

## **Botswana: Future Prospects and the Need for Broad-based Development**

Jenny Clover<sup>1</sup>

**AFRICAN SECURITY ANALYSIS PROGRAMME  
SITUATION REPORT, 01 SEPTEMBER 2003**

### Introduction

Botswana stands out in the SADC region, and globally, as a country that has experienced remarkable and consistent growth – “the highest level of per-capita growth of any country in the world in the last 35 years”<sup>2</sup> – and it is widely recognised for its prudent macroeconomic management. This recognition has taken the form of credit ratings that place it on a par with some of the best performing emerging market economies.

But Botswana presents a paradox. There are parts of the country where “poverty is endemic and for many, livelihoods have suffered to the extent that some are supported only by state destitute payments.”<sup>3</sup> It is the only country of 21 in the world that recorded a drop in the human development index (HDI) during the period 1990-2001 and simultaneously experienced rapid economic growth. As can be seen in the table below, the decline in Botswana’s HDI has been dramatic, from 0.674 in 1990 to 0.614 in 2001,<sup>4</sup> placing it among only four countries (the other three being the Russian Federation, Moldova and Lesotho) to witness such a marked fall.

**Human Development Index Trend: Botswana**

<b>1975</b>	<b>1980</b>	<b>1985</b>	<b>1990</b>	<b>1995</b>	<b>2001</b>
0.509	0.573	0.626	0.674	0.666	0.614

### Impressive economic growth

A predominately rural country on being granted independence by Britain in 1966, Botswana was at that time ranked amongst the poorest in the world. When diamonds were discovered in 1967, there were less than 5 kilometres of tarred roads and only three secondary schools in Botswana. Since then the economy has grown at more than 7% a year,<sup>5</sup> allowing the country to move from its ranking as one of the poorest in the world to a position as a middle-income country, and making it the best global economic performer over that period. During the past six years economic growth has slowed (largely due to normal maturation of the economy), but nevertheless to a very

commendable annual average rate of 6,4%.<sup>6</sup> Today there are 6 000 kilometres of roads and 300 secondary schools – and no one in Botswana is more than 30 kilometres from the nearest health clinic.<sup>7</sup> Between 1966 and 1991, Botswana recorded the highest average annual real GDP growth rate in the world (6,1%), pushing GDP per capita up from US\$660 in 1966 to over US\$3 000 in 1991. This extraordinary growth can be attributed primarily to the discovery and exploitation of minerals, particularly diamonds. Production of diamonds has grown from 13,1 million tonnes in 1986 to 28,4 million tonnes in 2002, making Botswana the world's largest producer of gem-quality diamonds in terms of value of output, and the second largest volume producer in the world after Australia. In 2002 diamonds accounted for 77% of export earnings and 45% of gross domestic product.

### Fiscal management

It is, however, the management of these revenues that has really placed Botswana in the strong position it enjoys today. This has featured sound macroeconomic policies, strong financial management and the implementation of incentives to attract private enterprise against a background of political stability. Since independence, Botswana has practised a policy of economic liberalisation. Successive national development plans have emphasised the role of the government as a facilitator of economic growth and development, rather than as an active participant. Government has fulfilled this role by creating a sound macroeconomic environment, greater and quicker responsiveness to private sector concerns and a transparent bureaucracy, by keeping regulations to a minimum (thereby creating a “business-friendly” environment), and by the maintenance of law and order.

The country has been widely commended for its sound economic administration and fiscal discipline, and its commitment to free market principles. Recently, Moody's Investor Services gave the country an A-plus credit rating, the highest sovereign credit rating in Africa. (During the NDP 8 Botswana was given credit ratings in the “A” grades for two consecutive years by the Moody's and Standard and Poor's rating agencies.) These ratings are based on external debt and liquidity positions vastly superior to those of comparably rated states. Botswana is unique in the region in that it has not adopted World Bank-IMF supported Structural Adjustment Programmes – there has been no need to do so since the country has always (except in 1981/2) recorded substantial balance of payment surpluses. In fact it is one of only two African countries that are net creditors of the Bretton Woods institutions – investing in, rather than borrowing from, the World Bank and the IMF.<sup>8</sup>

