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Botswana Summary 17 February 2016

Former speaker of parliament and veteran Botswana Democratic Party (BDP) member Margaret Nasha defects to the opposition Umbrella for Democratic Change (UDC). This is largely a result of her tense relationship with President Ian Khama (2008-present) and the senior party leadership. The high profile defection deals a potentially harmful blow to the ruling party's image ahead of the 2019 polls and may inspire other BDP members to do the same. The government faces a budget deficit in the 2016/17 fiscal year, primarily because of lower revenue from the country's traditional sources. Opposition political parties and the business community have condemned the government's planned expenditure for the security sector, which received the highest percentage of the 2016/17 budget. This comes amidst acute water and electricity shortages, which have contributed to the country's weakening economy.

Former BDP speaker defects to opposition

In a move that has shaken up local politics, a former cabinet minister and speaker of the **National Assembly** has left the ruling **Botswana Democratic Party (BDP)** to join the opposition. Dr **Margaret Nasha**, Botswana's first female speaker, tendered her resignation from the BDP on 24 January.¹ Nasha announced on public radio on 25 January that she had joined the **Umbrella for Democratic Change (UDC)** under the opposition **Botswana Movement for Democracy (BMD)**.² UDC secretary general **Ndaba Gaolathe** indicated that Nasha would play an advisory role for the UDC's top leadership and affiliates.³

Nasha was one of the BDP's longest serving and most influential members.⁴ Her stated reasons for leaving the BDP included President **Ian Khama's** (2008-present) open hostility towards her. Khama had reportedly instructed members of the BDP's parliamentary caucus not to re-elect her as speaker.⁵ She eventually lost the position to **Gladys Kokorwe** after the 2014 general election (see *ARC Briefing Botswana November 2014*).⁶

Nasha alleged that the wider BDP leadership had continuously accused her of supporting the opposition, leading to her isolation within the party.⁷ She also criticised Khama's dictatorial leadership style, saying it stifled internal debate and consultative

¹ Sunday Standard, 28 Jan 2016

² Mmegi, 25 Jan 2016

³ Sunday Standard, 28 Jan 2016

⁴ Mmegi, 26 Jan 2016

⁵ Sunday Standard, 3 Nov 2014

⁶ Mmegi, 26 Jan 2016

⁷ Mmegi, 26 Jan 2016

decision-making within the BDP.⁸ She highlighted her disillusionment with the BDP's policies under Khama, which she said have negatively affected the country's famed democratic system. She referred to Khama's recent dismissal of high court judges, which she argued had a devastating effect on one of Africa's most independent judiciaries.⁹

In their reaction to her departure, BDP leaders suggested Nasha's defection was not unexpected. BDP vice president and chairman **Mokgweetsi Masisi** said Nasha's defection was "*a mere formality*"¹⁰ since she had been a long standing critic of the party and had collaborated with opposition MPs during her stint as speaker. Nasha had been a specially elected MP when she was speaker of parliament, and did not contest the 2014 elections. However, Khama declared Nasha was "*power hungry*" and seeking to secure the presidency through defecting to the opposition.¹¹

*"Nasha's departure from the BDP was long overdue, since she frequently clashed with Khama and was one of the few senior party figures who could question his decisions. She particularly ruffled his feathers when she attempted to wrestle control of the parliament from the president in 2014, leading to her replacement with Kokorwe. The open hostility between her and Khama, especially since 2014, has made it difficult, if not impossible for the two to function within the same party."*¹²

Nasha's career in the public sector began in 1994. She served as the minister for lands and housing, local government and presidential affairs, and public administration.¹³ She worked under three administrations – **Ketumile Masire** (1980-1998), **Festus Mogae**, (1998-2008) and Khama – and served in the party's central committees.¹⁴

Her relationship with Khama and other BDP leaders was considerably fractured when she published a damning autobiography, "**Madam Speaker Sir: Breaking the Glass Ceiling**", in March 2014 (see *ARC Briefing Botswana March 2014*). Many party members regarded the book as exceptionally critical of the BDP in general and Khama in particular.¹⁵

*"Nasha's own political ambitions cannot be ignored. She has publicly stated that she aspires for the country's top office and feels that she is qualified for the job, through her educational qualifications and years of experience as a senior civil servant. She has also publicly accused Khama of not being an original **Motswana** because he was born in the **United Kingdom**, and alleged that the constitution was amended to allow him to qualify to run for office. Therefore, this defection is a clear case of political opportunism both on her part and the UDC's."*¹⁶

⁸ Mmegi, 16 Feb 2016

⁹ Sunday Standard, 28 Jan 2016

¹⁰ Sunday Standard, 28 Jan 2016

¹¹ Star Africa, 12 Feb 2016

¹² Source, analyst

¹³ Mmegi, 26 Jan 2016

¹⁴ Mmegi, 29 Jan 2016

¹⁵ Mmegi, 26 Jan 2016

¹⁶ Source, analyst

Nasha's defection has wider implications for both the BDP and the UDC. Given her long service and commitment to the BDP, her defection could motivate other BDP members to do the same.¹⁷

