, the administrative structures of the Botswana state not only guarantee public order and safety but the provision of most basic public services throughout the country (such as education and health services, and portable water). For instance, 96% of citizens have access to a water source and access to sanitation appears higher than the African average. However, the functions of the country's administrative structures are hampered by inefficiency, sluggishness and poor implementation. Corruption seems to be on the rise. High profile cases have recently been registered in the courts but securing convictions has proved difficult. Disturbingly, some ministers accused of corruption under Ian Khama's government flatly refused to resign, which is contrary to established practice in democratic countries. Khama failed to dismiss such ministers, giving rise to suggestions that he tolerates corruption. The country's judicial system is relatively functional and independent but the appointment of some judges has become a public issue in some quarters, particularly with unions.

Basic
administration
8

2 | Political Participation

Botswana has remained steadfast as a republic and every citizen aged 18 and above (save where the constitution places certain restrictions) enjoy 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 holding multiparty elections that have always been regarded as peaceful and free, although their fairness remains a major political issue for the opposition and analysts. 11 multiparty elections have been held so far, with the most recent in October 2014. One of the major criticisms directed at 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. The government declared in 2013 that it 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 reinforces a one dominant party political system. Moreover, these features have an effect on the quality of elections in Botswana. Despite all the advantages enjoyed by the ruling party, the 2014 elections were closely contested, resulting in the ruling Botswana Democratic

Free and fair
elections
8

Party winning 47% of the popular vote yet securing state power (owing to the first-past-the-post electoral system). The Umbrella for Democratic Change secured 30% (17 seats) and the Botswana Congress Party 20% (3 seats) of the popular vote.

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 Merafhe, (who retired in 2012) was also a former commander of the BDF. Merafhe died in January 2015. 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

Equally, freedom of association and assembly are protected by the constitution, and everyone enjoys these rights. In fact, forming a political party in Botswana is an easy act. 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 overturned the High Court ruling in 2013, 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 appealed this ruling as well. However, the Court of Appeal upheld the High Court's decision in 2014. 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. The government also increased public servant salaries by 4% beginning April 2014, much to the chagrin of public sector unions. This decision to increase salaries has given rise to a court case, with the unions challenging the government's decision as this salary increment was announced by the president at a Kgotla meeting outside the Bargaining

Association / assembly rights

8

Council. The unions contend that such a decision violates the law. Since the 2011 public workers strike, there has been tension between government and public sector unions under the umbrella of the Botswana Federation of Public Sector Unions (BOFEPUSU). Consequently, BOFEPUSU vowed to support political parties and politicians that advanced workers' interests. In the run-up to the 2014 general elections, BOFEPUSU endorsed the Umbrella for Democratic Change (UDC), a political party made of three parties: the Botswana Movement for Democracy (BMD), the Botswana National Front (BNF) and the Botswana Peoples Party (BPP).

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 and ministers. State media is firmly controlled and directed 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 the minister 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. President Ian Khama continues to denounce the private media for its "unprofessionalism." Botswana was regarded as "free" in 2014 by Freedom House in their Freedom in the World publication. In addition, as in previous years, Botswana was awarded the "partly free" status on Freedom House's Freedom of the Press index in 2014. It dropped to this category in 2006. In the World Press Freedom Index of 2014 by Reporters Without Borders, Botswana ranked 41st out of 180 countries. In the past, the government took measures of dubious legality against foreign journalists and academics. Even now, unexplained deportations of foreign nationals continue. For instance, on 13 August 2013, the Minister of Labour and Home Affairs declared that 406 deportations had been made in the last two years. A British lawyer, Gordon Bennett, who on 18 June 2013 successfully represented the Basarwa/San of Ranyane settlement at the High Court in their challenge of forced relocation by government, was amongst the deported immigrants. This is the same lawyer who successfully represented the Basarwa of the Central Kalahari Game Reserve (CKGR) who contested their relocation in 2006. In another example, the editor of the Sunday Standard newspaper, Outsa Mokone, was charged with sedition in 2014 after the newspaper carried a story that "detailed the president's involvement in a car accident." A senior reporter of the same newspaper fled to South Africa in 2014, where he has been granted asylum. This has opened government up to criticism that it is intolerant.

