

AFRICA RISK CONSULTING

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Botswana Summary 20 June 2015

President Ian Khama (2008- present) breaks ranks with the African Union (AU) and the Southern African Development Community (SADC) over South Africa's failure to arrest Sudan president Omar Al Bashir (1993- present) and hand him over to the International Criminal Court (ICC). This further defines his isolation within regional and continental bodies amid frosty relations with regional and continental political leaders. Administrative weaknesses cripple national airline Air Botswana. This may interfere with the government's drive to accelerate economic growth since air travel has significantly increased due to tourism and localised diamond sales. Botswana invites bids for the construction of a solar power plant, as the government intensifies efforts to alleviate electricity shortages that threaten its economic growth. The government needs to pursue the development of solar power more aggressively, because it is one of the few viable ways for the country to become self-sufficient in the generation of electricity.

Khama breaks ranks with African Union over Al Bashir

President **Ian Khama** (2008- present) has broken ranks with the **African Union (AU)** and the **Southern African Development Community (SADC)** over **South Africa's** failure to arrest **Sudan** president **Omar Al Bashir** (1993- present), during the **AU Summit**, which ran from 7-15 June in **Johannesburg**, South Africa. Khama's office released a statement on 16 June saying that all countries that are party to the **Rome Statute**, which established the **International Criminal Court (ICC)**, ought to abide by the requirement that they arrest individuals against whom the court has issued warrants of arrest.¹ The ICC issued a warrant of arrest against Bashir in March 2009 due to allegations of human rights abuses in Sudan's **Darfur** region. South Africa – a party to the Rome Statute – reportedly guaranteed Al Bashir's immunity from arrest prior to his arrival in Johannesburg, and arranged his departure despite the South African **High Court** having ordered his arrest.² In the strongly worded statement, Khama commended South Africa's courts for ordering Al Bashir's arrest and indicated that the Botswana government would have arrested Al Bashir had the summit taken place in Botswana.³

Khama snubbed the AU summit, attended by all AU member states' heads of state, instead sending his vice president, **Mokweetsi Masisi** and foreign minister **Pelonomi Venson-Moitoi**.⁴ Analysts interpret the statement and snub of the summit as evidence of Khama's contempt for the AU and SADC, which often appear to promote impunity among African leaders. However, they also highlight the irony of his criticism of other African leaders despite the deteriorating human rights situation in Botswana.

¹IOL News, 17 Jun 2015

² Mail and Guardian, 19 Jun 2015

³ News Day, 17 Jun 2015

⁴ IOL News, 17 Jun 2015

“Khama has a well-documented record of being critical of either other African leaders or other inter-governmental bodies on the continent; this has reinforced the country’s identity as the bastion of democracy, human rights and the rule of law on the continent. Zimbabwe’s [president] Robert Mugabe [1980- present] has always been one of Khama’s main targets since he [Khama] ascended to power in 2008. However, Khama is gradually losing this identity as a champion of democracy because of the escalating incidents of government-sanctioned human rights abuses in Botswana. The numerous attacks on journalists in Botswana are a particularly telling case in point, and this led to the public diplomatic spat with its main ally, the United States, following the arrest of a journalist, Otsa Mokone, from the private media prior to the general election in September 2014. Ironically, other African leaders have not been vocal in criticising Khama in each of these instances. His criticism of South Africa and the AU for not arresting Al Bashir is thus commendable, but given his growing repertoire of domestic human rights abuses, it becomes the case of the pot calling the kettle black.”⁵

As well as vocally condemning human rights violations in Africa, Khama has had frosty relationships with several African leaders including Mugabe, current chair of both the SADC and the AU. African leaders hold the chairmanship positions on a rotating basis annually and Khama is currently the SADC deputy chairperson. Khama’s statement directly contradicts Mugabe’s assertions about the ICC that he made at the end of the summit. Commenting on Bashir’s departure, Mugabe said that the ICC is not welcome in Africa and encouraged other African countries to withdraw from the Hague-based international court.⁶ Khama also reportedly attacked Mugabe at an SADC summit on industrialisation held in Harare in May, criticising his policies for causing an immigration crisis in the region.⁷ He has also openly supported Zimbabwe’s opposition **Movement for Democratic Change (MDC)** party and threatened to sever ties with the SADC over the latter’s endorsement of Mugabe’s electoral victory in 2013, which he described as “fraudulent”.⁸

Khama’s reputation for supporting human rights advocacy and criticising other African leaders who violate various facets of human rights and democracy have led to descriptions of him as a “puppet of the West”.⁹ However, Khama faces growing opposition to his political rule at home in Botswana and accusations of restricting freedom of speech through attacks on journalists (see *ARC May 2015 Botswana Briefing*).