*"One can speculate that her undeniably high profile defection will motivate other disaffected BDP members to do so, although this may not necessarily deal a devastating blow to the BDP, which has split before [in 2009]."*¹⁸

In addition, her experience in high profile positions such as minister for presidential affairs and access to local and international networks will boost the UDC's standing and access to funding as well as other forms of support.¹⁹ This will challenge the BDP's chances of winning a decisive victory in the 2019 election. The BDP had a poor showing in the 2014 election where it only garnered 46,45% of the popular vote, compared to 53,26% in 2009 (see *ARC Briefing Botswana October 2014*).²⁰ However, Nasha's arrival in the UDC and appointment to a senior position may cause tension in the main opposition party. She will also have to work with her former opponents during her time in government, including UDC president **Duma Boko**.

Deficit budget for 2016/2017 ...

Finance and development planning minister **Kenneth Matambo** has presented a deficit budget for the next fiscal year. Matambo presented his budget statement to parliament on 1 February.²¹ The 2016/2017 budget will carry an estimated deficit of P6 billion (\$533m).²² This is due to expenditure exceeding P54 billion (\$4.8 billion), against revenues of approximately P48 billion (\$4.2 billion).²³ The deficit amounts to 3.8% of the country's gross domestic product (GDP). Matambo indicated that the government would fund the deficit through a combination of domestic and foreign loans, and drawing from government savings.²⁴

A projected decrease in mineral revenue and customs and excise receipts account for the government's lower projected revenue. The revised 2015/16 budget had estimated revenue at P51.76 billion (\$4.5 billion), while 2016/17 revenue is now estimated at P48.40 billion (\$4.2 billion).²⁵ The decrease is due to a projected fall of 6.9% in mineral revenue and 23.8% in customs and excise receipts.²⁶ The two revenue sources contribute the most to Botswana's annual income. Mining contributes 35.2%, while customs and excise receipts contribute 24.3%.²⁷ Customs and excise revenue is mainly drawn from the **Southern African Customs Union (SACU)** remittances. The SACU receipts are projected to drop in the 2016/17 fiscal year due to economic decline in the

¹⁷ Botswana-based political analyst **Anthony Morima** quoted in Botswana Guardian, 6 Feb 2016

¹⁸ Source, analyst

¹⁹ Anthony Morima quoted in Botswana Guardian, 6 Feb 2016

²⁰ News Ghana, 26 Jan 2016

²¹ Mmegi, 1 Feb 2016

²² Mmegi, 1 Feb 2016

²³ Daily News, 1 Feb 2016

²⁴ Daily News, 1 Feb 2016

²⁵ Mmegi, 1 Feb 2016

²⁶ Mmegi, 1 Feb 2016

²⁷ Mmegi, 1 Feb 2016

region. Matambo indicated that the regional economic growth rate has slowed down since last year, where it was pegged at 3.9% compared to 4.6% in 2014.²⁸

Other factors influencing the reduced revenue include low global diamond, copper, and nickel prices; reduced demand of goods and services from **China** due to a drop in its stock markets and overall economic slowdown; and a weak **South African** rand.²⁹ Internal challenges include the electricity and water shortage, which negatively affect local industrial production, mining and agriculture.³⁰

Matambo projects that a modest economic recovery will occur in 2016 and 2017. The finance minister forecasts that mining and non-mining sector recovery will drive economic growth to increase to 4.2% and 4.3% respectively.³¹ Mining is forecast to grow by 0.6% in 2016 and 0.7% in 2017, while the non-mining sector is expected to grow by 4.7% and 4.9% respectively.³² Matambo also noted that the government's main domestic policy initiative, the **Economic Stimulus Package (ESP)**, would influence the projected recovery through funding development projects in multiple economic sectors.³³

Further highlights of the budget statement include a commitment to address water and electricity shortages by allocating P3.34 billion (\$266m) to the minerals, energy and water resources ministry.³⁴ This will fund projects such as the **North South Carrier Scheme**. This entails the construction of an additional pipeline to supply the capital city, **Gaborone**, exploring possibilities of importing water from **Lesotho**. The ministry is also planning construction of a wastewater reclamation plant that will produce 3.9 million cubic metres of water per year.³⁵ The government has set up a centre for material sciences in partnership with the **Botswana Institute for Technology, Research and Innovation**. This will assist the government to develop new water purification and air filtration systems.³⁶ The government also allocated P1.35 billion (\$88m) for emergency power supply. It is refurbishing the **Morupule A** power station, which will add 132MW to the national grid, **North West Electricity** transmission grid and **Rankola** sub-station.³⁷ It has also begun a rural electrification programme to install solar power in schools and other facilities that fall beyond the national grid. The government has also piloted a low cost solar technology programme for street lighting in Gaborone, **Ghanzi**, and **Kgalagadi** districts, pending rollout in the rest of the country.³⁸

