

## AFRICA RISK CONSULTING

### Botswana Monthly Briefing October 2019

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#### Botswana Summary 14 October 2019

*Botswana's diaspora population votes in the first phase of the highly contested 23 October general elections. Whether the elections spell the end of the ruling Botswana Democratic Party's five-decade reign or the influence of former president Ian Khama (2008-2018), democracy will be the winner. Nine rhinos have been poached in Botswana since April, an unprecedented rate that could see the animal wiped out in the country by 2021. Botswana and eight other countries join the United States (US) Energy Resource Governance Initiative that aims to reduce US reliance on Chinese high-tech minerals. The initiative shows that while the US-China trade war is causing global instability, it is also creating opportunities – particularly in Africa.*

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#### Botswana braces for high-stakes election

The **Independent Electoral Commission** confirmed on 13 October that **Botswanan** citizens living in the diaspora have voted in the first phase of the highly contested 23 October general elections.<sup>1</sup> The ruling **Botswana Democratic Party (BDP)** has never been less secure about election victory in its five-decade reign since independence. Local analysts and commentators believe the election is too close to call, which is why both sides that stand a realistic chance of winning are fighting tooth and nail. Either outcome could be viewed as a strength of the country's highly regarded democracy: a BDP victory would signal the end of former president **Ian Khama's** (2008-2018) hegemony and an **Umbrella for Democratic Change (UDC)** victory would be the country's first change of ruling party.

In-play in the coming elections are 57 seats in the **National Assembly** and 490 posts in local government. In Botswana's 'First-Past-the-Post' electoral system, the leader of the party that wins most seats in parliament will become president. The BDP has seen its popularity fading in recent years with its share of the popular vote declining to 57% and 53% in the 2004 and 2009 elections respectively. The last election in 2014 was closer than ever before. The opposition won 53.6% of the popular vote, but the BDP retained power because of the electoral system with 37 of the 57 parliamentary constituencies. It was the first time since independence that the BDP lost the popular vote.

A political analyst at the **University of Botswana** says it will be the tightest vote ever but believes that the worst-case scenario for the BDP would be the loss of another three members of parliament (MPs), which would take their seat count to 30 out of 57, keeping them in power.<sup>2</sup> The analyst notes that although there are still some disgruntled MPs within the BDP who feel sidelined since President **Mokgweetsi Masisi** (2018-present) took over, they are unlikely to cross the floor or defect before the elections, as they stand a better chance of winning within the BDP than outside it.

The BDP's incumbency advantage has enabled it to use state resources to access remote areas of the country and to conduct an expansive social media campaign, which opposition parties can't match. Masisi is currently using the public coffers to travel the length and breadth of the country. Opposition parties accuse Masisi of using public meetings disguised as consultation through the **Kgotla system**<sup>3</sup> as part of his election campaign, which is prohibited by law.

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<sup>1</sup> Mmegi, 13 Oct 2019

<sup>2</sup> Africa Confidential, 11 Oct 2019

<sup>3</sup> A traditional law court of a Botswana village

Masisi on 10 October refused to meet for a live presidential debate scheduled for the following day, reportedly due to pre-arranged government business even though in June he had told a BDP rally that he was ready for a presidential debate with opposition leaders.<sup>4</sup> Masisi was expected to face the leader of the opposition coalition UDC, **Duma Boko, Alliance for Progressives** leader **Ndaba Gaolathe**, **Botswana Movement for Democracy** leader **Sidney Pilane**, and **Botswana Patriotic Front (BPF)** leader **Biggie Butale**. Some commentators believe Masisi withdrew from the debate because he would have been heavily challenged on the poor state of the economy, which Boko is using as strength for his campaign.

Boko's campaign slogan is "*decent jobs, decent lives*". Unemployment figures are steadily increasing, with youth unemployment currently at more than 20%. Boko promises to create 100,000 jobs, to quadruple pensions to 1,500 Botswana pula (P) (\$136) per month, to raise the minimum wage from less than \$100 to \$300 a month, and to increase student allowances by 56% from P1,600 (\$145) to P2,500 (\$226). Boko slams the government for lacking vision and a coherent policy programme, accusing Masisi of,

*"calculated ambiguity on key issues and artful procrastination on pressing decisions. His government is at an impasse, transfixed and paralysed into terminal passivity."*<sup>5</sup>

Boko also promises to diversify the country's economy away from its heavy reliance on mineral revenues, particularly diamonds. Boko plans to do this by focusing the economy more on the private sector and enact reforms that improve the business environment with fast internet and electricity. The **Bank of Botswana's** (central bank) quarterly business expectations survey released on 11 October indicates that the level of optimism amongst local firms went down in the third quarter of this year.<sup>6</sup> Finance minister deputy-secretary **Kelapile Ndobano** said on 8 October that the economy is expected to grow at a slower pace this year compared to last year, at 4.3% in 2019 from 4.5% last year.<sup>7</sup> The economy is expected to grow by 4.6% in 2020. The minister also expects the 2019-2020 budget to incur a \$705m deficit, up from the \$660m forecast in February. The growth slowdown is primarily due to a slump in rough diamond sales, which fell 16% in the second quarter of 2019. These latest economic figures will give strength to the UDC's campaign.