Freedom of
expression

7

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 national survey from June and July 2014 suggested that 48% of interviewed Botswana favored a directly elected president. This is a decrease from the 59% seen in the 2012 survey. 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 sometimes is in danger of degenerating into 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. Since 2012 and in the run-up to the 2014 general elections, there have been calls in some quarters for a constitutional review. The government has yet to embrace this call. 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 and July 2014 suggested that 68% of Botswana respondents trust the courts (the figure was 67% in the 2012 survey). Nevertheless, concerns were raised in some quarters regarding the 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

Independent judiciary

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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. In 2014, the Court of Appeal upheld a 2012 High Court decision that annulled a statutory instrument that expanded the list of essential services employees. Despite this, the government has generally respected court decisions – save for the narrow interpretation of the 2006 CKGR court decision, which attracted negative publicity for and criticism of the government. The government’s continued narrow interpretation of the 2006 High Court ruling remained a thorny issue in 2013 and beyond, as there were reports that Basarwa wanted to contest this decision in court. Interestingly, the Basarwa/San of Ranyane settlement successfully challenged their relocation by government at the High Court on 18 June 2013, once again demonstrating the independence of the courts. Botswana was ranked 25th in the world and 1st in Africa on the 2014 World Justice Rule of Law Index.

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 relation of Ramadeluka Seretse or Ian Khama) has also been charged with corruption and did not resign his ministerial position, and was re-appointed following the 2014 general elections. His case had not yet concluded by the end of the review period. Ramadeluka Seretse was immediately re-appointed as minister of defense, security and justice following his acquittal. Seretse was one of the ministers who lost the ruling party primary elections in 2013. The failure of ministers charged with corruption to resign under Ian Khama’s administration and the apparent reluctance on the part of the president to force those charged to resign before they have cleared their names are a source of disquiet which has reinforced concerns that President Khama condones corruption. The DCEC also investigated the director of Botswana’s most feared Directorate of Intelligence

Prosecution of
office abuse

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Services (DIS), Isaac Kgosi, and the case docket has been referred to the prosecuting authority for possible prosecution, according to private media reports. At the time of writing, Kgosi, who is one of Ian Khama's closest allies, continued to serve as the director of the DIS despite the allegations of corruption levelled against him (widely covered by the private media). The DCEC is headed by another relative of Ramadeluka Seretse and Ian Khama, Rose Seretse. Thus, although officeholders who break the law and engage in corruption in Botswana are generally prosecuted under existing laws and often attract adverse publicity, they occasionally slip through political, legal or procedural loopholes. This in turn attracts negative publicity for the DCEC and government.

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, the government's decision to give a narrow interpretation of the 2006 High Court judgment continued to be a thorny issue, with media reports in 2013 suggesting that the Basarwa wanted to challenge that decision in court. 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. Following the government's 2012 refusal to register the association of Lesbians, Gays and Bisexuals of Botswana (LEGABIBO), LEGABIBO challenged the government decision in court. In 2014, the High Court ruled in favor of the civil rights group to register as an association/lobby group. The government is widely expected to appeal this High Court decision in 2015.

Civil rights

8

4 | Stability of Democratic Institutions

Democratic institutions such as the national government, local governments, public administration and the judiciary are relatively functional and efficient in Botswana relative to most African countries. There are no evident impediments to the process of decision-making as the ruling party maintained the majority in parliament even after an internal split in 2010, the first in its history that led to the formation of the Botswana Movement for Democracy (BMD). The split followed many years of intense factionalism. President Ian Khama failed to prevent the split in part because of his intolerant leadership style. Despite the split, the Botswana Democratic Party (BDP) maintained its majority and some of the founding members of the BMD (including members of parliament) rejoined the BDP. The BMD joined forces with the Botswana National Front (BNF) and Botswana Peoples Party (BPP) to form the Umbrella for Democratic Change (UDC) for the 2014 elections. Even then, despite a closely contested election, the BDP maintained its majority. However, the weakness of parliament in relation to the executive is apparent as parliament is sometimes in danger of degenerating into a department under the Office of the President. The country's public administration provides basic public services and the judiciary remains effective.

Performance of
democratic
institutions

9

Democratic institutions are relatively established and generally regarded as legitimate. However, concerns continue to be 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 since its formation, including the latest elections in 2014. The main issue of contention surrounding elections in Botswana is their fairness, not their freeness. Trust in the IEC remained unchanged at 61%, as it was in 2012, according to unpublished Afrobarometer survey results of 2014. Analysts, the media and the opposition continued to 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 from 2014, confidence in President Ian Khama stood at 79%, up from 77% in 2012 – suggesting that President Khama continues to attract good ratings despite criticism from some quarters.

