



March 2009

PERSPECTIVES ON ECONOMIC MANAGEMENT IN BOTSWANA: JOBS AND WIDESPREAD WEALTH ELUDE EVEN A WELL MANAGED ECONOMY

Introduction

Botswana is internationally regarded as a success story of democratic development in Africa. Through prudent economic management and sound macroeconomic policies, it has consistently achieved positive economic outcomes, including rapid economic growth rates, relatively low inflation rates, and a healthy foreign reserve. Assessments by international agencies such as the World Bank, Moody's Investors Services, and Standard and Poor's (S&P), amongst others, have rated Botswana's economy and its management highly. Similarly, Transparency International has ranked Botswana as the least corrupt country in Africa.

Do popular assessments of the Government of Botswana's performance match these high ratings offered by the international community? To find out, the Afrobarometer sought to elicit popular evaluations of government effectiveness on the issues that matter to Botswana. Overall, Botswana are of the view that the economy is well managed but there are challenges.

These findings were revealed by a recent Afrobarometer survey of a representative sample of 1200 adult Botswana conducted in October 2008 by faculty from the Departments of Political and Administrative Studies, Sociology and Statistics at the University of Botswana.

MOST IMPORTANT PROBLEMS FACING THE COUNTRY

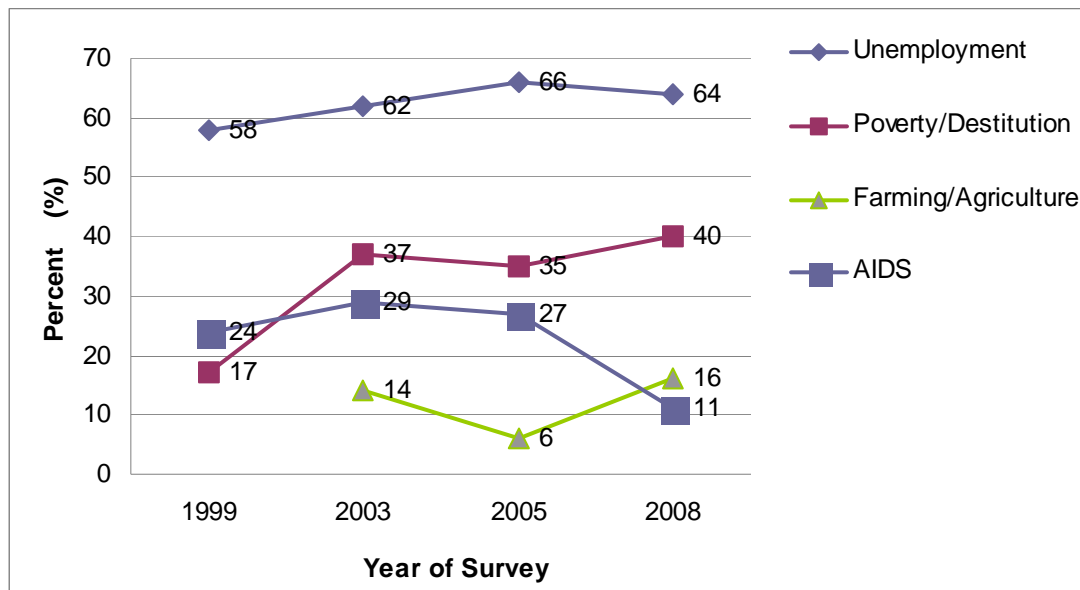
One of the regular features of Afrobarometer surveys is an assessment of the people's development agenda. To get this information, we asked: "In your opinion, what are the most important problems facing this country that government should address?" Each respondent could identify up to three problems. We report here on the top most important problems identified by respondents, which included: unemployment, poverty and other economic issues, as well as agriculture and health, among others.

Unemployment

In general, Botswana see economic problems as the most pressing, starting with unemployment at the top of the list. Almost two thirds (64 percent) of respondents identified unemployment as one of the three key problems that need the attention of government. This finding has been relatively consistent, with between 58 and 66 percent naming this issue across the four rounds of surveys that have been completed since 1999 (see Figure 1).

Apparently, although the country's economic performance has been highly rated, nonetheless, in the public's eyes it has failed to create sufficient numbers of jobs to alleviate employment concerns.

Figure 1: Public Perceptions on the Most Important Problems



Poverty/Destitution

The next most pressing issue on the public agenda is poverty and destitution. Despite government efforts to eradicate poverty through various strategies such as the drought relief programme (popularly referred to as *Namola Leuba*) and the financial assistance policy, amongst others, poverty still remains a challenge.