While the UDC campaign doesn't benefit from state resources like that of the ruling BDP, it has secured sponsors in **South Africa** who have provided it with an aircraft and buses so that Boko and his team can reach rural communities. The campaign is also boosted by the reputation and resources of the Khama family, and some of their business friends in the region. Khama had a bitter fall-out with his former deputy Masisi after he took office last year and subsequently formed the BPF, which has since declared its allegiance to the UDC.

### Surge in rhinoceros poaching

The environment, natural resources, conservation and tourism ministry sent out a rare announcement on 4 October saying two rhinos were poached in the **Okavango Delta** that week and nine rhinos have been poached altogether since April, an unprecedented rate that could see rhinos wiped out in the country by 2021.<sup>8</sup> Between 2007 and 2017 only six rhinos were killed for their horns in Botswana. In 2018, twelve rhinos were poached in the country. What has caused this trend? Opposition parties and conservation groups blame the government for not only failing to address the issue but also contributing to it.

Part of the problem is a result of recent policy changes. Botswana has historically held a tough stance on poaching, often reported as an 'unwritten shoot to kill policy' – for which it received international praise. In May, the government lifted a ban on wildlife hunting, but not rhinos, and withdrew heavy

<sup>4</sup> Mmegi, 10 Oct 2019

<sup>5</sup> African Business, 4 Oct 2019

<sup>6</sup> Mmegi, 11 Oct 2019

<sup>7</sup> CNBC, 8 Oct 2019

<sup>8</sup> News24, 9 Oct 2019

weapons from its anti-poaching units, citing the threat to farmers posed by Botswana's large elephant population. It also proclaimed its intention to resume the global sale of ivory. Opposition leader Duma Boko says the move is intended to appease rural voters that the BDP lost when Khama left the party:

*"There is simply no need for these policies: not for the need to halt elephant herds damaging farmers' crops (they can be warded off by the smell of chilis), nor for the money that trophy hunters might bring to the country (sure to be offset by losses in wildlife and ecological tourism). Given the timing, it is clear that this is purely a play to the gallery: an appeal, through a quick-fix gimmick, to the rural areas of the country that Masisi's government abandoned some time ago - but whose votes it now desperately needs."*<sup>9</sup>

Part of the problem also lies in the ineffective legal penalty against poachers. In July 2018, high-level wildlife trafficker **Dumisani Moyo** was released on bail despite repeated arrests for rhino poaching and being on **Interpol's Red List** of most-wanted wildlife criminals. Moyo has allegedly bribed his way out of several court cases since 2008.

**Rhino Conservation Botswana** says the country is home to just under 400 rhinos, most of which are located in the northern Okavango Delta, a key tourist destination. Black rhinos are largely kept in private sanctuaries and their numbers are not publicly known. Rhino coordinator for Botswana's wildlife department, **Mmadi Reuben**, said:

*"We have been losing about a rhino a month to poaching, losing two in one week is unacceptable. If the poaching continues at this rate there will be no rhinos in Botswana in a year or two, especially the black rhino, a critically endangered species."*<sup>10</sup>

The country's lucrative tourism industry will take a hit if the rhino population disappears. The **World Travel & Tourism Council** says Botswana's travel and tourism industry grew 3.4% to exceed \$2.5 billion in 2018, and now contributes nearly one in every seven dollars in the country's economy.

Botswana's neighbour, South Africa, has lost more than 7,100 rhinos over the past decade, including 769 in 2018. **Namibia** has also recorded recent incidents of rhino poaching. **Save the Rhino** calls for more collaboration across borders and improving knowledge, tactics and future planning. The environment, natural resources, conservation and tourism ministry, says anti-poaching forces have now made the protection of rhinos their highest priority. Two poachers were killed in recent operations.

