

BOTSWANA

WORLD RANK:

36

REGIONAL RANK:

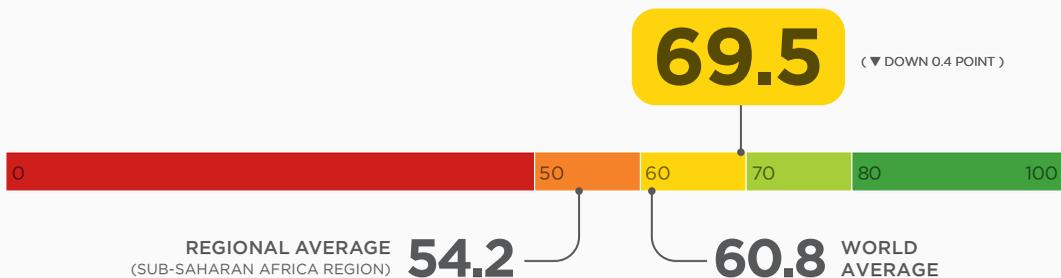
3

ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Botswana's economic freedom score is 69.5, making its economy the 36th freest in the 2019 *Index*. Its overall score has decreased by 0.4 point, with declines in **judicial effectiveness**, **government integrity**, and **fiscal health** exceeding improvements in the scores for **tax burden**, **labor freedom**, and **government spending**. Botswana is ranked 3rd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Through fiscal discipline and sound management, Botswana has transformed itself from one of the world's poorest countries to a middle-income country. Economic policy is guided by the government's efforts to diversify the economy away from dependence on the volatile mining sector and toward agriculture, services, and manufacturing. The regulatory environment encourages growth, and openness to foreign investment and trade promotes competitiveness and resilience. The independent judiciary provides strong protection of property rights.

ECONOMIC FREEDOM SCORE



RELATIVE STRENGTHS:
Fiscal Health and Trade Freedom

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
+12.7

CONCERNS:
Judicial Effectiveness and Government Integrity

FREEDOM TREND



QUICK FACTS

POPULATION:

2.2 million

GDP (PPP):

\$38.9 billion
2.2% growth in 2017
5-year compound annual growth 4.1%
\$17,828 per capita

UNEMPLOYMENT:

17.4%

INFLATION (CPI):

3.3%

FDI INFLOW:

\$400.6 million

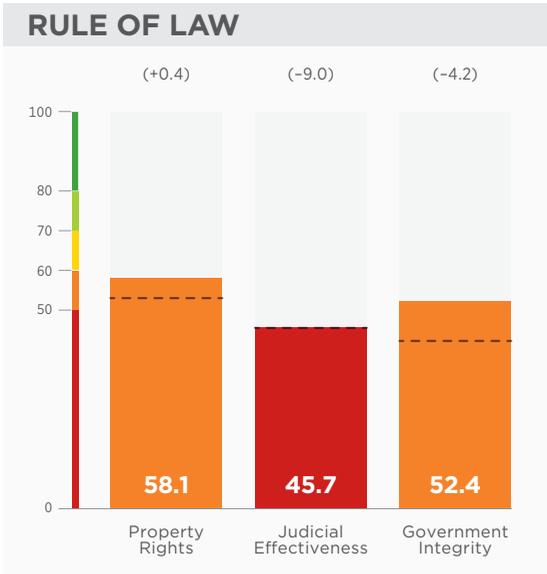
PUBLIC DEBT:

15.6% of GDP

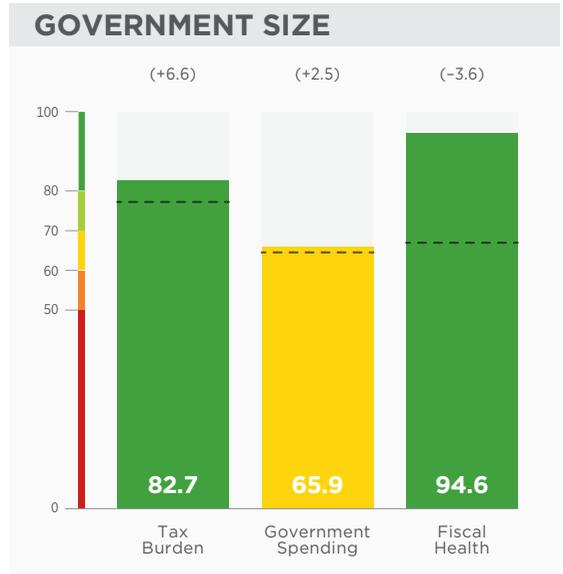
2017 data unless otherwise noted. Data compiled as of September 2018