Botswana’s national airline continues to decline

National air carrier **Air Botswana** has been struggling to remain afloat despite government efforts to revive the ailing state-owned enterprise. Speaking before the parliamentary accounts committee on 2 June, transport ministry permanent secretary **Goitsewang Morekisi** indicated that the airline has been making annual losses in the last few years.¹⁰ Results for the financial year ending 31 March 2014 revealed a \$10m loss, compared to \$7.5m in 2013, and \$4.7m in 2012.¹¹ Financial subsidies from the government have prevented the airline from going bankrupt. The government also implemented a “five-year turnaround plan” in March, which seeks to revamp aspects of the airline’s operations, including rationalising its route network and schedule, improving technology, upgrading the fleet and renewing equipment.¹²

⁵ Source, analyst

⁶ News Day, 17 Jun 2015

⁷ IOL News, 3 May 2015

⁸ IOL News, 3 May 2015

⁹ The Chronicle, 22 Feb 2014

¹⁰ Mmegi, 3 Jun 2015

¹¹ Mmegi, Jun 2015

¹² Echo Online, 20 Feb 2015

The plan is yet to bear fruit since the airline has had to ground four of its seven aircraft because of age. In addition to domestic routes between its major cities, such as **Francistown** and **Kasane**, the airline plies regional routes to **Cape Town**, Harare and **Lusaka**. It has had to lease an aircraft to service its Johannesburg-Gaborone route, the most lucrative it flies.¹³

*“Air Botswana’s operational woes have resulted in its developing a poor reputation among travel agencies, especially in the southern African region. It is notorious for both overbooking and underbooking passengers, poor work ethic among its flight staff and frequent flight delays, which make it a very unreliable alternative for travellers. Since the government has failed to turnaround the carrier over a few years now, other regional airliners like South Africa’s **Airlink** and **Ethiopian Airlines** have gradually begun to fill this gap, which will make it difficult for Air Botswana to bounce back when it is eventually revived. The airline could have taken advantage of Botswana’s considerable existing and new volumes of air traffic, due to the country’s vibrant tourism sector and increased travel as a result of the localised diamond sales respectively.”¹⁴*

In a report released in February, auditor-general **Pulane Letebele** reported that flawed management primarily accounts for the airline’s woes.¹⁵ Administrative weaknesses range from employee overpayments to inconsistencies in ticketing and poor maintenance of aircraft engine overhaul records.¹⁶ In addition, several outbound flights from the **Sir Seretse Khama International Airport** have had to abort due to various engine-related faults, including three such incidents within six months between 2012 and 2013.¹⁷ The airline has since sought to engage consultants to revamp its operational standards.¹⁸

*“Air Botswana currently risks suffering a second expulsion from the **International Air Transport Association (IATA)**, and such a record will result in other airlines, travel agencies, tour operators and various partner entities avoiding working with it even if it manages to re-register. Given the highly competitive and rapidly dynamic nature of the aviation industry, Air Botswana must be privatised in order to bring in the necessary world-class management practices and investment into the company that can overhaul its operational and infrastructural state. Although African countries have always used national air carriers as ‘flag bearers’ since independence, operating them as parastatals has almost always resulted in operational failures and loss making.”¹⁹*

Air Botswana chair **Nigel Dixon Warren** indicated that the decision to outsource the airline’s management was due to the lack of local expertise in various critical areas of the company’s operations.²⁰ This includes revenue management, marketing, cargo management, and technology solutions that match the rapidly changing global trends in the aviation industry. The airline is due for an audit in July, which will determine if it still qualifies to be a member of IATA.²¹ Failure to receive re-accreditation would further erode the airline’s viability because it would not be able to collaborate with other regional and international airlines.²² This happened in 2008 when IATA forced Air Botswana to de-register following an operational safety audit, and it only managed to re-register in 2012.²³

¹³ Mmegi, 3 Jun 2015

¹⁴ Source, analyst

¹⁵ Mmegi, 13 Feb 2015

¹⁶ Mmegi, 13 Feb 2015

¹⁷ The Voice, 13 May 2013

¹⁸ Sunday Standard, 12 May 2015

¹⁹ Source, analyst

²⁰ Sunday Standard, 12 May 2015

²¹ Mmegi, 13 Feb 2015

²² Sunday Standard, 12 May 2015

²³ The Voice, 13 May 2013

IATA is a global trade association of the world's airlines and the primary vehicle for inter-airline cooperation worldwide. It supports aviation activity through formulating industry policy and promoting the best operational and service standards. The organisation has 260 member airlines and accounts for at least 84% of the world's air traffic.²⁴

The government's additional attempts to revamp the airline include a partnership with **Puma Energy**, which was launched on 5 June. Speaking at the commissioning ceremony, transport and communications minister **Tshenolo Mabeo** emphasised the government's determination to ensure the airline's revival through continued financial support and partnerships similar to the one with Puma Energy.²⁵ As part of this partnership, the company supplied jet fuellers to the Sir Seretse Khama International Airport that will replace Air Botswana's older ones, installed additional ground power units, and also supplied ramp buses and mobile passenger steps.²⁶ Puma Energy is Botswana's main supplier of aviation fuel and lubricants. It is a subsidiary of **Amsterdam**-based **Trafigura Beheer B.V**, a commodities trading company, and operates in 25 countries.²⁷