Unlike most other African countries, foreign aid represents a small portion of Botswana's national budget – as a percentage of public capital expenditure it has come down from nearly 100% in the 1960s to around 5% of total government revenue.<sup>9</sup> The government budget averaged annual surpluses of 5,5% of GDP during the 1990s, keeping the public debt at a minimal level. At the end of 2001 the central government's debt was only about 8% of GDP, whereas the median debt level for “A”-range countries is about 38% of GDP. Total foreign currency debt is only a tenth of its foreign exchange assets. The country's 15% debt to export ratio is the lowest by far in the “A” rating category, and its foreign exchange reserves were a healthy US\$5,8 billion in June 2002 (although this is a drop from US\$6,5 billion eighteen months earlier, principally because of a fall in diamond exports).<sup>10</sup>

Botswana also heads the “Expanded Policy Stance Index, 2002” for economic performance put out by the Economic Commission for Africa in its 2003 Economic Report for Africa.<sup>11</sup> The top five countries that qualify as good performers on the “Expanded Policy Stance Index” have, on average, lower foreign debt, lower budget deficits and lower discount rates than countries lower down the scale. They also score high on the qualitative indicators:

[M]arket liberalisation is more advanced, with few policy reversals. Institutions for policy analysis and coordination are better. Government efforts in promoting women’s access to education and health and gender equality in employment are highly rated. Pro-poor targeting is more sharply focused and the effectiveness of pro-poor policies is greater, especially those for micro-finance, rural development, urban housing, and adult literacy. The legal system is more effective at enforcing contracts. Laws and regulations are more predictable and transparent – and are applied more uniformly. The quality of the civil service is better. And the access to and reliability of telecommunications, transport, and electricity are greater. Fixed and mobile telephone networks, closely correlated with other infrastructural determinants of transactions costs, are more extensive – by a considerable margin.<sup>12</sup>

### Development strategy

A development strategy that successfully balances the provision of public goods and social welfare against fiscal and monetary policy prudence is often considered one of Botswana’s key strengths. In fact, Botswana is one of the few sub-Saharan African countries to use its mineral rents to fund development, a reflection of the democratic manner in which the budgetary process is overseen. While Botswana’s per capita income is the lowest in the “A” category, \$3600 (in 2002) compared with a US\$8000-US\$27000 range for its Gulf peers and US\$4000 in Chile,<sup>13</sup> the provision of infrastructure has progressed substantially over the past decade. A significant proportion of the population has access to basic services, with virtually free education and health care, and there are a number of social safety nets and income transfer programmes for the poor and the disadvantaged. According to UNICEF,<sup>14</sup> some 97% of the population has access to safe water, immunisation coverage for children under one year of age is over 90%, access to primary education is free and 84% of children are enrolled in schools. Poverty levels have been decreasing over time - the proportion of Botswana living in income poverty fell sharply between 1985/86 and 1993/94. The proportion of poor and very poor persons declined from 59% to 47%, while the proportion of poor households fell from 49% to 38%.<sup>15</sup> Substantial improvements in social indicators since independence corroborate these findings:<sup>16</sup>

- Infant mortality fell from 95 deaths per thousand in 1970 to 56 deaths per thousand in 1995. However, this has subsequently risen to 80 deaths per thousand, a direct consequence of HIV/AIDS.
- Over the same period, life expectancy at birth rose from 50 years to 68 years, but again these gains have been lost to HIV/AIDS – there has been a dramatic drop to 47 years in 1999, and 44,7 years in 2001.
- Both primary and secondary education as a percentage of the relevant age groups have been increasing, rising from 7% to 57% for secondary and from 65% to 115% for primary school enrolments between 1970 and 1995.
- Adult literacy rates doubled between 1970 and 1995.

Indicator	1970	1995	2001
Life expectancy	50	68	39 - 45
Secondary school enrolment (%)	7	57	80
Literacy (%)	34	68	78
Per Capita Income (US\$)			\$3,066
Human Poverty Index (%)			43.6
Infant mortality $\partial$	95	56	80

$\partial$  Human development indicators (HDI)<sup>17</sup> provide extremely useful signals of inequality.

### Socio-economic transformation

However, a closer look at Botswana's 'success story' reveals a number of disturbing trends. Despite an impressive track record, Botswana's growth has not translated into a significant degree of socio-economic transformation – the benefits of economic growth and development success being enjoyed by some much more than most. Over-dependence on diamonds, high unemployment levels and unacceptably high levels of poverty and inequality, both in terms of assets (primarily cattle) and income, are persistent problems. We discuss some of these issues in the pages below.

