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Botswana Summary 21 July 2018

Supporters of former president Ian Khama (2008-2018) reportedly seek to oust his successor, President Mokgweetsi Masisi (2018-present), because of several actions Masisi has taken since becoming president in April. This includes prohibiting former President Khama from flying military aircraft, and drastically reducing his security detail. The nationality, immigration and gender affairs ministry announces plans to ease the application process for work and residence permits, in a bid to improve the business operating environment and attract foreign investors to Botswana. Botswana's largest diamond mining and sales company, De Beers, announces increased global diamond sales in the second quarter. United States-based power generation company GE Power signs a contract with the Botswana Power Corporation (BPC) to establish a Supervisory Control and Data Acquisition (SCADA)/Energy Management System (EMS) in Botswana.

BDP in disarray as President Masisi faces ouster

Supporters of former president **Ian Khama** (2008-2018) are reportedly planning to oust President **Mokgweetsi Masisi** (2018-present) because of his actions towards Khama, according to media reports on 8 July.¹ This is likely to destabilise the ruling **Botswana Democratic Party (BDP)** ahead of the national elections in 2019.² A group of BDP officials loyal to Khama, which includes sitting cabinet ministers, are reportedly concerned that President Masisi has been disrespectful of Khama.³ Offending actions reportedly include an official directive to stop Khama from flying government aircraft, dismissal of Khama ally and former director of the **Directorate of Intelligence and Security (DIS)**, **Isaac Kgosi**, and reduction of Khama's security detail.⁴

"Masisi's actions have caused great concern among pro-Khama supporters, and this will throw the party into disarray in the run up to the election, and the opposition will take full advantage of this disunity. Masisi served Khama faithfully as vice president (2014-2018), but his desire to immediately assert authority once he came into office has incited pro-Khama BDP members who do not feel secure working within Masisi's regime."⁵

Khama is the paramount chief of the **Bangwato** tribe and has considerable influence in **Botswana's** central district.⁶ The Bangwato constitute the biggest voting bloc in Botswana, and any impression of Khama's persecution could split the BDP vote in the 2019 election.⁷

"Masisi's moves to assert authority are premature and a miscalculation as far as the

¹ Sunday Standard, 8 Jul 2018.

² Sunday Standard, 8 Jul 2018.

³ Sunday Standard, 8 Jul 2018.

⁴ Sunday Standard, 8 Jul 2018.

⁵ Source, analyst, London

⁶ Sunday Standard, 8 Jul 2018.

⁷ Sunday Standard, 8 Jul 2018

*BDP's electoral chances next year are concerned. He has not been voted into power yet, but is just a transitional president, with no actual electoral mandate. Although several reforms needed to be made after Khama's departure from office, Masisi should have implemented them gradually, and mainly after the 2019 election, to avoid rattling and/or alienating the pro-Khama faction within government and the party."*⁸

Masisi called an emergency meeting on 9 July to discuss the internal differences in the party, as information emerged that members of his cabinet were working with opposition **Umbrella for Democratic Change (UDC)** leader **Duma Boko** to pass a vote of no confidence against Masisi.⁹ Agricultural development and food security minister **Patrick Ralotsia**, BDP chief whip **Liakat Kablay**, and former **Botswana Defence Forces (BDF)** commander lieutenant general **Tebogo Masire** reportedly asked Masisi to meet with Khama to resolve their differences.¹⁰

*"They must face each other [in person], and the president has agreed with the suggestion. He says he believes in dialogue, he [indicated] that there is no [bad blood] between them, [so] they will talk... It is for the good of the party. Whether they have [bad blood] or not, the meeting will restore confidence to the BDP members... [As leaders, the] quarrel between them [will affect] the general membership."*¹¹

Masisi also reportedly indicated during the meeting that he had received intelligence concerning plans to oust him, and warned those orchestrating the plans, mainly cabinet ministers, to desist from trying to unseat him.¹² He requested that anyone who felt aggrieved by his style of leadership engage in dialogue with him.¹³

*"I believe in dialogue; those who are not happy with my style can come and tell me, there is no problem with that. Even if you are a minister and you feel we do not share the same vision, you let me know, not here in this meeting, but in a private setting, and I will definitely remove you from cabinet. This will be done primarily for the interest of Batswana who need our services."*¹⁴

Since coming into power, Masisi has sought to establish his authority, and independence from Khama. Some of the actions he has taken in this regard account for the increased opposition he faces from within the BDP.¹⁵ Masisi also reportedly pledged to support Khama for the position of party chairman after his departure from office, but Masisi reneged on the promise once he came into office.¹⁶ Given the current situation, the BDP is likely to enter the 2019 election with both a divided party executive and electorate, and this may potentially reduce its seats in parliament, or even cost the party the presidency.