Commitment to
democratic
institutions

9

5 | Political and Social Integration

Although Botswana has a relatively well-established party system, since the country's independence, one party dominance continues to be its defining feature. A major challenge to the ruling Botswana Democratic Party (BDP)'s dominance was noted in 2010, when a faction broke away and formed the Botswana Movement for Democracy (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) later 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 has been fragmentation within the opposition, which for instance won a combined vote of around 47% of the popular vote in 2009 yet secured 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.

Although opposition fragmentation remains a major challenge, there has been some movement towards uniting the opposition since the 2009 elections, however, with only partial success. The Botswana Congress Party (BCP) merged with the Botswana Alliance Movement (BAM). The two parties had contested the 2009 elections under a pact. Four opposition parties – BCP, BMD, Botswana National Front (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 coalition 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. In turn, 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 had 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 had rejoined the BDP. Internal wrangling and the propensity to split had always posed a credibility challenge to the opposition, particularly the BNF.

Party system
7

Surprisingly, the UDC coalition held on until the October 2014 general elections, winning 15 seats in parliament and 30% of the vote. The BCP won three seats and 20% of the vote, whilst the ruling BDP won 37 seats and 47% of the vote. Once again, fragmentation of the opposition has been its major undoing. There has been much public pressure on the BCP to join the UDC. At the time of this review, the BCP had yet to decide on whether it would join the UDC. The BCP noted that a decision would be made at its next Congress in July 2015. However, tensions are apparent between the two parties. The BDP continues to draw most of its support from rural areas, where its social roots are located, as opposed to that of opposition parties that are, in the main, urban.

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 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 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 appealed this judgment, and in 2014, the Court of Appeal upheld a 2012 High Court decision that annulled a statutory instrument that expanded the list of essential services employees.

Interest groups

6

As in previous years, support for democracy in the country remained strong. According to unpublished Afrobarometer survey results from June and July 2014, 83% of those who participated in the survey preferred democracy to any other form of political system, whilst only 4% said they would prefer a non-democratic system under certain circumstances. Interestingly, according to the 2014 Afrobarometer survey, 68% were satisfied with the way democracy worked in the country.

Approval of
democracy
8

The same survey put trust in institutions in 2014 as follows: 37% for the opposition parties; 59% for the ruling party (Botswana Democratic Party); 55% for parliament; 61% for the Independent Electoral Commission; 60% for the police; 68% for courts of law; 67% for the president and 70% for the military. Overall, there has been a decline of confidence in institutions over the years.

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. Over the years, the government has cultivated a culture of open dialogue 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 have become a major challenge in recent years.

Social capital
7

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Botswana is considered a middle-income country by the World Bank. Even so, its rate of socioeconomic transformation remains modest. According to the World Bank indicators, in 2013 Botswana’s GNI and GDP per capita in PPP were put at \$7,770 and \$15,675.23 respectively. These indicators demonstrate that Botswana has made steady progress over the last 48 years of its independence. Despite these notable achievements, social marginalization in Botswana remains considerable and at times structurally ingrained, particularly among the San. Poverty is the major cause of moderate and, for large parts of the population, considerable social marginalization. In fact, about a fifth (20.7%) of the population can be regarded as poor according to the Botswana Core Welfare Indicators (Poverty) Survey of 2009/2010 (most recent data), falling from 30.6% in 2002/2003. According to the 2009/2010 survey, the number of people who earned less than \$1 per day stood at 6%, which is a decline from 23% in 2002.

Socioeconomic
barriers
5

There is also a high level of unemployment and social inequality. 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 remained 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 18.5% in 2014. This has lowered life expectancy, which in turn has resulted in a relatively low HDI status.

Economic indicators		2005	2010	2013	2014
GDP	\$ M	9931.2	12786.7	14979.3	15813.4
GDP growth	%	4.6	8.6	9.3	4.4
Inflation (CPI)	%	8.6	6.9	5.9	4.4
Unemployment	%	22.0	17.9	18.4	-
Foreign direct investment	% of GDP	2.8	1.1	1.3	-
Export growth	%	18.2	16.0	30.0	0.6
Import growth	%	-4.9	6.5	1.6	-5.8
Current account balance	\$ M	1633.9	-824.7	1769.3	-
Public debt	% of GDP	7.4	20.4	17.5	14.5
External debt	\$ M	453.5	1797.1	2430.4	-
Total debt service	\$ M	53.4	75.2	186.1	-
Cash surplus or deficit	% of GDP	-	-7.5	-	-
Tax revenue	% of GDP	-	23.6	-	-
Government consumption	% of GDP	19.4	19.8	18.6	16.5
Public expnd. on education	% of GDP	10.7	-	-	-
Public expnd. on health	% of GDP	4.1	3.5	3.1	-
R&D expenditure	% of GDP	0.53	-	-	-
Military expenditure	% of GDP	2.9	2.7	2.0	1.9

