

## AFRICA RISK CONSULTING

### Botswana Monthly Briefing August 2018

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#### Botswana Summary 24 August 2018

*Botswana's former president, Ian Khama (2008-2018), travels to the United States (US) without notifying the office of the president, giving rise to security concerns. Khama confirms the breakdown in relations between him and President Mokgweetsi Masisi (2018-present). Masisi orders a media blackout on all news involving Khama. Government spokesman Jeff Ramsay announces that Botswana aims to mend relations with China. Masisi's planned visit to China in September will be the first visit by Botswana's head of state in twelve years. The International Monetary Fund (IMF) advises Botswana to wean its economy off diamonds, despite the currently favorable outlook on the global diamond market.*

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#### Khama's rift with Masisi deepens

Former president **Ian Khama** (2008-2018) travelled out of **Botswana** to attend a **Conservation International** meeting in the **United States (US)** on 30 July without notifying the office of President **Mokgweetsi Masisi** (2018-present). The failure to notify the Botswana presidency meant that Khama did not receive sufficient protocol arrangements and the security that the Botswana government accords to all former heads of state.<sup>1</sup> Permanent secretary to the president **Carter Morupisi** explained the implications:

*"This practice has been put in place to ensure that adequate courtesies, including protocol arrangements, are extended to facilitate the movements of our former presidents when they are outside of the country; the law entitles them to a maximum of four state-funded international trips per annum."<sup>2</sup>*

Khama's actions became the latest indicator of the worsening relations between him and Masisi.<sup>3</sup> Khama admitted to the media on 3 August that his relations with his chosen successor, Masisi, were not cordial.<sup>4</sup> Khama expressed surprise at Masisi's attitude, saying he does not want the "frosty relations" between the two of them "getting out of hand".<sup>5</sup>

The office of the president reportedly issued a directive on 13 August to state media, including **The Daily News** newspaper, **Radio Botswana** and **Botswana Television (BTV)**, to cease reporting any stories involving Khama.<sup>6</sup> State media subsequently informed all independent media partners who supply content to comply with the directive, or risk having their material rejected.<sup>7</sup> Morupisi stated that state media do not give former presidents priority:

*"We are focused on delivering government material to Botswana. We give priority to those who push government initiatives like [the] President, his vice-president, and ministers. We are not going to give him [Khama] airtime because both BTV and Radio*

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<sup>1</sup> Journal du Cameroun, 30 Jul 2018.

<sup>2</sup> Journal du Cameroun, 30 Jul 2018.

<sup>3</sup> Journal du Cameroun, 30 Jul 2018.

<sup>4</sup> Journal du Cameroun, 3 Aug 2018.

<sup>5</sup> Mmegi, 10 Aug 2018.

<sup>6</sup> Weekend Post, 13 Aug 2018.

<sup>7</sup> Weekend Post, 13 Aug 2018.

*Botswana are pushing [government initiatives] and what is he pushing? He is no longer of any significance to the government so we will not [give him coverage].”<sup>8</sup>*

The media blackout appears to be part of Masisi’s strategy to destroy Khama’s charismatic image, relegating him to obscurity and establishing his own administration:

*“Masisi seeks to build his own political regime separate from Khama’s, and this explains some of the decisions that he has made as far as Khama is concerned. However, the extent of Masisi’s measures to undermine Khama’s political clout betrays an unusual virulence. There is a possibility that Khama may have had an informal understanding with Masisi, whereby the latter would allow him to have a relatively active presence in public life, and access to favours from government, such as access to aircraft. Masisi appears to have felt threatened by Khama’s plans, and has sought to destroy his political clout instead, for his own political safety.”<sup>9</sup>*

Khama may have hoped to solicit media coverage from opposition newspapers to publicise the charitable initiatives he has undertaken since leaving office.<sup>10</sup> These include donating houses to the underprivileged through the **National Housing Appeal** and the **Lady Khama Foundation**, of which he is patron.<sup>11</sup> However in retaliation for Khama’s actions to curb media freedom while president, private media outlets may now refuse to cover stories involving him.

In a further embarrassment for Khama, Masisi instructed the **Debswana Diamond Company Ltd**, a 50:50 joint venture between the Botswana government and **United Kingdom-headquartered De Beers**, to bar Khama from travelling on its aircraft on 30 July.<sup>12</sup> Khama was scheduled to attend an event in the **Orapa** area on 4 August and had requested transport in the Debswana jet that flies between **Gaborone** and Orapa twice a week.<sup>13</sup> Debswana managing director **Balisi Bonyongo** informed Khama that Morupisi had issued a directive barring Debswana from allowing Khama on its jet.<sup>14</sup> Morupisi justified the directive, saying that it is against protocol for former presidents to make direct requests to private companies, indicating that Khama ought to have informed the office of the president of his plans to travel to Orapa instead.<sup>15</sup>