### Poverty levels

A 1997 study on Poverty and Poverty Alleviation commissioned by the Botswana government and undertaken by the Botswana Institute for Development Policy Analysis (BIDPA), reported that the national poverty rate had declined from 59% in 1985 to only 47% in 1994. There is furthermore, severe unevenness of development between the rural and urban areas with 55% of the rural population found to be below the poverty datum line compared to 46% in urban villages and 29% in urban areas.<sup>18</sup> At the root of the problem of rural poverty lies a structural limitation: the lack of agricultural diversity renders Botswana's resources difficult to convert into more sustainable uses, cattle being the only effective means of attaining wealth above income subsistence.

There are pockets and regions of acute poverty, found mainly in the smallest settlements (often referred to as of low-status ethnic groups), and decreasing in the larger rural population settlements (villages and towns). A 1996 IFAD poverty assessment<sup>19</sup> notes that the greatest poverty is among ethnic groups such as the Basarwa, who live mainly in Remote Area Dweller (RAD) settlements and cattle posts, but are also present in villages, especially around the perimeter. RAD households are still highly dependent for their survival on rapidly depleting natural resources of wildlife and veld foods and products.

A research project by Panrusa<sup>20</sup> that looks at three cross-border study areas in order to explore the significance of policy, poverty and livelihoods, offers some interesting insights. Poverty is endemic in the arid southwest, an area once dominated by karakul sheep farming. This region has been severely affected by the combined impact of the collapse in the market for karakul pelts, prolonged drought and the imposition of border controls. In the dry sub-humid southeast, government subsidies to the arable sector have benefited larger rather than smaller farmers and privatisation has been accompanied by the displacement of the landless to planned Service Centres that are

often under-resourced, overpopulated and environmentally depleted, creating an underclass of rural poor who are dependent on the state.

### Inequality

During 2002 the economic performance of most African economies fell short of expectations, with growth slowing from an average of 4,3% in 2001 to 3,2% in 2002. Only 5 of the 53 countries in Africa achieved the 7% growth rate required to meet the Millennium Development Goals.<sup>21</sup> Of the others, 43 registered growth rates below 7%, and 5 registered negative growth. In sub-Saharan Africa, 50% of people live in extreme poverty and one-third in hunger, while about one-sixth of children die before the age of five. In the early 1990s, African children under five were 19 times more likely to die than in rich countries – and today, this has risen to 26 times more likely.

Per capita income in sub-Saharan Africa fell by 20% between the peak of 1974 and the nadir of 1994.<sup>22</sup> There is a clear causal link between GDP per capita and life expectancy. Better availability of health care, higher personal incomes and better provision of water and sanitation are all associated with higher GDP per capita. However, the measurement of income levels carries the assumption that economic growth is essential for reducing income poverty and that failed economic growth lies behind faltering HDI.<sup>23</sup> In fact, the link is far from automatic, and when income is the only indicator this statistic serves to mask poverty and inequality.

Anomalies between GDP per capita and life expectancy can generally be explained by high levels of inequality, as material inequality cuts life expectancy. Botswana, like South Africa, Saudi Arabia, Brazil, Namibia, is a case in point. That Botswana's remarkable economic growth has failed to influence the inequitable pattern of income distribution is evidenced in the country's Gini Coefficient<sup>24</sup> of 0.56. Although per capita gross domestic product (GDP) is US\$3 056, there are sharp income disparities among its people, and surveys indicate that income inequality has neither improved nor worsened in urban areas, and barely improved in rural areas,<sup>25</sup> in spite of the consistently high growth rates. The tables below summarise a number of these indicators for Botswana and some of its regional neighbours<sup>26</sup>.

#### Social and macroeconomic trends: regional comparisons

Country	GDP per capita (PPP US\$) 2001	HDI rank# (UN HDR 2003)	GDP per capita annual growth rates: 1990-2001	Gini coefficient
South Africa	11 290	111	0.2	59.3
Namibia	7 120	124	2.2	70.7
Botswana	7 820	125	2.5	63.0
Swaziland	4 330	133	0.1	60.9
Zimbabwe	2 280	145	-0.2	56.8

Year	Country	Inequality measures		Gini Index <sup>∂</sup>
		Richest 10% to poorest 10%	Richest 20% to poorest 20%	
1995	South Africa	65.1	33.6	59.3
1993	Namibia	128.8	56.1	70.7
<b>1993</b>	<b>Botswana</b>	<b>77.6</b>	<b>31.5</b>	<b>63.0</b>
1994	Swaziland	49.7	23.8	60.9
1995	Zimbabwe	22.0	12.0	56.8
1995	Lesotho	117.8	50.0	56.0