⁸ Source, analyst, London

⁹ Southern Times, 16 Jul 2018.

¹⁰ Weekend Post, 18 Jul 2018.

¹¹ Anonymous BDP source, quoted in Weekend Post, 18 Jul 2018.

¹² Weekend Post, 18 Jul 2018.

¹³ Weekend Post, 18 Jul 2018.

¹⁴ President Masisi, quoted in Weekend Post, 18 Jul 2018.

¹⁵ Sunday Standard, 8 Jul 2018.

¹⁶ Sunday Standard, 8 Jul 2018.

Botswana relaxes visa regime

The nationality, immigration and gender affairs ministry announced on 3 July that it will relax the processes for applying for work and residency permits.¹⁷ This will improve the ease of doing business in Botswana, which has had a long-standing reputation for rejecting and delaying work and residency permit applications, and a generally hostile disposition towards expatriate workers.¹⁸ This took root during Khama's presidency when the government also conducted arbitrary deportations.¹⁹ In his first official address on 1 April, President Masisi pledged to improve Botswana's business operating environment, including reviewing the visa regulations.²⁰ Masisi also promised to personally review cases of individuals whom the government classified as prohibited immigrants for various reasons.²¹

*"We have identified impediments to delays in the issuance of visas as well as work and residence permits, hence the decision to let embassies deal directly with visas. The Botswana government is also considering issuing visas at points of entry, to facilitate the free movement of people across borders to promote trade, tourism and relations with other countries."*²²

The immigration ministry indicated it would issue entry visas at the same time as work and residence permits.²³ Previously, the ministry would issue work and residence permits first, and only then would applicants submit visa applications, which delayed their intended travel considerably.²⁴ The process also discouraged investors from doing business in Botswana, and the country ranked poorly in ease of doing business indicators as a result. It declined from 21st place out of 190 countries, to 81st in the **World Bank's 2017 Ease of Doing Business** rankings.²⁵ Botswana has traditionally depended on diamond exports, requiring substantial levels of foreign investment to diversify its economy.²⁶ The improvements in the visa regime are likely to make investment in Botswana more attractive, thus improving potential for economic growth.

De Beers reports increased global diamond sales

Botswana's largest diamond mining company, United Kingdom-based **De Beers**, reported on 19 July that its sales volume and production increased sharply in the second quarter because of increased global diamond demand.²⁷ This will have a positive impact on Botswana's economy, which largely depends on diamond revenue.²⁸ De Beers reported that sales increased 69% to 10 million carats during the three months ending 30 June, from 5.69 million carats in 2017.²⁹ De Beers' average selling price increased by 4% to \$162 per carat in the first half of the year, reflecting a 1.6% year-on-year increase in the company's rough price index.³⁰ De Beers' production increased 3% to 9 million carats in the second quarter of 2018, and

¹⁷ Xinhua, 4 Jul 2018.

¹⁸ Xinhua, 4 Jul 2018.

¹⁹ Southern Times, 9 Jul 2018.

²⁰ Xinhua, 4 Jul 2018.

²¹ Xinhua, 4 Jul 2018.

²² Nationality, immigration, and gender affairs minister Dorcas Makgato quoted in Southern Times, 9 Jul 2018.

²³ Xinhua, 4 Jul 2018.

²⁴ Xinhua, 4 Jul 2018.

²⁵ Southern Times, 9 Jul 2018.

²⁶ Source, analyst, London

²⁷ Rapaport, 19 Jul 2018.

²⁸ Rapaport, 19 Jul 2018.

²⁹ Rapaport, 19 Jul 2018.

³⁰ Rapaport, 19 Jul 2018.

increased by 8% to 17.5 million carats for the half year, as De Beers increased production to meet rising demand.³¹

Debswana Limited, De Beers' 50-50 joint venture with the government of Botswana, also increased production by 6% to 6.3 million carats for the second quarter, in response to the favourable market conditions.³² De Beers' diamond projects in the rest of **Africa** and beyond demonstrated a similar trend, ramping up production to meet growing demand. This includes its operations in **Canada**, where it increased output by 17% to 1.2 million carats as the **Gahcho Kue** mine commenced production, and in **Namibia**, where it increased production by 32% to 515,000 carats.³³ De Beers has maintained its production forecast for 2018 of 34-36 million carats, which is higher than the 2017 figure of 33.5 million.³⁴

The increased diamond sales are good news for Botswana's diamond industry, which had experienced depressed demand and low prices since 2014.³⁵ This prompted the government to intensify strategies for diversifying from diamonds, and mining in general.³⁶ Despite this upsurge in demand, Botswana's economy will still require multiple sources for export revenue to maintain strength.³⁷ This is mainly because of the current glut of jewel-quality diamonds. Mined diamonds also face competition from the synthetic diamonds industry, which De Beers has recently joined (see *ARC Briefing Botswana June 2018*).