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

7 | Organization of the Market and Competition

Market competition in Botswana is supported by a relatively strong and stable institutional framework. However, the country has a smaller informal sector than most African countries. With a score of 4.15, the country ranked 74th out of 144 countries in the 2014/2015 World Economic Forum's Global Competitiveness Index (GCI), the same position as in 2013/2014. According to the 2014/2015 GCI, Botswana has the fourth-most economically competitive macroeconomic framework in sub-Saharan Africa, surpassed only by Mauritius, South Africa and Rwanda. With a value of 7.26 (a value of 10 being the highest), Botswana ranked 54th out of 152 countries (in 2012) on the Fraser Institute's Economic Freedom of the World index released in 2014. The 2015 Heritage Foundation's Index of Economic Freedom, has taken Botswana out of the "mostly free" category, rating it as "moderately free," ranking 36th in the world with a score of 69.8. According to the 2015 Index of Economic Freedom, Botswana's rating declined owing to "a significant increase in the trade-weighted tariff rate" and a weakening in "public spending." Even so, Botswana was outperformed in sub-Saharan Africa only by Mauritius, which was ranked 10th in the world and rated as "mostly free," with a score of 76.4. The Botswana state remains an important economic actor and privatization of state assets remains slow.

Market-based
competition
8

Botswana has a relatively functional anti-monopoly policy but the diamond-mining sector remains 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 mainly driven by non-discriminatory values. Competition in Botswana is governed by the Competition Authority under terms defined by the Competition Act of 2009. It should be noted that entities in which government holds a shareholding are generally exempted from the competition law.

Anti-monopoly
policy
7

Botswana has 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 6.4% in 2015. According to the Heritage Foundation's Index of Economic Freedom, there has been a decrease in trade freedom that can be attributed in part to "a significant increase in the trade-weighted tariff rate" and a weakening in "public spending."

Liberalization of
foreign trade
8

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 during the 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. However, the economy has been making a modest and steady recovery, owing to prudent economic management, recording a budget surplus. For instance, the 2013/2014 budget generated a surplus of BWP 386.16 million, which was lower than BWP 779.3 million initially anticipated (1 U.S. dollar buys roughly 8.5 pula). The 2014/2015 budget also recorded a modest surplus of BWP 280.83 million, again lower than the BWP 1.326 billion initially anticipated. The 2015/2016 budget has projected a surplus of BWP 1.23 billion. As a result of the government's improved financial position, continued prudency and its ability to respond to the global financial crisis, Moody's Investors Service rating agency maintained the country's sovereign credit ratings of A2 in 2014. 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. However, continued over dependence on minerals and a failure to diversify the economy remain challenges.

Banking system
9

8 | Currency and Price Stability

The country continued to demonstrate its commitment to monitoring inflation and ensuring a sound foreign exchange policy through its efficient and independent central bank, the Bank of Botswana. The Bank of Botswana has set its medium-term inflation range goal at 3% to 6%. Although inflation eluded this target for years, the government put the country's inflation rate within the central bank's range in June and December 2013, at 5.8% and 4.1% respectively (an improvement compared to the 7.4% seen in December 2012). As in 2013, inflation in 2014 remained within the central bank's target range: recorded at 4.6% in August 2014 and 3.8% in December 2014.

Anti-inflation /
forex policy
9

The government has focused on prudent fiscal policies and macroeconomic stability. Since it restored a budget surplus in 2012/2013, the government has recorded modest budget surpluses in 2013/2014 and 2014/2015. Yet, another surplus has been forecast for 2015/2016, reaffirming the government's commitment to sound macroeconomic management. The government also showed its continued commitment to reduce the debt level, recording a net debt of BWP 29.52 billion for 2013/2014. As a result, Botswana has received positive ratings from external agencies such as Moody's Investors Service.