The political divisions between Khama and Masisi increase the likelihood of a hotly contested general election in 2019.<sup>16</sup> Khama’s supporters will seek to undermine Masisi’s chances of being elected as the substantive head of state.<sup>17</sup> This includes supporters of the ruling **Botswana Democratic Party (BDP)** voting for the opposition, instead of Masisi, out of spite.<sup>18</sup> Masisi’s attitudes towards Khama also suggest the presence of an anti-Khama coalition within the ruling BDP that seeks to drastically reduce Khama’s influence and shift from the Khama family’s dynastic politics to establish its own regime and legacy. However, Masisi is not likely to shift from the pro-business and pro-democracy approach that

<sup>8</sup> Botswana’s permanent secretary to the president, Carter Morupisi quoted in Weekend Post, 13 Aug 2018.

<sup>9</sup> Source, analyst, London

<sup>10</sup> Source, analyst, London

<sup>11</sup> Weekend Post, 13 Aug 2018.

<sup>12</sup> Botswana Gazette, 2 Aug 2018.

<sup>13</sup> Botswana Gazette, 2 Aug 2018.

<sup>14</sup> Botswana Gazette, 2 Aug 2018.

<sup>15</sup> Botswana Gazette, 2 Aug 2018.

<sup>16</sup> Source, analyst, London

<sup>17</sup> Source, analyst, London

<sup>18</sup> Source, analyst, London

Botswana's presidents have embraced since independence.

### Botswana seeks rapprochement with China

The Botswana government is seeking to mend relations with **China**, which soured under Khama's tenure.<sup>19</sup> Government spokesman **Jeff Ramsay** said on 7 August that President Masisi would lead Botswana's delegation to the **Forum on China-Africa Cooperation (FOCAC)** summit in September.<sup>20</sup> Masisi will become the first president of Botswana to visit China in 12 years.<sup>21</sup> Masisi seeks to pursue a domestic and foreign policy agenda different from that of Khama, who often criticised China's policies towards Botswana and other **African** countries.<sup>22</sup> Botswana and China signed two memoranda of understanding (MOUs) on trade and investment during the **Botswana-China Business Forum** on 23 July.<sup>23</sup>

Khama had a poor relationship with China and did not visit the country during his time in office.<sup>24</sup> He criticised the poor quality of Chinese goods and construction in Botswana, as well as the Chinese government's pressure on countries to refuse the **Tibetan** spiritual leader, the **Dalai Lama**, travel visas (see previous *ARC Briefing* for Botswana).<sup>25</sup> Khama granted the Dalai Lama a visa to travel to Botswana in August 2017, which resulted in a diplomatic fallout with China.<sup>26</sup> The Dalai Lama cancelled his trip citing exhaustion, but Khama indicated that he would be free to visit Botswana once he recovered:<sup>27</sup>

*"We allowed him because the Dalai Lama has not done our country any harm, and China's enemies are not Botswana's enemies... China spoke to us, they spoke to anybody under the sun to try to undermine this government, undermine cabinet."*<sup>28</sup>

China is one of Botswana's leading trade and investment partners.<sup>29</sup> China imports approximately 300m Botswana pula (\$28m) worth of diamonds from Botswana each year.<sup>30</sup> Botswana imports goods from China worth 2 billion pula (\$188m) annually, which includes mainly electrical equipment, clothing, textiles and mechanical supplies.<sup>31</sup> Botswana also stands to benefit from Chinese demand for its coal.<sup>32</sup> China is the world's largest coal importer, consuming 49% of global coal production.<sup>33</sup> Rapprochement with China is likely to increase the flow of investment into Botswana.

### IMF advises Botswana to wean its economy off diamonds

During a courtesy visit to President Masisi on 26 July, **International Monetary Fund (IMF)** deputy managing director **Tao Zhang** advised the Botswana government to reduce its dependence on diamonds.<sup>34</sup> Zhang said that Botswana needs to develop a new growth model

<sup>19</sup> Journal du Cameroun, 25 Jul 2018.

<sup>20</sup> Xinhua, 7 Aug 2018.

<sup>21</sup> Xinhua, 7 Aug 2018.

<sup>22</sup> Journal du Cameroun, 25 Jul 2018.

<sup>23</sup> Southern Times, 30 Jul 2018.

<sup>24</sup> Journal du Cameroun, 25 Jul 2018.

<sup>25</sup> Journal du Cameroun, 25 Jul 2018.

<sup>26</sup> Botswana Guardian, 21 Aug 2017.

<sup>27</sup> Botswana Guardian, 21 Aug 2017.

<sup>28</sup> Former president of Botswana, Ian Khama quoted in Botswana Guardian, 21 Aug 2017.

<sup>29</sup> Weekend Post, 31 Jul 2018.

<sup>30</sup> Weekend Post, 31 Jul 2018.

<sup>31</sup> Weekend Post, 31 Jul 2018.

<sup>32</sup> Weekend Post, 31 Jul 2018.