<sup>∂</sup> The Gini index measures inequality over the entire distribution of income or consumption. A value of 0 represents perfect equality, and a value of 100 represents perfect inequality.<sup>27</sup>

Indicator	Botswana	Lesotho	Mozambique	South Africa
Real GDP growth (%) 2002	3.7	4.0	-	3.0
Human Poverty Index - rank 2001	75	83	87	49
Human Development Index rank - 2001	0.614	0.510	0.356	0.684
Gini Coefficient 1980-98	0.54	0.57	-	-
GDP per capita (PPP, US\$) 2001	7 820	2 420	1 140	11 290

#### HIV/AIDS

Botswana has the notable distinction of having the highest per capita incidence of HIV infection in the world.<sup>28</sup> In a country of some 1,65 million people, an infection rate of 39% means that approximately 660 000 people, about half of them children, are HIV-positive. As the country's foremost economic and social challenge, HIV/AIDS will slow medium-term growth. According to Brigaldino,<sup>29</sup> over the next decade HIV/AIDS will result in a cumulative budget deficit of 2% annually, will reduce government revenue by 7%, and will cause expenditure to rise by 15%. The labour market will also be affected by serious shortages of skilled and experienced personnel, which will seriously jeopardise the country's economic future risk. According to the International Finance Centre, "recent softening of the growth rate may also signal the incipient stages of an era where, it is expected, economic performance will be chronically dampened by the direct costs and loss of potential productivity arising from the AIDS pandemic."<sup>30</sup>

HIV infection and poverty are mutually reinforcing realities, with dire poverty increasing the HIV vulnerability of the poorest, especially disadvantaged groups such as women and minorities. Families are disintegrating following the loss of adult heads of households while the number of orphans is expected to exceed 200 000 by 2010 – two out of five children. The level of infection is set to have a severe impact on poverty figures in the country over the next 20 years, leading to a 5% increase in the number of people living in poor households<sup>31</sup> and an expected increase in overall poverty levels of between 6% and 8% in the next decade. Although overall measures of income inequality are unlikely to change significantly, the income and dependency ratios of the poorest households will worsen. HIV/AIDS causes a deepening of poverty because of changes in income and asset distribution and an intensification of social exclusion, which alter the complex relationships between the poor and the wealthy. A consequence of this will be an increase in poverty alleviation expenditure as the government compensates households living below the poverty line for the loss of breadwinners, and the need for

poverty alleviation policies and programmes will accordingly take on a much greater urgency.

With such high levels of HIV/AIDS, there is a great risk that decades of development will be undermined. In essence, in the absence of a national poverty reduction strategy and a more effective response to the epidemic, there will be little progress either with reducing transmission of the HIV virus or with tackling poverty and inequality.

### Unemployment

Insufficient formal sector jobs, low wages and a lack of alternative income-generating options to supplement wage income for those who are employed have a critical influence on poverty. High unemployment rates, which are put at around 16% by the government (other estimates place it in excess of 35%), undermine consumer confidence. Rates are highest amongst the youth and women. There are also significant levels of underemployment. Unemployment and underemployment are directly linked to poverty and mal-distribution of income and also reflect the capital intensive nature of diamond mining which provides scant by way of direct employment. Most jobs are concentrated in the urban areas, which leads to strong patterns of rural-urban migration. The private sector share of employment is the largest, with a current share of 56.7%,<sup>32</sup> with government generally providing for about 37% of total employment. While Botswana has a small work force, it does have a large supply of trainable labour because of the large increase in investment in education.

### Conclusion: Botswana's key challenges

The paradoxes of Botswana's growth and development patterns are perplexing and the persistence of inequality is deeply disturbing. Several factors seem responsible for the lack of improvement in income distribution. The state plays a critical role – it has certainly been central to the country's high economic growth rate, but there does appear to be a failure in terms of both policy and institutional capacity when it comes to ensuring that socio-economic development is broad-based.