### Can Botswana benefit from the US-China trade war?

Nine countries, including Botswana, on 29 September joined the **United States' (US) Energy Resource Governance Initiative (ERGI)**, an initiative to support the discovery and development of mineral reserves of strategic metals used to make battery electric vehicles.<sup>11</sup> The initiative is part of the US's plan to reduce its reliance on **Chinese** high-tech minerals as their trade war intensifies. US and Chinese businesses are shifting their supply chains and looking to developing markets, which creates abundant opportunities in Botswana and elsewhere in **Africa** – as illustrated by the ERGI.<sup>12</sup>

**Toronto Stock Exchange (Canada)**-listed resource company **Giyani Metals Corp** CEO **Robin Birchall** says,

*"As a Botswana based manganese developer for the battery electric vehicle market, we are extremely pleased by this news. We believe that this global effort will raise awareness of the strategic importance of securing the supply chain of verifiably-sourced and ethically-produced battery metals. We at Giyani apply global mining best practices and adhere to a strict policy of health, safety, and environmental management. Through our close collaboration with the local*

<sup>9</sup> Foreign Policy, 2 Oct 2019

<sup>10</sup> News24, 9 Oct 2019

<sup>11</sup> Reuters, 29 Sep 2019

<sup>12</sup> Source, analyst, London

*authorities in Botswana, we believe that Giyani will be a significant contributor to this global effort.”<sup>13</sup>*

The ERGI was announced in June and establishes a network of countries with which the US will share mining expertise to help them discover and develop their minerals such as lithium, copper and cobalt. In addition to the technical and professional aspects, the ERGI will also encourage the adoption and implementation of high safety and environmental standards in all mineral development projects globally, which will help ensure these projects are attractive to international investors.

The initiative is part of the US’s effort to cut reliance on Chinese goods. **Washington** is growing more concerned about its dependence on mineral imports after **Beijing** suggested using them as leverage in their intensifying trade war. The US uses the minerals in a wide range of consumer, industrial and military goods, including mobile phones, electric vehicles, batteries, and fighter jets.

The countries joining the US include four African countries – Botswana, the **Democratic Republic of the Congo**, Namibia and **Zambia** – and five others – **Argentina, Australia, Brazil, Peru** and the **Philippines**.

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<sup>13</sup> Mining Review, 9 Oct 2019

## Planner

23 Oct 2019 **(Botswana)** General elections;  
 31 Oct 2019 **(Botswana)** **Bank of Botswana MPC** meeting;  
 5 Dec 2019 **(Botswana)** **Bank of Botswana MPC** meeting;

## Chronology

13 Oct 2019 **Gaborone (Botswana)** *Mmegi*. The **Independent Electoral Commission** confirms that citizens living in the diaspora have voted in the first phase of the 23 October general elections;

11 Oct 2019 **Gaborone (Botswana)** *Mmegi*. **Bank of Botswana** (central bank) quarterly business expectations survey indicates that the level of optimism amongst local firms has gone down in the third quarter of this year;

10 Oct 2019 **Gaborone (Botswana)** *Journal du Cameroun*. President **Mokgweetsi Masisi** refuses to meet for a presidential debate on 11 October, reportedly due to pre-arranged government business;

9 Oct 2019 **Gaborone (Botswana)** *News24*. Environment ministry says nine rhinos have been poached since April, an unprecedented rate that could see rhinos wiped out the country by 2021;

8 Oct 2019 **Gaborone (Botswana)** *CNBC Africa*. The finance and economic development ministry expects the economy to grow by 4.3% in 2019 and 4.6% in 2020;

8 Oct 2019 **Gaborone (Botswana)** *Mmegi*. The finance and economic development ministry expects the 2019-2020 budget to incur a \$705m deficit, up from the \$660m forecast in February, due to a slump in rough diamond sales;

3 Oct 2019 **Gaborone (Botswana)** *FT*. **United Kingdom**-based diamond company **De Beers** reports year-to-date sales are 27% lower than they were at the same time last year, confirming a deepening slowdown in the industry;

3 Oct 2019 **Gaborone (Botswana)** *Proactive Investors*. **United Kingdom**-based **Kavango Resources** begins its copper and nickel drilling programme in the southwestern **Kalahari Suture Zone**;

26 Sep 2019 **New York (United States)** *Reuters*. Nine countries, including **Botswana**, join the US's **Energy Resource Governance Initiative** to help discover and develop reserves of minerals used to make electric vehicles;

26 Sep 2019 **Karowe (Botswana)** *Reuters*. **Canada**-based mining company **Lucara Diamond Corp** recovers a 9.74-carat blue gem diamond from its **Karowe** mine, the latest in a series of high-value finds;

23 Sep 2019 **Gaborone (Botswana)** *VOA*. The government plans to issue 160 elephant hunting licences, the first licences since 2014;

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