Forty percent of those interviewed in the 2008 survey identified poverty/destitution as the second most important problem facing the country. The importance of this issue to Botswana has risen sharply and quite substantially over the years, from just 17 percent in 1999, to more than twice that level by 2003, and the figure continues to rise. In 2008, poverty was mentioned by 40 percent of all respondents.

Farming/Agriculture

Although agriculture contributes a much smaller share of the economy now than in the past, it continues to play an important role in the life of many citizens, some 45 percent of whom still reside in the rural areas. It should be borne in mind that prior to the discovery of minerals, agriculture was the mainstay of Botswana's economy, contributing more than 40 percent towards the country's GDP, although in more recent years its contribution towards Botswana's GDP has declined to less than five percent.

In the 2008 survey, for the first time, problems in the farming/agriculture sector are amongst the top three of the most important problems facing the country, as shown in Figure 1. A total of 16 percent identified it as one of the three most important problems facing the country.

A number of agricultural programmes that might once have benefited many people (e.g., the Arable Land Development Programme (ALDEP), the Arable Rainfed Agricultural Programme (ARAP), the provision of subsidized cattle stock feed at Livestock Advisory Centres (LACs), etc.) have since been stopped. This may explain why concerns about agricultural and farming issues are on the rise.

AIDS

In contrast, for the first time since 1999 AIDS did not feature in the top five of the most pressing problems facing the country. It has been replaced by farming and agriculture, general health concerns, and

crime and security in the top five listed problems. Only 11 percent of the respondents considered AIDS among the most critical problems in 2008, compared to 27 percent as recently as 2005.

This could mean that the government’s aggressive approach towards tackling HIV/AIDS is bearing fruit. The Mogae administration declared war on HIV/AIDS and committed massive resources (e.g., provision of free anti-retroviral (ARVs) drugs throughout the country) in combating the scourge. Probably this is the reason why HIV/AIDS was not identified as a pressing problem at the time of the survey. For example, there is a decline in the HIV/AIDS prevalence amongst expectant women aged between 15-49 years.

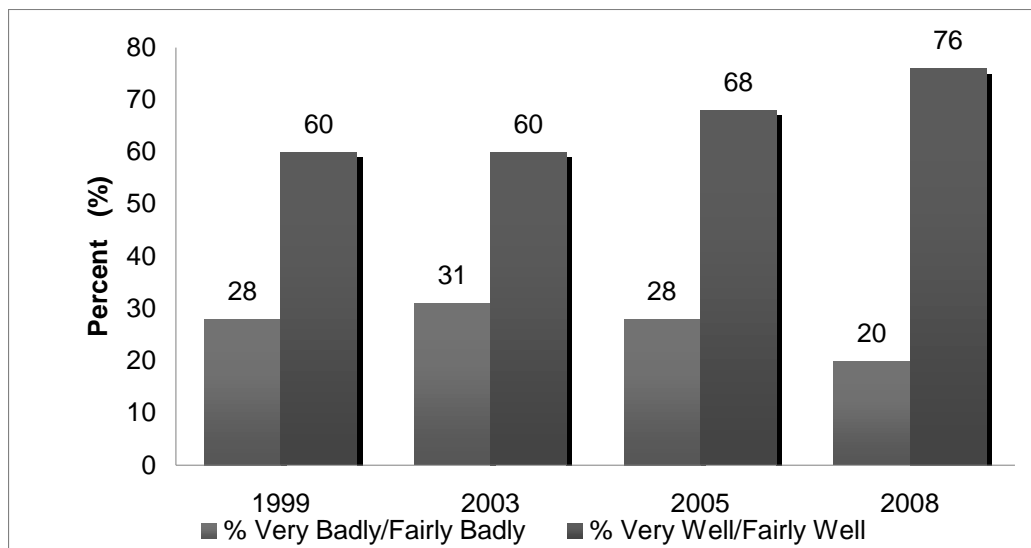
CITIZEN EVALUATION OF GOVERNMENT PERFORMANCE

Economic issues – especially unemployment and poverty – have long dominated the public’s priority agenda. How does the public rate the government’s performance in handling these most pressing issues?

Perceptions Regarding the Management of the Economy

- When asked “How well or badly would you say the current government is handling managing the economy or haven’t you heard enough to say?” more than three quarters (76 percent) of respondents in the 2008 survey rated the government as doing fairly well or very well, as opposed to 20 percent who said it was doing either very badly or fairly badly (as shown in Figure 2).
- This reflects steady and substantial improvement since 2003, when just 60 percent gave the government positive marks.