Botswana's airline industry is of strategic logistical importance to the country's economic growth, due to the increased volume of business travel to the country since **De Beers** relocated its diamond sights to Gaborone in 2013. Tourism – one of Botswana's most lucrative economic sectors – accounts for 60% of Botswana's air traffic, while business constitutes the remaining 40%.²⁸ Air Botswana will thus need to swiftly re-strategise and rebrand in order to avoid losing its market share to other regional and international airlines such as Ethiopian Airlines, which will commence flights to and from Gaborone on 30 June.²⁹

Botswana invites bids for solar power plant

The government has invited bids for a solar power plant as part of plans to build its energy self-sufficiency following crippling power shortages mainly resulting from industrial growth and failure of the coal-powered **Morupule B** power plant.³⁰ This latest renewable energy project, announced on 9 June, comes amid **Bank of Botswana** warnings that the current energy shortages will lower the country's annual economic growth to below 4%.³¹ The plant, which will have a 100-megawatt (MW) capacity, is expected to contribute to the country's goal of resolving its energy shortages in the next five years. In a statement, minerals, energy and water minister **Kitso Mokaila** said that renewable energy is a feasible electricity generation alternative for Botswana because it is cheaper to install and quicker to deploy.³²

The government's foray into the renewable energy sector is not new. Former vice president **Ponatshego Kedikilwe** commissioned the first solar power plant in September 2012. The project was a result of Botswana's partnership with **Japan**, which awarded Botswana an \$8.4m grant for the development of renewable energy.³³ Japan had provided up to \$10 billion to 52 countries under the "**Cool Earth Partnership**" in 2012, through which Botswana commissioned the pilot 1.3MW photovoltaic solar power plant that same year.³⁴ The project, located in

²⁴ IATA website

²⁵ Daily News, 7 Jun 2015

²⁶ Mmegi, 10 Jun 2015

²⁷ Mmegi, 10 Jun 2015

²⁸ Business Excellence, 17 Apr 2012

²⁹ Daily News, 16 Jun 2015

³⁰ IOL News, 9 Jun 2015

³¹ IOL news, 9 Jun 2015

³² Reuters, 9 Jun 2015

³³ Biztech Africa, 5 Sept 2012

³⁴ Sunday Standard, 30 Aug 2012

Gaborone's **Phakalane** suburb, was supposed to be replicated in other towns countrywide but this is still pending.

Prior to this project, the **Botswana Power Corporation (BPC)** partnered with the **United Nations Development Programme (UNDP)** to develop a 200MW solar power station in 2008.³⁵ BPC research confirmed the feasibility of solar generation and identified specific areas – **Jwaneng, Selebi-Phikwe, Serowe, Lethakeng and Maun** – as the best sites for constructing solar power stations.³⁶ The programme focused primarily on electrifying rural households in order to reduce deforestation and dependence on fossil fuel-generated power for domestic consumption. However, a UNDP review of the project in 2011 resulted in a “marginally unsatisfactory” rating, which reflected the failure to meet set targets.³⁷ The report blamed the government for its subdued commitment, establishment of fiscal and market barriers to renewable energy, such as customs duty and value added tax, and absence of a renewable energy strategy and policies.³⁸

Solar energy has considerable potential to reduce Botswana's electrical energy deficit, particularly through replacing the national grid's domestic supply, which would allow for fossil-fuel generated electricity to be allocated to the heavy-duty industrial and mining sector. Botswana, a partly desertified country, receives approximately 3,200 hours of sunshine annually, which would support viable solar power generation.³⁹ Although the government's invitation of bids depicts its active investment in renewable energy, it has a record of weak involvement in the sector, despite substantial external support.

Implications

Khama's record of championing human rights in Southern Africa and the continent at large is in jeopardy following increasing cases of attacks on journalists at home. Analysts describe his attack on South Africa and the African Union for not arresting Sudan's Al Bashir as hypocritical. Botswana is also gradually losing its image of being an exemplary African democracy, and this will encourage a more cautious approach by risk averse prospective investors into its economy. Nevertheless, Khama's frequent breaks with the AU and SADC and absence of clearly identifiable political allies on the continent have not yet had negative effects on Botswana's economic relations in the region and the continent.

National airline Air Botswana risks losing its market share and global standing due to persistent administrative and operational flaws. This will pose a logistical weakness for the economy, especially since tourism and business-related travel depend on an efficient domestic airline.

The government's invitation of bids for a solar plant is a commendable step in harnessing renewable energy to alleviate persistent power shortages that threaten to undermine the economy. However, the government needs to pursue renewable energy on a much larger scale and improve on previously failed attempts at generating solar power, despite getting external financial and technical support, if it is to provide a lasting solution to the power shortages.

³⁵ Mmegi, 20 Jul 2010

³⁶ Mmegi, 20 Jul 2010

³⁷ Dr. Yogesh Vyas (2011), “Terminal Evaluation of the renewable energy-based electrification programme for Botswana”, UNDP/GEF Report, p7

³⁸ Vyas, UNDP/GEF report, p7

³⁹ Esi-Africa, 11 Feb 2010