

# BOTSWANA

UNITARY COUNTRY

## BASIC SOCIO-ECONOMIC INDICATORS

INCOME GROUP: UPPER MIDDLE INCOME

LOCAL CURRENCY: BOTSWANA PULA (BWP)

### POPULATION AND GEOGRAPHY

**Area:** 581 730 km<sup>2</sup> (2017)  
**Population:** 2.3 million inhabitants (2017), an increase of 1.8% per year (2010-2015)  
**Density:** 4 inhabitants / km<sup>2</sup> (2017)  
**Urban population:** 58.0% of national population (2017)  
**Urban population growth:** 2.3% (2017 vs 2016)  
**Capital city:** Gaborone (11.8% of national population)

### ECONOMIC DATA

**GDP:** 39.8 billion (current PPP international dollars), i.e. 17 354 dollars per inhabitant (2017)  
**Real GDP growth:** 2.36 (2017 vs 2016)  
**Unemployment rate:** 18.1% (2017)  
**Foreign direct investment, net inflows (FDI):** 400.6 (BoP, current USD millions, 2017)  
**Gross Fixed Capital Formation (GFCF):** 31.1% of GDP (2016)  
**HDI:** 0.717 (Medium), rank 101 (2017)  
**Poverty rate:** 18.2% (2016)

## MAIN FEATURES OF THE MULTI-LEVEL GOVERNANCE FRAMEWORK

Botswana is a unitary Republic. According to the Constitution, the President is elected for a five-year term that runs concurrently with that of the National Assembly. The country has a decentralised system of government but local government is not enshrined in the constitution. The legislative framework for decentralization comprises the Local Government (District Councils) Act of 1965 and the Township Act of 1955, which created urban councils.

The subnational government level consists of 16 administrative districts, as well as land boards. The 16 districts are governed by urban councils (for cities and towns, headed by Mayors) and district councils (for rural districts, headed by chairpersons). Councilors exercise their authority within urban and district councils. Out of 609 councilors, 490 are elected democratically for a five-year period, while 119 councilors are nominated by the Minister of Local Government and Rural Development. The latest local elections were held in 2014.

In addition to districts, land boards are institutional bodies tasked with the responsibility of land administration. They were set up with the Tribal Land Act in 1968, amended in 1984 and 1993. There are 12 land boards in rural areas across the country, which are further divided into 39 sub land boards. Land boards are considered corporate bodies responsible for land administration. They are charged with holding tribal land for the purpose of promoting social and economic development. Land boards have between 12 and 16 members each. They used to be elected and to report to district councilors, but since the last amendment, they are now accountable to the Ministry of Lands and Housing and are also appointed by the Minister of Land and Housing. The Ministry of Local Government also appoints district administrations with a mandate to fulfil certain local government functions. The district commissioner (DC) is appointed by the Ministry of Local Government and heads the district administration.

The country has started developing a decentralisation policy in 2016, which outlines the roles and responsibilities of central government, local government and non-state actors as part of engaging key stakeholders in the process of achieving sustainable local development. The country is still in the process of developing legislative tools to articulate its decentralisation policy.

## TERRITORIAL ORGANISATION

2016	MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGS
	10 Districts Councils 6 Urban Councils (4 town councils, 2 city councils)			
	Average municipal size: 143 229 inhabitants			
	16			16

**OVERALL DESCRIPTION.** Among the 16 districts, ten are classified as rural districts and the remaining 6 as urban districts. These districts are further divided into a total of 23 sub-districts. Governance at the local level is sub-divided into three local structures: the district (rural) and urban councils, land boards and traditional administrations based on a traditional system of villages headed by a *Kgosi* (Chief).

The Township Act provides for the regulation of cities and townships. In addition, the Tribal Act of 1968 established Land Boards. Land Boards are primarily responsible for the distribution of tribal land to citizens. The Tribal Land Act vests the Land Board with the power to allocate tribal land to the citizens of Botswana. The establishment of subordinate Land Boards in 1973 was a response to the increasing responsibilities of Land Boards. The Act further provides for cooperation with the district council in formulating policy.

The traditional administration plays two key roles in regulating villages and is regarded as the most basic institution of government. Firstly, the *Kgotla* (assemblies of tribes) meetings function as immediate public platforms that allow members of the community to raise their concerns and inform the community about public policies and local level targeted development plans. The traditional administration is thus tasked with the responsibility of linking central government with the local community by providing a channel of communication through the *Kgotlas*. The *Kgotlas* are headed by Chiefs who are responsible for calling these meetings. The second function of the traditional administration consists, under the responsibility of the chiefs and within the framework of these same meetings, in the settlement of customary court cases and the development of the villages. As mandated by the Constitution, eight of the Chiefs also hold office as members of *Ntlo ya Dikgosi* ("House of Chiefs"), a consultative institution that advises the Parliament yet with no executive nor veto powers in executive matters.