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. In addition, the shortage of serviced land continues to pose a challenge. According to the International Property Rights Index (IPRI) of 2014, Botswana has maintained a stable score of 6.3 for five years in a row and was ranked 31st out of 97 countries in the world. Regionally, it was outperformed by South Africa, emerging 2nd out of 23 African countries on the 2014 IPRI. In comparison, Finland scored 8.5 and maintained its 1st place position in the world. Access to loans is still regarded as a challenge. With regard to the ease of doing business, in 2014, Botswana was ranked 74th out of 189 countries in the world according to the World Bank.

Property rights
9

Although government plays an active part in Botswana's economy, it is driven by the private sector. Undoubtedly, the government has fully embraced the private sector as a partner in economic development. Even so, there are still challenges and delays experienced in starting a business.

Private enterprise
8

The government also consults, on a regular basis, 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. In turn, according to the government, the relocation of DTCB international sales from London to Gaborone was completed in 2013. The government has also created the Okavango Diamond Company (ODC), which became operational in 2013. According to the government, ODC buys and sells up to 15% of Debswana diamonds in line with the new sales agreement. The underlying aim of keeping larger parts of the value chain in Botswana is to create more jobs in this sector. 27 diamond-cutting and polishing factories are operational in Botswana, which created 3,781 jobs by July 2014. The challenge, however, facing this sector is that it is capital intensive. The privatization of a number of public enterprises, such as Air Botswana, Botswana Telecommunications Corporation Limited (BTCL) and the National Development Bank (NDB) has yet to take off. The privatization of Air Botswana has stalled. As of February 2015, the privatization of BTCL was reported to be at an advanced stage, with the Initial Public Offering (IPO) expected to take place during the first part of 2015. Following the adoption of the Transition Act in June 2014, the privatization of the NDB into a commercial bank was likewise reported to be in motion as of February 2015.

10 | Welfare Regime

Botswana maintained its social safety nets to provide 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, by November 2014 there were 34,845 destitute persons, 35,236 orphans and vulnerable children, and 1,161 community-based care patients supported by government. Furthermore, 349,485 primary school pupils received supplementary nutrition, 65,757 persons were employed monthly in labor intensive public works, whilst more than 99,000 received old age pensions (President Ian Khama, State of the Nation Address, 2014). In addition, 9,588 projects were supported through the Poverty Eradication program. Botswana is in the process of developing a poverty eradication strategy; due for completion in September 2015 (budget speech, 2015). 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 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 pandemic, the government has set a target of mother-to-child transmission at less than 1% by 2015. To demonstrate the government's commitment to combatting HIV/AIDS, the Ministry of Health continues to receive resources to address the pandemic: it received the second largest share of the 2015/2016 budget (15.5%, BWP 5.67 billion, with BWP 1.11 billion allocated towards fighting HIV/AIDS). In addition, according to the government, around 115,000 males aged 13 to 49 (out of a possible 385,000) had been circumcised as of November 2014. A major challenge is the sustainability of some of these safety net programs and initiatives.

Social safety nets

7

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. According to the World Economic Forum's Global Competitiveness Report 2014/2015, enrollment for primary, secondary and tertiary education were put at 83.8%, 81.7% and 7.4% respectively. Even so, the number of women holding political office remains worryingly low. For instance, there are five women (four from the ruling party and one from an opposition party, Umbrella for Democratic Change) who are members of parliament following the 2014 general elections. Four of these were directly elected (three from the ruling party and one from the opposition) whilst one was Specially Elected as an MP. This constitutes 8% of the members of parliament (who total 61). Of these women, two were appointed as ministers whilst another two were appointed as assistant ministers. The current Speaker of Parliament is a woman, as in the previous parliament.

Equal opportunity

7

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. The government continued to allocate more resources towards social safety net programs. The development of a poverty eradication strategy was in motion as of February 2015.