General Electric signs power generation contract with BPC

Botswana's national power utility, **Botswana Power Corporation (BPC)**, has signed a contract with **United States**-based power generation and management company **GE Power**, a subsidiary of **General Electric**, to develop an energy management system, according to media reports on 10 July.³⁸ This will upgrade Botswana's power management infrastructure and improve service delivery.³⁹ GE Power will develop the energy management system at the principal grid control centres at the BPC headquarters in **Gaborone**, and a backup control centre in **Francistown**.⁴⁰ The contract includes the design, supply, installation, testing and commissioning of the **Supervisory Control and Data Acquisition (SCADA)/Energy Management System (EMS)** at the BPC's principal control centres.⁴¹ BPC chief executive officer **Stefan Schwarzfisher** said once the project is complete, BPC will benefit from a single platform for both Gaborone and Francistown. The platform will improve customer service by leveraging the existing customer call system, reducing downtime, improving revenue collection.⁴²

BPC has been working on the digital transformation of its grid network to improve consumer access to electricity, which currently reaches 70% of the population.⁴³ The government is working to diversify the economy away from mining; expanding other industrial activity will

³¹ Rapaport, 19 Jul 2018.

³² Rapaport, 19 Jul 2018.

³³ Rapaport, 19 Jul 2018.

³⁴ Rapaport, 19 Jul 2018.

³⁵ Source, analyst, London

³⁶ Source, analyst, London

³⁷ Source, analyst, London

³⁸ African Review, 10 Jul 2018.

³⁹ African Review, 10 Jul 2018.

⁴⁰ African Review, 10 Jul 2018.

⁴¹ IT News Africa, 9 Jul 2018.

⁴² African Review, 10 Jul 2018.

⁴³ African Review, 10 Jul 2018.

increase power demand.⁴⁴ The modernisation of Botswana's power management system will assist the BPC and government to accurately assess the country's power demands and make necessary adjustments.

Planner

30 Oct-2 Nov 2018 **(Botswana)** Global Expo Botswana;
 5 Nov 2018 **(Botswana)** International Data Week;
 2019 **(Botswana)** Scheduled general elections;
 10 Sept 2019. **Gaborone (Botswana)** Electra Mining Botswana event;

Chronology

13 Jul 2018 **Gaborone (Botswana)** *Global Times*. International affairs minister **Unity Dow** meets **China's** vice president, **Wang Qishan**;

11 Jul 2018 **(Botswana)** *Mining Weekly*. **Ireland**-based **Botswana Diamonds** announces the discovery of significant quantities of kimberlitic indicator minerals (KIMs) at the **Sunland Minerals** joint venture site;

10 Jul 2018 **(Botswana)** *Mining Weekly*. **Australia**-based **Metal Tiger** announces it has commenced a copper and gold exploration programme in the **Kalahari** copperbelt;

9 Jul 2018 **(Botswana)** *Mining Weekly*. **Australia**-based **MOD Resources** finds potentially commercially viable copper mineralisation within the **A4 Dome Complex** in **Botswana**;

8 Jul 2018 **(Botswana)** *Sunday Standard*. President **Mokgweetsi Masisi** faces an internal revolt from supporters of former president **Ian Khama** over his reportedly disrespectful treatment of the former president;

9 Jul 2018 **Gaborone (Botswana)** *IT News Africa*. **United States**-based **GE Power** signs a contract with the **Botswana Power Corporation** to establish a **Supervisory Control and Data Acquisition (SCADA)/Energy Management System (EMS)** in **Botswana**;

6 Jul 2018 **Gaborone (Botswana)** *The Voice*. Statistician general **Burton Mnguni** announces that Botswana's economy grew by 4.8% in the first quarter of 2018, compared to a 0.9% increase recorded in the first quarter of 2017;

3 Jul 2018. **Gaborone (Botswana)** *Xinhua*. Nationality, immigration and gender affairs ministry announces the relaxation of the process for work and residence permit applications;

29 Jun 2018. **Gaborone (Botswana)** *The Voice*. Botswana hosts the 6th **Southern African Customs Union (SACU) Summit**;

⁴⁴ Source, analyst, London

About Africa Risk Consulting:

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