### Poverty alleviation and rural development

In its Vision 2016 document, which is its blueprint for socio-economic development,<sup>33</sup> the government asserts that it will halve poverty by the fiftieth anniversary of independence. One target is to reduce the proportion of Botswana living in absolute poverty from 47% in 1993/4 to 23% by 2007, while another is that by 2016 no Botswana should be living in absolute poverty. This optimism has been shared by the World Bank, which has earmarked the country as one of three in the region (the others being Mauritius and Mozambique) that stand the greatest chance of reducing poverty by 2015.

But it is in examining the persistent problem of rural poverty, disease and rural isolation, and their contribution to an unequal wealth distribution, that the need for government to focus on the spatial and temporal dimensions of poverty becomes apparent. Botswana's unfavourable natural resource base for agriculture makes the achievement of broad-based rural development extremely difficult, especially because the contribution of the agriculture sector to GDP – less than 5% – has continued to decline (except for the cattle sub-sector). Between 1970 and 1980 the agriculture sector grew by 8,3%; in the following decade it grew by only 2,2%, and in the past ten years it has contracted at an

average of 1,2% per annum. This decline is the result of prolonged periods of severe drought and relatively low investment. Given that agriculture accounts for the majority of informal sector employment (but represents only 4% of formal sector employment), it is understandable that underdevelopment of the agricultural sector and long periods of drought, compounded by a high rate of HIV/AIDS infection,<sup>34</sup> have led to a deepening of poverty in the rural areas and a reinforcement of economic inequality. A vicious cycle of poverty, hunger and HIV/AIDS is working in a synergistic way in the region, the one element exacerbating the other.

The 1996 BIDPA Study reported sub-optimum programme impact, key weaknesses being

inadequate popular participation in programme design; implementation; and monitoring and evaluation; which resulted in poor targeting and under-utilisation of programmes. Inadequate coordination of poverty programmes leading to failure to capture synergies at both the central and local/district level. Inadequate monitoring and evaluation, which means that programme outputs were not adequately reconciled with targets and gaps were not identified early enough.

While poverty alleviation has become a major area of focus of government policy and programmes, particularly since 1997, these have tended to favour urban areas, whereas in fact most of the poor are found in the rural areas. Programmes that target the rural areas have not always achieved their aim for various reasons, and have tended to create a culture of entitlement. Past and contemporary efforts at poverty alleviation have been perceived as largely ad hoc, inconsistent and lacking synchronisation.<sup>35</sup>

#### Moving beyond a narrow economic base

The Botswana government has maintained that the key requirement for the eradication of poverty is rapid economic growth. In emphasising human development and poverty alleviation, it has actively sought to spread the benefits of growth throughout the economy and to use its mineral revenues to improve the welfare of its citizens. However, liberal economic policies are often what cause the benefits of growth to accrue to relatively few individuals. It is very common for rapid economic growth and resource abundance to result in increasing inequality – in Botswana the direct benefits have, indeed, been largely restricted to a fortunate minority. As Pillay points out, mineral-based economies are often susceptible to “enclave development” – that is, they employ the best skilled local and foreign personnel, who are very productive relative to workers elsewhere in the economy. “As a result, these workers are paid the best salaries in a country generally characterized by low wages and high unemployment, thus creating an island of affluence in the midst of poverty.”<sup>36</sup>

With diamond production and revenue reaching a plateau, medium-term growth prospects will to a large extent depend on the continued, sustained development of the non-mining sector, the indicator of the economy’s underlying strength. The contribution of the mining sector to employment has been falling from a share of 7% in 1982 to about 3,5% currently,<sup>37</sup> yet foreign exchange earnings are still dominated by diamonds at a time when diamond production has reached a long-term plateau. Diversification of the economy is critical if the government is to open the door for indigenous people to participate fully in the country’s “economic miracle”, and alleviate unemployment and poverty levels.<sup>38</sup> However, the country’s manufacturing base has not yet grown to a size



that can offer a large-scale source of employment and higher incomes. Manufacturing accounts for only about 5% of GDP, but employs some 10% of those in formal employment, and economic diversification is hampered by weak foreign direct investment flows related to geographic location and skills shortages. Diversification is further hampered by the restrictions that result from Botswana's membership of a free trade area, the South African Customs Union (SACU). This effectively allows South Africa to prevent its customs union partners from protecting their nascent industries behind tariff barriers. Since the giant of southern Africa enjoys a comparative advantage in the region, most foreign direct investment, with the exception of the extractive sector, tends to gravitate towards South Africa. (Mining attracts about 90% of Botswana's foreign direct investment.) Notwithstanding these difficulties, efforts to encourage diversification are being made, with Debswana leading the movement towards diversification by funding projects like the construction of a luxury hotel in the Chobe wildlife reserve in the north, a cotton farm in the north and bakeries and laundromats in the towns.