11 | Economic Performance

Undoubtedly, the 2008 global financial crises demonstrated the economic vulnerability of Botswana's heavy dependence on diamonds and the urgent need to diversify the economy. The government's commitment to prudent economic management ensured that the economy realized a steady recovery, restoring a budget surplus since the financial year 2012/2013. The 2013/2014 budget generated a surplus of BWP 386.16 million, which was lower than the BWP 779.3 million initially anticipated (1 U.S. dollar buys roughly 8.5 pula). The 2014/2015 budget also recorded a modest surplus of BWP 280.83 million, again lower than the BWP 1.326 billion initially anticipated. The 2015/2016 budget has projected a surplus of BWP 1.23 billion. According to the government, real GDP growth was 5.8% in 2013, 5.2% in 2014 and projected at 4.9% in 2015. In light of the volatility experienced in the global economy, it remains doubtful that the Botswana economy will, in the immediate future, be able to regain the real growth rates it enjoyed prior to the financial crisis. The IMF projected Botswana's 2015 economic growth at 4.4%. According to the government, mineral revenue contributed 34.4%, customs and excise 29.5% and non-mineral income tax 17.5% of the BWP 55.38 billion revenues and grants for the 2015/2016 budget (budget speech 2015). This shows that despite uncertainty surrounding the mining sector, the sector remains the mainstay of the Botswana economy. Furthermore, the privatization of some public enterprises has stalled while others remain in motion. In addition, the rationalization of some public enterprises is underway, in line with the Rationalization Strategy of 2009. There are also efforts to improve on project implementation (budget speech 2015). Government policies and programs appear to have militated against the HIV/AIDS pandemic.

Output strength
8

12 | Sustainability

Botswana has no serious environmental problems. However, the government is keen to protect the environment and environmental education is included in school curricula. In the last two decades, a wide range of laws and regulations to protect the environment have been introduced. The government has put in place different programs based on these environmental laws. The lead institution, the Ministry of Environment, Wildlife and Tourism, has via different agencies and institutions carried out measures to protect the country's pristine natural resources, habitat and wildlife, which are a major source of tourism. In 2005, environmental impact assessment (EIA) legislation was adopted. It is based on the Vision 2016, a program for sustainable development issued in 1996 with a strong focus on environmental and educational topics. According to the EIA, all new developments must be assessed for their possible impact on the environment.

Environmental
policy
7

One of the major challenges facing the country is recurring drought. For instance, the Gaborone Dam was empty in February 2015, owing to low rainfall received in recent years (especially in the southern part of the country). Deficits in water management are obvious.

The level of consciousness on ecological/environmental issues remains worryingly low. The participation of the population in environmental policy on the local level is low due to apathy. Therefore, it is not surprising that Botswana was ranked 100th out of 178 countries in the Environmental Performance Index (EPI) of 2014.

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 innovation, which are pillars of the World Economic Forum's 2014/2015 Global Competitiveness Index (GCI), Botswana scores worse than on the overall index. In terms of technological readiness, it ranks slightly lower than the average score (overall: 74th; higher education and training: 101st; innovation: 102nd; technological readiness: 76th).

Education policy /
R&D
6

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. 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. As a result, the quality of education was a major campaign issue during the 2014 general elections.

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 and competitive labor force. Nevertheless, there is a proposal to introduce a Human Resource Development Plan (HRDP) to be coordinated by the Human Resource Development Council (established in 2014), 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 negative impact of dependence on raw materials (diamonds) became evident during the 2008 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. With the economy showing signs of recovery, minerals are expected to continue to play a key role in the economy – despite volatility in the global economy. For instance, minerals revenues contributed the largest share (34.4%) to the 2015/2016 budget. 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; according to government, the HIV prevalence rate was 18.5% in 2013, increasing from 17.6% in 2008. Although these figures are lower than previous estimates, the prevalence rate remains 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, such as trade unions and the private media, face legislative hurdles. Despite these hurdles, trade unions and private media have been a thorn for the government. Trade unions falling under the umbrella of the Botswana Federation of Public Sector Unions (BOFEPUSU) went so far as to declare their support of the opposition coalition, the

Civil society
traditions
6

Umbrella for Democratic Change (UDC). Even so, the government has continued to nurture 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 from June and July 2014, consistent with those from June and July 2012, point to a general decline in the level of trust in public institutions, as discussed elsewhere (see 3.2, 4.2 and 5.3).

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 (in Setswana: Basarwa) who constitute around 3% of the population. The San of the Central Kalahari Game Reserve (CKGR) protested their forced relocation in 2002. The issue was resolved through a court process. The courts have repeatedly ruled in favor of the San. The government's continued narrow interpretation of the 2006 High Court ruling – allowing, in principle, the San to return to the CKGR – remained a thorny issue in 2013 and beyond, as there were reports that suggested that the San wanted to contest this decision in court. Despite this, the conflict has only a remote chance of developing into an overt and violent conflict. Interestingly, the Basarwa/San of Ranyane settlement successfully challenged their forced relocation by government at the High Court on 18 June 2013, once again demonstrating the independence of the courts. Similarly, the tension and conflict between the public sector unions and the government following the 2011 public sector strike was also resolved through the courts in 2012, 2013 and 2014. Other cases involving the unions and government were yet to be decided by the courts at the time of this review. It should be noted that tensions between the public sector unions and government reached their peak during the 2014 general elections, with unions under the umbrella of BOFEPUSU publicly declaring their support for the opposition coalition, the Umbrella for Democratic Change (UDC). It should also be noted that immigration from Zimbabwe has not resulted in heightened ethnic tensions.