Figure 2: Evaluations of Government Management of the Economy, 1999-2008



Perceptions Regarding Job Creation and Keeping Prices Down

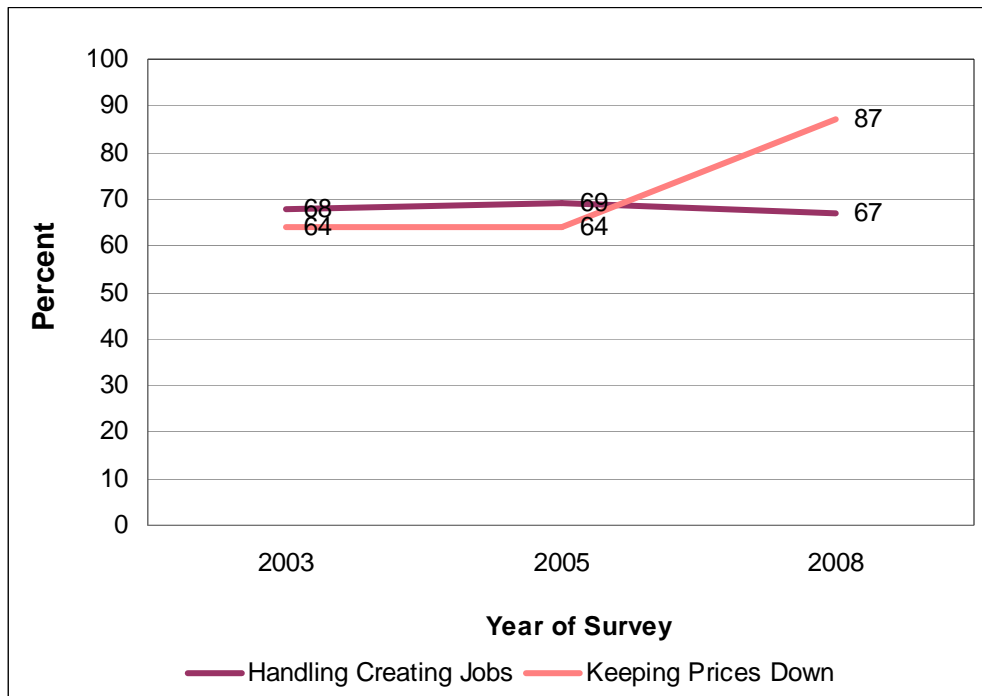
Increasing the availability of job opportunities, especially for the young, and keeping prices of commodities down, remain key challenges for many governments. However, despite government policies meant to create jobs, and the relatively high economic growth rates experienced by the country over the years, from the public perspective, the economy has not been able to create sufficient jobs. Moreover, the unemployment situation is likely to be worsened by the current global recession, which may result in job losses.

- We asked “How well or badly would you say the current government is handling creating jobs, or haven’t you heard enough to say?” In sharp contrast to their views on overall management of the

economy, the 2008 survey results show (Figure 3) that respondents perceive the government as having failed to tackle job creation effectively, with 67 percent indicating government has fared very badly or fairly badly.

- When the 2008 survey results are compared with those of 2003 and 2005, we see that there is little change; levels of disapproval have remained stagnant at the same high level since 2003.
- When other indicators of the economy like keeping prices low in the shops (see Figure 3 below) are isolated, the results further reveal a worrisome scenario. In general, respondents are not happy with the issue of rising inflation, resulting in 87 percent of respondents' in the 2008 survey expressing disappointment in the way government is managing the increase of commodity prices in shops. This is up sharply from 64 percent in both 2003 and 2005.

Figure 3: Perceptions of Government Management of Economic Affairs (percent “Very Badly”/“Fairly Badly”) over years



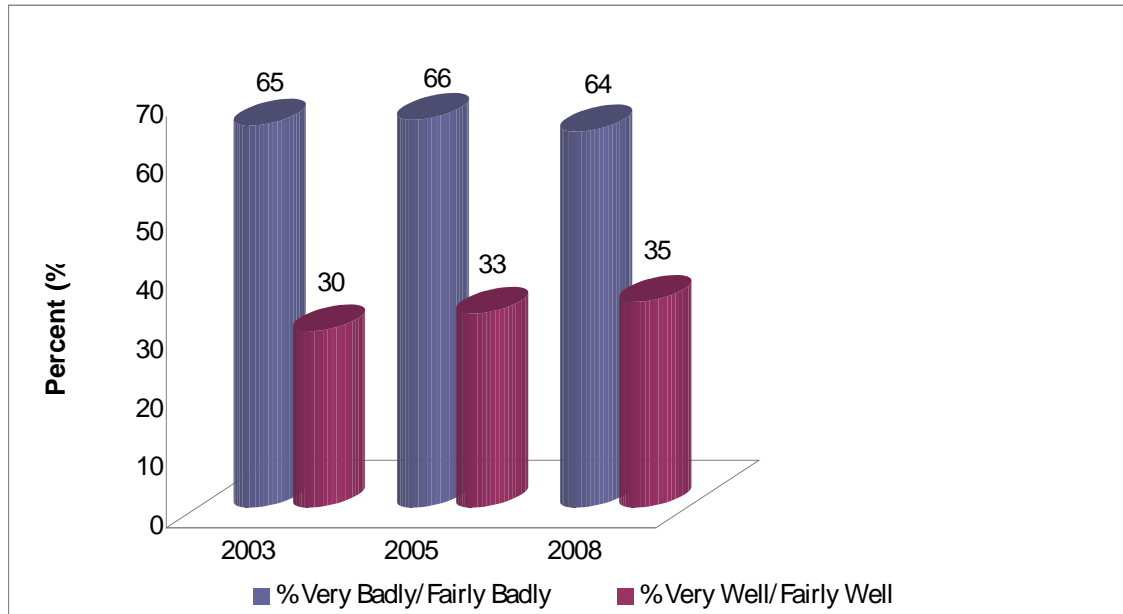
Perceptions Regarding Narrowing Gaps between the Rich and the Poor