#### Policy and institutional factors

Some analysts consider, however, that policy and institutional factors are thwarting the efforts to diversify. For one, the role and sheer size of the public sector are obstacles to growth and sustainable economic diversification. More important though, is whether the market can determine the optimum allocation of the country's resources. Maipose<sup>39</sup> argues that the shift in focus from a strategy of "state-led development" in the 1990s to private sector-led development through various forms of privatisation has brought only limited structural socio-economic transformation. Moreover, it cannot be assumed that the market is able to achieve optimal social welfare. It is a common tendency for countries that pursue a strategy of relying on the market to have a skewed income distribution. This brings into question the role of the state as an economic agent of economic development. Playing no more than a facilitative role is not enough for broad-based economic growth and diversification – the government needs to play both a facilitative and a directive role. State intervention is necessary to moderate the type of market fundamentalism adopted in Botswana if the country is to achieve the broad-based development which will meet the economic, human and social targets it has set for itself. Economic reform and growth cannot be disarticulated from social policy – it is this which has resulted in the marginalisation of large numbers of people by economic globalisation, bringing more poverty and greater polarisation despite the fact that average incomes have increased worldwide.

#### Security risks

Botswana is widely recognised as a well-functioning constitutional democracy, free of the political strife, high crime rates and racial tensions that have affected several other countries in the region. All eight elections since independence in 1966 have been regarded as free and fair. The constitution protects the fundamental rights and freedoms of the individual, and an independent judiciary interprets and administers the constitution and other laws. More recent issues that have caused unease include the entrenched political class, conflicts with the San population over land rights, and protests by trade unions calling for a new salary structure, specifically the narrowing of gaps between top and middle management. Nevertheless, Botswana's 37-year track record of social and political stability has served to underpin its high ratings in terms of international competitiveness and low corruption. For many years the country has been ranked

among the least corrupt countries in the world and the best in Africa on the Transparency International (TI) Corruption Perception Index. Last year it was again ranked 24<sup>th</sup> out of 102 countries rated by TI, the highest of any of the African countries surveyed and higher than several European countries.<sup>40</sup> In June 2003 the World Economic Forum voted Botswana the top performer in good governance among 21 economies in Africa.

It is widely acknowledged that economic development is central to reducing the risk of conflict, and this is true of Botswana. It faces no apparent security risks, and continued political stability seems certain. However, the country does present a poverty paradox and it faces extremely serious socio-economic (and incalculable) challenges arising from the catastrophic levels of HIV/AIDS, coming on top of subdued future growth. Increased pressure to boost public expenditure on health, education and other social services will continue, and higher expenditure in these areas is important to advance living standards and maintain social stability. Addressing these challenges calls for a robust state with a strategic development-oriented capacity that will allow it to fulfil its crucial development goals, a state that strongly links society and the economy. "Deprivation and unequal treatment may not generate an immediate revolt, but they can remain in people's memory and influence the course of events much later. And while the leaders of conflicts often come from the more prosperous parts of society, poverty can provide rich recruiting grounds for the 'foot soldiers' of violent engagements."<sup>41</sup> The challenge for Botswana is to identify policy instruments that ensure both growth and address the distributional issues that will bring benefits to the larger segments of the poor population if it is to achieve the goals of poverty reduction and improvements in human development set out in the Millennium Development Goals.

---

1 Jenny Clover is a Researcher with the Africa Security Analysis Programme, Institute for Security Studies.

2 GS Maipose, Economic development and the role of the state in Botswana, DPMN Bulletin: 10(2) April 2003, p 1.

3 PANRUSA, Briefing notes no. 2: Poverty policy and natural resource use in Southern Africa, DFID, March 2001.

4 Human Development Report, 2003.

5 It averaged a growth rate of 7.5% from 1961 to 1997.

6 Annual economic growth rate was 5% from 1992 to 2002, and 13% from 1966 to 1991 (UNDP in Botswana).

7 Hon B Gaolathe, Minister of Finance and Development Planning, in an interview with Stuart Graham, 20 July, 2003.

8 International Finance Centre, Botswana Country Fact Sheet, [www.sg.biz.yahoo.com/ifc/bw/](http://www.sg.biz.yahoo.com/ifc/bw/), August 2003

9 Maipose, op cit, p 3.

10 Hon B Gaolathe, Minister of Finance and Development Planning, Presentation speech on Draft National Development Plan 9, 2003/04 – 2008/09, November 2002, p 8.