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). During its session in December 2014, the parliament approved a government proposal to prolong NDP 10 by one year to bring in line the goals of NDP 11 with those of the next vision: the National Vision Beyond 2016. A Presidential Task Team is expected to complete the development of the next vision in December 2015. Project implementation was identified as one of the challenges during NDP 10 (budget speech 2 February 2015). 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.

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 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. For instance, according to government, 27 diamond cutting and polishing factories were operational as of July 2014, employing 3,781 people. 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. During NDP 10, project implementation was identified as a critical challenge that had led to underspending of the development budget in the financial years 2011/2012 through 2013/2014, at an average of 17.3% (budget speech 2015).

Question
Score

Prioritization
8

Implementation
8

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 2% or below. Antiretroviral medication is available through the public health system at no cost to those patients in need of it. Implementation of gender empowerment measures has been relatively successful. Botswana was ranked 58th in the Gender Development Index (GDI) and 100th in the Gender Inequality Index (GII) out of 187 countries on the 2014 Human Development Report.

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 (in Setswana: Basarwa), 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 government sustained its narrow interpretation of the 2006 judgement at the time of this review. In 2013, media reports suggested the San intended to challenge this narrow interpretation in court. In addition, President Khama's sometimes harsh reaction to criticism has attracted and 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 government regularly consults with major stakeholders, such as the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM), to design or redesign its policies. Since October 2010, a government decision to host a budget "pitso" (consultative meeting) has been 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.

Policy learning
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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 was yet to be concluded by the court during the period under review. The cabinet is comprised of 16 ministers and assistant ministers (not exceeding 8).

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 2008 global financial crisis that had a serious negative effect on the Botswana economy and its sources of revenue: minerals, especially diamonds. In turn, 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. The Khama government's refusal to accede to demands by public-sector unions for a 16% salary increase in 2011 showed that the government was keen to curtail public spending (specifically, its wage bill). Instead, the government agreed to a 3% salary increase in October 2012 and 4% in 2014. Despite budget deficits in 2009/2010, 2010/2011 and 2011/2012, the government has once again shown its commitment to the efficient use of resources by restoring a balanced budget during the 2012/2013 through 2015/2016 financial years. For instance, the surplus for 2015/2016 was projected at BWP 1.23 billion. 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 during NDP 10, resulting in underspending of the development budget during the 2011/2012 through 2013/2014 financial years (budget speech 2015).

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

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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. Instead, the government increased public sector

salaries by 3% and 4% in 2012 and 2014 respectively. 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 completed the development of a draft National Anti-Corruption Policy in 2014, which is yet to be approved by cabinet and parliament. Since 1994, the Directorate on Corruption and Economic Crime (DCEC) operated as the country's anti-corruption institution. 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. 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 reinstated 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 former assistant minister of finance and development planning, Vincent Seretse, and appointed minister of trade and industry following the 2014 general elections, 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, which has given 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 way of reassuring foreign investors and donors than in order to seriously deal with the issue of high-level corruption.

Anti-corruption
policy
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Despite this, the DCEC launched a code of conduct that it developed jointly with the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM). According to government, a special court to expedite the processing of corruption cases was introduced in 2013. Despite its limitations, the country has declared zero tolerance for 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. Unpublished Afrobarometer survey results from 2012 and 2014 suggest that the majority of Botswana interviewed were in favor of a law requiring that ministers, members of parliament and senior government officials declare their assets. Interestingly, 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 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.

The Botswana Democratic Party (BDP) government has been and continues to be oriented towards 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. President Ian Khama's government re-affirmed its commitment to eradicating poverty during its 2015 budget speech: through the continued allocation of resources towards this goal.

Consensus on goals

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There are no political actors with anti-democratic veto powers and there has been no change since the last round of the BTI in 2014 nor during the current review period. 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 but impressive socioeconomic growth, although continued good leadership can by no means be taken as 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 Botswana Democratic Party (BDP) in 2010. His leadership style is also blamed for the 47% popular vote the ruling BDP attained during the 2014 general elections, the lowest in the party's history.