Matambo's budget statement promised that the government would provide employment for youths. It will achieve this through public works and infrastructural development, and ESP-funded diversification programmes. Specifically this entails a

²⁸ Mmegi, 1 Feb 2016

²⁹ Sunday Standard, 24 Jan 2016

³⁰ Botswana Guardian, 28 Jan 2016

³¹ Daily News, 1 Feb 2016

³² Daily News, 1 Feb 2016

³³ Daily News, 1 Feb 2016

³⁴ Mmegi, 1 Feb 2016

³⁵ Daily News, 1 Feb 2016

³⁶ Daily News, 1 Feb 2016

³⁷ Mmegi, 1 Feb 2016

³⁸ Daily News, 1 Feb 2016

P1.42 billion (\$88m) expansion of road networks by the ministry of transport and communications.³⁹

The government will also promote economic diversification through the **Economic Diversification Drive (EDD)**. The EDD requires all parastatals to prioritise the procurement of locally produced goods and services in addition to granting preferential pricing to local enterprises.⁴⁰ The government will also promote private sector development through three **Special Economic Zones**. The first zone will be a mixed-use site near **Sir Seretse Khama International Airport**, composed of diamond processing activities, auto components manufacturing, agro-processing, pharmaceuticals, and general manufacturing. A second zone will be the **Gaborone Fairgrounds'** financial services centre. The third will be the **Pandamatenga** integrated farming, agribusiness, and food processing centre.⁴¹

...as hefty military budget allocation attracts criticism

Opposition political parties and the business community in Botswana have condemned the government's allocation of the highest share of the 2016/17 budget to the ministry of defence, justice and security.⁴² Finance minister Matambo indicated that the defence ministry would receive 24% of the total annual budget, amounting to P3.59 billion (\$355m) – the highest share allocated to a single ministry.⁴³ Matambo stated that the security sector will use the funds to procure equipment, build infrastructure and boost its capabilities overall. In a press statement, UDC president Duma Boko said that the BDP-led government's spending on expensive military equipment was unnecessary, especially for a country that is neither at war nor anticipating any war.⁴⁴ Boko also accused President Khama of corruption. Khama's brothers **Anthony and Tshekedi Khama** are reportedly directors of an arms trading company, **Seleka Springs**. The company has facilitated deals between foreign arms companies and the **Botswana Defence Forces (BDF)** since 1989.⁴⁵

Business Botswana, an umbrella organisation that represents the private sector in the country, also expressed its reservations about the military expenditure. It argued that the government's investment in military spending had no significant return for the economy.⁴⁶ Instead, Business Botswana said that the government ought to prioritise addressing the acute power and water shortages through working with the private sector in public-private partnerships (PPPs) that will create more opportunities for the private sector to participate in the economy.⁴⁷ The BDF has reportedly been conducting negotiations with **France**-based **MBDA Missile Systems** to procure the **Mistral** air defence systems and a **VL Mirca** missile air defence system.⁴⁸ However, BDP legislator **Buti Billy** indicated that the budget allocation was necessary because the army needed

³⁹ Mmegi, 1 Feb 2016

⁴⁰ Mmegi, 1 Feb 2016

⁴¹ Mmegi, 1 Feb 2016

⁴² The Patriot, 8 Feb 2016

⁴³ Sunday Standard, 1 Feb 2016

⁴⁴ The Patriot, 8 Feb 2016

⁴⁵ The Patriot, 8 Feb 2016

⁴⁶ Star Africa, 3 Feb 2016

⁴⁷ Mmegi, 5 Feb 2016

⁴⁸ Sunday Standard, 1 Feb 2016

to replace its outdated equipment.⁴⁹ He also noted that the funds would address the lack of accommodation, dilapidated offices, lack of transportation for all security offices, upgrade of police stations and staff houses throughout the country.⁵⁰

Implications

Margaret Nasha's defection to the opposition is a notable development that will influence local politics as parties prepare for the 2019 elections. It gives the opposition legitimacy and momentum, since Nasha has local and international standing as a reputable and seasoned politician and the country's first female speaker of parliament. There is potential for her appointment to cause some disquiet in the opposition, especially given her expression of interest in the presidency.

The 2016/2017 budget statement reflects the effects of the continuing global economic slowdown and domestic problems, particularly water and electricity shortages. The Economic Stimulus Package is a prudent step and will potentially function as a short-term cushion to the economic slowdown. The government nevertheless needs to intensify efforts to stimulate the economy through more public private partnerships.

The military budget reflects poor policy. Although replacing military equipment is necessary, it is difficult to justify such expenditure during a period of economic decline. The magnitude of the expenditure is staggering, relative to the country's most pressing issues, particularly water and energy generation. This reflects the influence of President Khama's military background on the dominant military-economic complex.

⁴⁹ Daily News, 11 Feb 2016

⁵⁰ Daily News, 11 Feb 2016

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