11 The top five spots are filled (in order) by Botswana, South Africa, Mauritius, Namibia and Tunisia. ERA pp 53-54.

12 Economic Report on Africa, Accelerating the pace of development, 2003, pp 53-54.

13 Republic of Botswana, Standard & Poor's, 19 December 2002, p 4.

14 Unicef, At a glance: Botswana, The big picture, [www.unicef.org](http://www.unicef.org), 30 July 2003

15 C Harvey, H Siphambe & E Segosebe, Botswana: Globalisation, liberalisation and sustainable human development, University of Botswana, p 57.

16 Ibid.

17 The Human Development Index (HDI) is a simple summary measure of three dimensions of the human development concept: living a long and healthy life, being educated, and having a decent standard of living. Thus it combines measures of life expectancy, school enrolment, literacy and income to allow a broader view of a country's development than is obtained by using income alone – which is too often equated with well-being. UN Office for the Coordination of Humanitarian Affairs, Human development report 2003, p 60.

18 HSRC Southern African Regional Poverty Network, Background and terms of reference for the consultancy on the formulation of the national poverty reduction strategy.

19 IFAD (Rome), An argument for targeting rural women in Botswana, December 1996, [www.ifad.org](http://www.ifad.org), accessed 16 July 2003

- 
- 20 PANRUS Briefing Notes, No. 2.
- 21 These were Equatorial Guinea, Mozambique, Angola, Chad and Rwanda (ERA 2003).
- 22 World Bank, quoted by A. Bigsten, A Shimeles in Prospects for 'Pro-Poor' Growth in Africa, Göteborg University, May 2003, p. 2
- 23 UN Office for the Coordination of Humanitarian Affairs, Human development report 2003, p 60.
- 24 The Gini coefficient is the most common statistical index of diversity or inequality. It is widely used in econometrics as a standard measure of inter-individual or inter-household inequality in income or wealth. See VM Shkolnikov, Gini coefficient as a life table function: Computation from discrete date, decomposition of differences and empirical examples, Max-Planck Institute for Demographic Research, Germany, MPDR Working Paper WP 2001-017, June 2001, in <http://www.demogr.mpg.de>, accessed July 2003p 2.
- 25 M Sarraf & M Juwanji, Beating the resource curse: The case of Botswana, Environmental Economics Series, Paper No. 83, October 2001, p 15.
- 26 P Pillay, |The Role of the State in Economic Development in Southern Africa, Southern African Regional Poverty Network, May 2002, in <http://www.sarpn.org.za> accessed July 2003.
- 27 UN Office for the Coordination of Humanitarian Affairs, op cit, p 285, Table 13: Inequality in income or consumption.
- 28 Botswana's unusually high physical and social mobility has exacerbated the impact of HIV/AIDS.
- 29 G Brigaldino, Living with AIDS: The experience of Botswana, OpenDemocracy, 29 November, 2002, p 1.
- 30 International Finance Centre, op cit, p 3.
- 31 Botswana Institute for Development Policy Analysis, Impact of HIV/AIDS on poverty and income inequality in Botswana, 31 August 2000, p iii.
- 32 EIU, Country Profile 2003 op cit, , p 20.
- 33 Vision 2016, which was prepared in the late 1990s, is the blueprint for socio-economic development.
- 34 The FAO predicts that Botswana will see a 23,2% reduction in its agricultural labour force over the next twenty years Southern African Humanitarian Information Network (SAHIMS) Editorial, <http://sahms.net>, accessed July 2003.).
- 35 Government of Botswana, Background and terms of reference for the consultancy on the formulation of the national poverty reduction strategy, July 2000, <[www.sarpn.org.za](http://www.sarpn.org.za)> 17 July, 2003
- 36 P. Pillay, op cit
- 39 C Harvey, H Siphambe & E Segosebe, op cit, p 57.
- 38 GS Maipose, op cit
- 39 GS Maipose, ibid
- 40 Botswana: Country profile 2003, The Economist Intelligence Unit Limited, United Kingdom, 2003, p 25.
- 41 Human Security Now, Commission on Human Security, New York, 2003, p 7