<sup>33</sup> Weekend Post, 31 Jul 2018.

<sup>34</sup> Journal du Cameroun, 26 Jul 2018.

in which the private sector takes the lead to avoid the harmful consequences of reduced global demand for diamonds.<sup>35</sup> The IMF's recommendation ironically comes amid relatively favourable gains in the global diamond market since the beginning of 2018.<sup>36</sup>

Botswana-based diamond companies have experienced mixed fortunes in the first half of 2018.<sup>37</sup> Botswana government-owned **Okavango Diamond Company (ODC)** reported on 15 August that its sales had fallen 16% in the first six months of 2018.<sup>38</sup> ODC's managing director, **Marcus te Haar**, said that the company sold 1.778m carats in the first half of 2018, compared to 1.808m carats in the same period in 2017.<sup>39</sup> However, te Haar attributed the figures to a higher comparison base against the 2017 record growth, and said that sales may not increase substantially for the rest of 2018:

*"A favourable rough diamond market over this period has meant ODC has generated healthy sales for the first half of 2018 despite not being able to offer larger volumes to our customers compared to the same period in 2017... Current indications suggest that a seasonal slowdown in the diamond market has now begun which will have somewhat of a dampening effect on the promising first half."<sup>40</sup>*

ODC holds ten diamond auction sales each year, and sells 15% of Debswana's production as Botswana develops its own price book through an independent window aside from De Beers' sale channels, to measure market performance.<sup>41</sup> Demand from the US and the **Far East** has largely driven ODC's sales from the beginning of 2018 to June.<sup>42</sup> Although the diamond market is performing relatively well in 2018, the IMF's warning indicates the limited viability of the diamond sector as the main contributor to Botswana's gross domestic product (GDP).<sup>43</sup>

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<sup>35</sup> Journal du Cameroun, 26 Jul 2018.

<sup>36</sup> Mining Weekly, 15 Aug 2018.

<sup>37</sup> Mining Weekly, 15 Aug 2018.

<sup>38</sup> Mining Weekly, 15 Aug 2018.

<sup>39</sup> Mining Weekly, 15 Aug 2018.

<sup>40</sup> Mining Weekly, 15 Aug 2018.

<sup>41</sup> Mining Weekly, 15 Aug 2018.

<sup>42</sup> Mining Weekly, 15 Aug 2018.

<sup>43</sup> Mining Weekly, 15 Aug 2018.

## Planner

22 Oct 2018 **(Botswana) Bank of Botswana Monetary Policy Committee** meeting  
 30 Oct-2 Nov 2018 **(Botswana) Global Expo Botswana**;  
 5 Nov 2018 **(Botswana) International Data Week**;  
 4 Dec 2018 **(Botswana) Bank of Botswana Monetary Policy Committee** meeting  
 2019 **(Botswana) Scheduled general elections**;  
 10 Sept 2019. **(Botswana) Electra Mining Botswana event**;

## Chronology

15 Aug 2018. **Gaborone (Botswana) Kitco News**. State-owned **Okavango Diamond Company (ODC)** reports its diamond sales have dropped 16% in the first half of 2018;  
 8 Aug 2018. **Gaborone (Botswana) Xinhua**. The **Botswana Stock Exchange** fully demutualises after converting from a mutual exchange to a public company;  
 7 Aug 2018. **Gaborone (Botswana) Xinhua**. Government spokesman **Jeff Ramsay** announces that the government plans to re-establish cordial relations with **China**;  
 3 Aug 2018. **Gaborone (Botswana) Journal du Cameroun**. Former president **Ian Khama** reports deteriorating relations with his successor, President **Mokgweetsi Masisi**;  
 1 Aug 2018. **Gaborone (Botswana) Journal du Cameroun**. President **Mokgweetsi Masisi** instructs **Debswana Diamond Company Ltd** not to provide former president **Ian Khama** with a flight on the company jet;  
 31 Jul 2018. **Gaborone (Botswana) Proactive Investors**. **Kavango Resources** raises approximately \$2m for Botswana-based mining projects;  
 30 Jul 2018. **(Botswana) Journal du Cameroun**. Former president **Ian Khama** breaks with protocol by travelling to the **United States** without prior notification to the office of the president;  
 27 Jul 2018. **(Botswana) Proactive Investor**. **London**-listed coal-to-power energy company, **Tlou Energy** will re-tender for the proposed development of 100mw coal bed methane-fuelled power plants;  
 26 Jul 2018 **Gaborone (Botswana) Journal du Cameroun**. **International Monetary Fund (IMF)** deputy director **Tao Zhang** advises President **Mokgweetsi Masisi** to wean Botswana's economy off diamonds to make it less vulnerable;  
 27 Jul 2018. **Gaborone (Botswana) Journal du Cameroun**. President **Mokgweetsi Masisi** says he will seek to secure loans for infrastructure development during his visit to **China** in September;

### About Africa Risk Consulting:

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