Anti-democratic
actors

9

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 Botswana Democratic Party (BDP), which partly resulted from criticism of his "arbitrary" and "dictatorial" leadership style, the inflexibility of his government towards public sector union demands, and the handling of the San issue, indicate a less pronounced commitment to the culture of consensus-building.

Cleavage /
conflict
management

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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. In another matter relating to the San, the Basarwa/San of Ranyane settlement successfully challenged their relocation by government at the High Court on 18 June 2013, once again demonstrating the independence of the courts.

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 Botswana Movement for Democracy (BMD) in 2010. Nevertheless, some key founding 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 to authority, also contributes to 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, the private media and intellectuals, who in general tend to vocalize alternative points of view, leading government to associate them with the opposition parties.

Civil society
participation
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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 in 2009, Botswana secured a \$1.5 billion loan from the African Development Bank (AfDB), the first in 17 years, to support government finances. Even so, the country has ensured low levels of debt and continues to receive positive credit ratings from agencies such as Moody's Investors Service, as shown in 2014.

Effective use of
support
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The fight against HIV/AIDS is one area that 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 2015. 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

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. However, in 2014, a diplomatic brawl nearly developed between Botswana and the United States after the latter criticized Botswana for arresting and charging the editor of the Sunday Standard newspaper, Outsa Mokone, with sedition after the newspaper published a story alleging President Ian Khama's involvement in an "unreported" car accident. At the time of this review, the case had yet to be decided upon by the courts.

Botswana's political leadership has actively and successfully built up many regional and international cooperative and diplomatic relationships. Under President Ian Khama's government, 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

Credibility

9

Regional
cooperation

9

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. From the government's perspective, the biggest challenge was the political situation in neighboring Zimbabwe, particularly between the 2008 and 2013 elections. Within the SADC, Botswana has been the most vocal opponent of Zimbabwe's president, Robert Mugabe. Despite the formation of a fragile power-sharing government following Zimbabwe's disputed 2008 elections, the Botswana government viewed the neighboring country's economic deterioration and political crisis as a destabilizing factor that called regional integration, economic development and the region's reputation into question. Furthermore, the influx of Zimbabwean refugees was believed to place a burden on Botswana society. At the time, Botswana's President Khama consistently called for President Mugabe's removal. He supported opposition leader Morgan Tsvangirai, who, under the Global Political Agreement (GPA), acted as Zimbabwe's prime minister. However, at the end of 2010, and to the surprise of many, President Khama called for the removal of western sanctions against President Mugabe and his allies. This aligned his position with that of the regional block, SADC. Khama cited the wish to provide a climate conducive to the GPA's success and 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 then fragile GPA, the parties were to agree on or introduce some crucial reforms to pave the way for the 2013 elections. At the time, the Movement for Democratic Change (MDC) 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. This opened the way for elections. The new constitution was subjected to a referendum in March 2013 and followed by elections in July 2013 that were won by Robert Mugabe and his party. Thereafter, Botswana recognised Mugabe's government, easing tensions between the two governments. 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. Its position towards undemocratic governments seems to have somewhat isolated the country, particularly in Africa, where public criticism of a fellow African government is unwelcome.

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 increasingly frequently being taken to court to answer anti-corruption charges. The credibility of the leadership is at stake. The government's failure to embrace certain reforms, to declare personal 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 pandemic 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 economic diversification, as the 2008 international financial crisis has shown how vulnerable Botswana is and the dependence on diamonds poses obstacles to sound economic transformation.

Finally, Botswana should address a number of human rights issues, such as the treatment of the San and freedom of the press. In particular, the government should engage in finding a consensual solution to the San dispute by ending its narrow interpretation of the 2006 High Court ruling and developing a mutual understanding with the minority's representatives. As of writing, the conflict with the San has not been resolved and Survival International continues its campaign against Botswana. The country's international reputation will be of central importance to advance its efforts to address the HIV/AIDS pandemic. Foreign assistance should be maintained. Likewise, foreign donors should assist the country in its efforts to achieve progress on social problems (such as poverty, inequality and unemployment) and to dilute its 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; concerned that generous distribution policies risk 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 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 Ian Khama and other key actors will be of the utmost importance. It will be crucial for public and private donors to further assist the country in its already advanced efforts to address the HIV/AIDS pandemic and support Botswana's efforts in diversification and the alleviation of social problems.