At independence, Botswana was classified as one of the world’s least developed countries. But it has since graduated to middle-income status, with a high per capita income and foreign exchange reserves that amounted to US\$ 9.2 billion by November 2008. But these positive developments have been reported in the same breath with one of the world’s highest income disparities. This means that the distribution of wealth in Botswana is skewed, with a majority of people surviving on a low income, against a tiny minority who live in opulence. Furthermore, Botswana is traditionally a pastoral farming country, but cattle ownership has also become highly skewed. Thus, while Botswana’s overall income level would lead to the expectation that most citizens feel relatively well-off, the responses of those interviewed do not seem to support this notion.

- Public perception regarding government performance with respect to narrowing the gaps between the rich and the poor has generally been negative over the years. A sizeable majority of Botswana – 65 percent in 2003, 66 percent in 2005, and 64 percent in 2008 surveys (see Figure 4) -- believe government is doing fairly or very badly in narrowing the income gap.

- This finding suggests that although the economy is generally doing well and is relatively well managed, the benefits from the sparkling economy are yet to be realised or enjoyed by the great majority of Batswana.

Figure 4: Public Perceptions on Narrowing Gaps between the Rich and Poor



Conclusion

The public’s priority agenda for government action focuses on improving the country’s economic situation, especially by creating jobs and reducing poverty. At a general level, citizens rate the government’s management of the economy quite highly amidst growing concern about poverty. However, there are a number of challenges that the government still needs to address more effectively. In particular, survey results suggest that government has not been doing very well over the years in creating adequate jobs, leaving unemployment as the top item on the public agenda since 1999. Furthermore, a high percentage of respondents say government is not doing well in managing inflation or in narrowing the gaps between the rich and the poor.

The Survey

Face-to-face interviews were conducted in one of two languages (English or Setswana) with a nationally representative probability sample of 1200 adult Batswana selected from across all 26 districts in October 2008. In the first stage of sampling, 150 census enumerator areas (EAs) were randomly selected from a frame of all EAs that was stratified by district and urban-rural differences. The probability of selection was proportionate to population size based on the most recent 2001 population census. This ensures that every eligible adult has an equal and known chance of being selected. In the second stage, eight households were randomly selected within each selected enumeration area. In the third and final stage, one Motswana citizen over the age of 18 was randomly selected from a list of all household members to be interviewed. The realized sample was then weighted by population of EA and number of adults in the selected household to ensure that it matched current population estimates. The final sample size of 1,200 supports estimates to the national population of all adults that is accurate to within a margin of error of plus or minus three percentage points at a confidence level of 95 percent. Estimates of sub-groups have larger margins of error.

Fieldwork for this survey was conducted under the guidance of faculty of the Department of Political and Administrative Studies, Sociology and Statistics at the University of Botswana.

This Briefing Paper was prepared by Dr M. Lekorwe at the Department of Political and Administrative Studies, Sociology and Statistics at the University of Botswana

The Afrobarometer, a cross-national survey research project, is conducted collaboratively by social scientists from 20 African countries. Coordination is provided by the Center for Democratic Development (CDD-Ghana), the Institute for Democracy in South Africa (IDASA), and the Institute for Research in Empirical Political Economy (IREEP, Benin). Several donors support the Afrobarometer's research, capacity building and outreach activities, including the Swedish International Development Cooperation Agency, the Department for International Development (UK), the Royal Danish Ministry of Foreign Affairs, the Canadian International Development Agency (CIDA), and the U.S. Agency for International Development. For more information, see: www.afrobarometer.org