BOTSWANA: Sparsely populated Botswana has a land area larger than Spain and is dominated by the vast Kalahari Desert. The Botswana Democratic Party (BDP) has governed this multiparty democracy since independence from the United Kingdom in 1966. President Mokgweetsi Masisi took power in April 2018 after former President Ian Khama finished his second and final five-year term. In 2014, the BDP received less than 50 percent of the vote for the first time as opposition groups gained significant support from young and urban middle-class voters. Botswana has abundant diamond and other natural resources, a market-oriented economy, and one of Africa's highest sovereign credit ratings, and ecotourism in its extensive nature preserves is helping to diversify the economy.

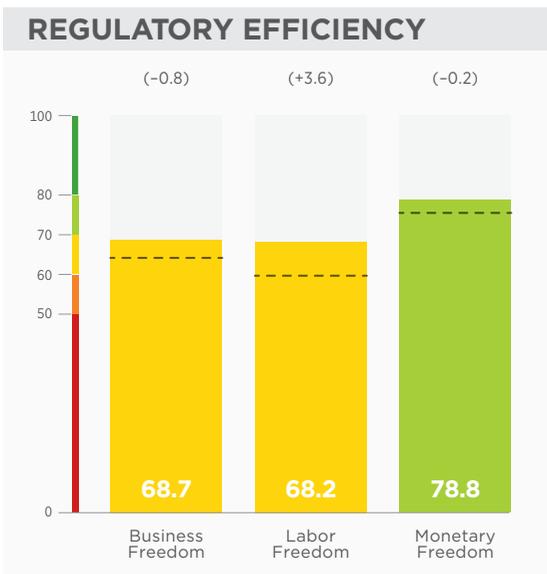
12 ECONOMIC FREEDOMS | BOTSWANA



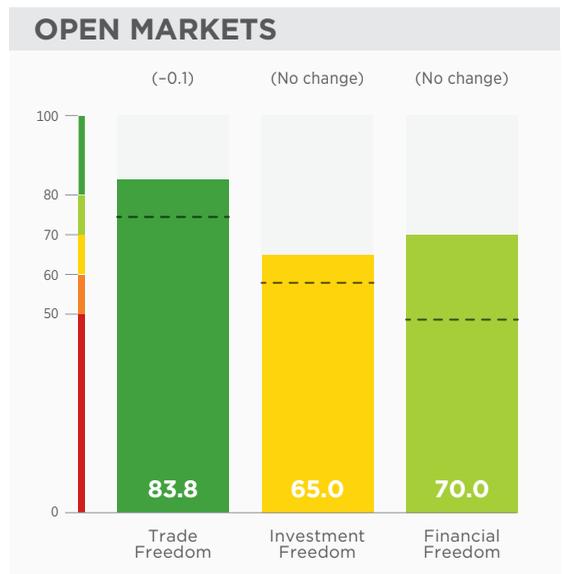
Increases in Botswana's property rights and intellectual property rights scores caused its overall score in the Property Rights Alliance's 2017 *International Property Rights Index* to improve as well. Courts enforce commercial contracts. Botswana remains rated the African continent's least corrupt country, but there are almost no restrictions on the private business activities of public servants, and an increase in tender-related corruption has been reported.



The top personal 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 24.9 percent of total domestic income. Over the past three years, government spending has amounted to 33.7 percent of the country's output (GDP), and budget deficits have averaged 1.8 percent of GDP. Public debt is equivalent to 15.6 percent of GDP.



The regulatory environment protects the overall freedom to establish and run a business relatively well. A one-stop shop for entrepreneurs is in place, and the process for business closings has become easy and straightforward. Employment regulations are relatively flexible. Maize, diesel, and petroleum are subject to price controls, and the government continues other subsidies through state-owned enterprises.



The combined value of exports and imports is equal to 97.1 percent of GDP. The average applied tariff rate is 0.6 percent. As of June 30, 2018, according to the WTO, Botswana had 21 nontariff measures in force. Foreign investment in some sectors is restricted. Generally adhering to global standards in the transparency of banking supervision, the financial sector provides considerable access to credit and has expanded.