

BOTSWANA

WORLD RANK:

61

REGIONAL RANK:

3

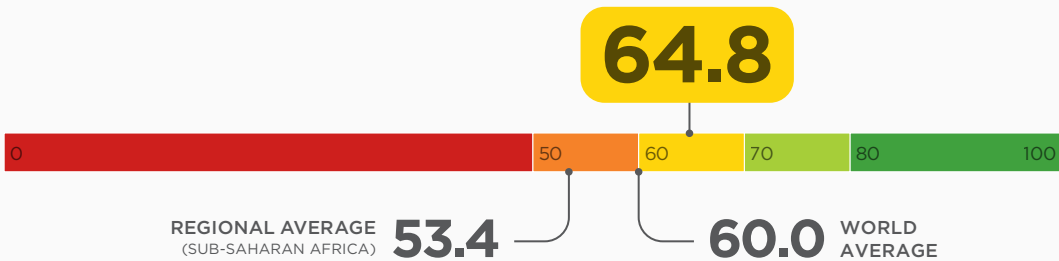
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Botswana's economic freedom score is 64.8, making its economy the 61st freest in the 2022 *Index*. Botswana is ranked 3rd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Botswana's economic growth slowed from 2017 through 2019, turned sharply negative in 2020, and rebounded in 2021. A five-year trend of declining economic freedom has continued. Dragged down by a deep plunge in its **fiscal health** score, Botswana has recorded a 5.3-point overall loss of economic freedom since 2017 and has fallen from the top half of the "Moderately Free" category to the lower half. Rule of law and a modest **tax burden** are relative strengths, but **fiscal health** has fallen to a dangerous level.

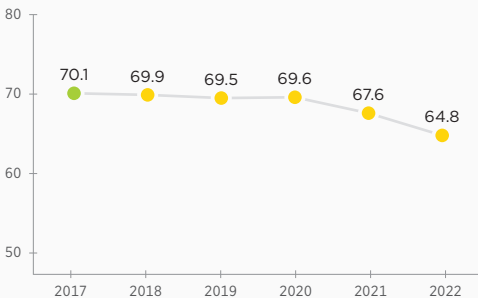
IMPACT OF COVID-19: As of December 1, 2021, 2,418 deaths had been attributed to the pandemic in Botswana, and the government's response to the crisis ranked 163rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.3 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.4 million

GDP (PPP):
\$39.6 billion
-8.3% growth in 2020
5-year compound annual growth 1.3%
\$16,893 per capita

UNEMPLOYMENT:
17.7%

INFLATION (CPI):
2.0%

FDI INFLOW:
\$80.0 million

PUBLIC DEBT:
20.0% of GDP

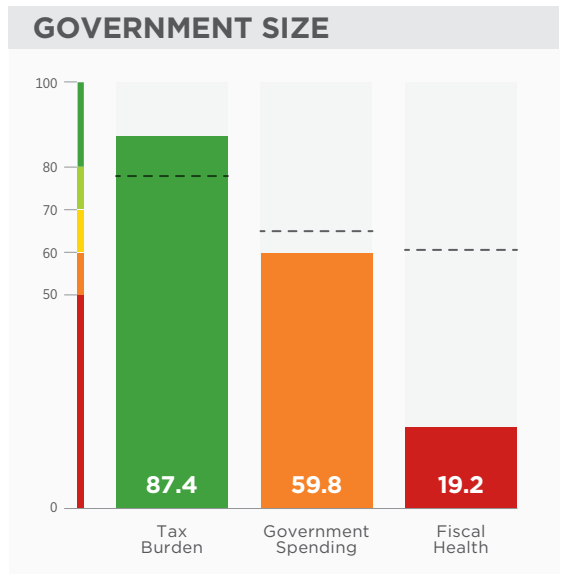
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Sparsely populated Botswana has a land area that is larger than Spain and dominated by the vast Kalahari Desert. The Botswana Democratic Party (BDP) has governed this multiparty democracy since independence from the United Kingdom in 1966. Despite a challenge from a party led by former President Ian Khama and other opposition groups, the BDP expanded its share of the vote in 2019 elections, securing the continued tenure of President Mokgweetsi Masisi. Risks to political stability remain low. Botswana has abundant diamonds and other natural resources, a market-oriented economy, and one of Africa's highest sovereign credit ratings. Ecotourism in the country's extensive nature preserves is helping to diversify the economy.

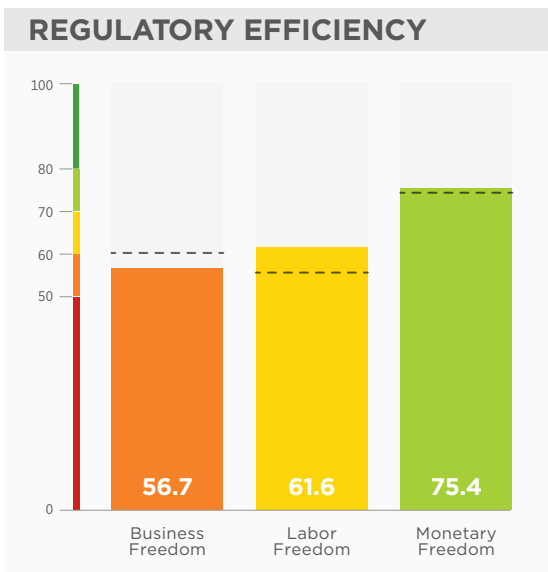
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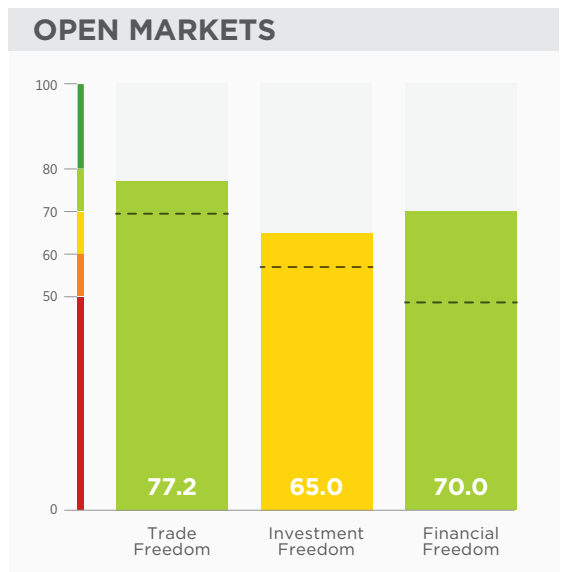
Property rights are enforced. Tribal land represents 70 percent of the country's territory. Approximately 5 percent of the land in Botswana is freehold. Courts enforce commercial contracts. The judiciary is generally independent and free from interference. Botswana is sub-Saharan Africa's least corrupt country, but nepotism and patronage pervade the government sector, which makes corruption a very high risk for public tenders.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 22 percent. Other taxes include property, inheritance, and value-added taxes. The overall tax burden equals 12.1 percent of total domestic income. Government spending has amounted to 36.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.5 percent of GDP. Public debt is equivalent to 20.0 percent of GDP.



Bureaucratic procedures mandated for running a business are time-consuming. Regulatory procedures are inefficient. The difficulty involved in securing work permits, low labor productivity, and skill deficiencies at the local level are hurdles for business and labor freedom. In 2021, the government increased subsidies to the tourism and agriculture sectors.



Botswana has six preferential trade agreements in force. The trade-weighted average tariff rate is 6.4 percent, and 44 nontariff measures are in effect. Investment regulations are transparent but slow in execution. Foreign investment has played a significant role in the privatization of state-owned enterprises. The banking sector is one of Africa's most advanced, and the Botswana Stock Exchange has been growing.