## SUBNATIONAL GOVERNMENT RESPONSIBILITIES

District (rural) and urban councils perform statutory functions under the Local Government District Council Act. The main statutory functions of councils include the provision of five key services, namely, primary education, health care, the supply of water to rural areas, local development and road maintenance. These Acts are further complemented by other relevant Acts including the Local Authority Procurement and Assets Disposal Act of 2008, the Public Service Act of 2008 and the Town and Regional Planning Act of 2013.

### MAIN RESPONSIBILITY SECTORS AND SUB-SECTORS

MUNICIPAL LEVEL	
1. General public services	Administrative services (electoral register)
2. Public order and safety	Firefighting
3. Economic affairs/transport	Road networks and facilities; Tourism
4. Environmental protection	Nature preservation; environmental protection; Waste management; Sewerage (waste water management and sanitation); Street cleaning
5. Housing and community amenities	Urban and land use planning; Urbanism
6. Health	
7. Recreation, culture & religion	Sports and recreation; Cultural activities (park and open spaces); Religious affairs
8. Education	
9. Social protection	

## SUBNATIONAL GOVERNMENT FINANCE

Scope of fiscal data: district and urban councils.

SNA  
1993

Availability of fiscal data:  
**Low**

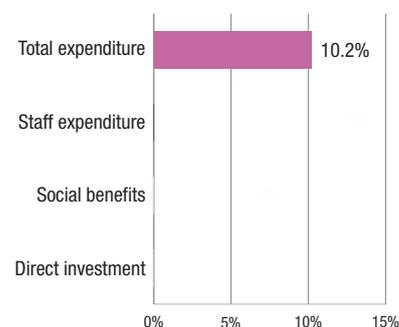
Quality/reliability of fiscal data :  
**Low**

**GENERAL INTRODUCTION.** Botswana's legal framework regarding finance is well-established and comprehensive. Chapter eight of the 1997 Constitution creates provisions for public management, section seven of the 1965 Local Government (District Councils) Act provides the fiscal framework regulating councils' revenues, accounts and audits for local councils. The 1970 Finance and Audit Act assigns clear roles and responsibilities to the different levels of government and provides a regulatory framework pertaining to public finance.

The Ministry of Local Government plays a key role in coordinating the fiscal relations between national and local government, as well as in providing oversight for municipal financial planning, reporting and management.

### SUBNATIONAL GOVERNMENT EXPENDITURE BY ECONOMIC CLASSIFICATION

2016	DOLLARS PPP / INH.	% GDP	% SNG EXPENDITURE	% GENERAL GOVERNMENT EXPENDITURE (SAME EXPENDITURE CATEGORY)
<b>Total expenditure</b>	<b>579</b>	<b>3.4%</b>	<b>100%</b>	
<b>Incl. current expenditure</b>				
Staff expenditure	206	1.2%	35.6%	
Intermediate consumption				
Social expenditure				
Subsidies and current transfers				
Financial charges				
Others				
<b>Incl. capital expenditure</b>				
Capital transfers				
Direct investment (or GFCF)				



**EXPENDITURE.** Local government development spending is coordinated by the Ministry for Local Government and Rural Development. In FY 2016/17, approximately 10% of the total General Government expenditure in the country was made at the Local Government level, 35% of which was used to cover staff costs. The level of local expenditure is low, especially considering that Botswana has devolved a significant amount of functions to Local Government. According to available data, local governments are involved in development activities, which represents a non-negligible 47.4% of local expenditure. However, the available data are not sufficiently disaggregated to allow us to know what share is dedicated to intermediate consumption (for the provision of services) and what share is dedicated to investments made by local authorities in the development of the infrastructure and other equipments for which they are responsible.

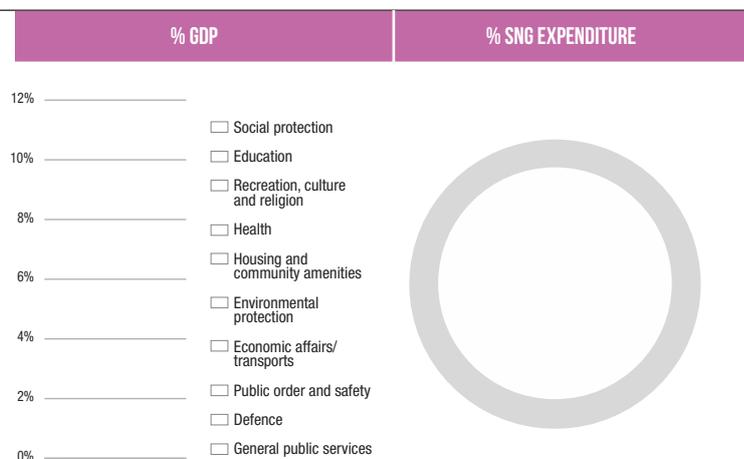
**DIRECT INVESTMENT.** The bulk of investment is concentrated at the central government level, with state-owned enterprises (SOEs) contributing a quarter of spending and local government less than 10 percent. Overall public investment spending is low, comprising an insignificant share of total local government spending. Public-Private Partnerships (PPPs) are not significant so far, but they are on the rise. In order to fund capital investments, local authorities may either borrow with the approval of the Ministry of Finance or run overdrafts of up to one-third of the previous year's revenue excluding grants.

# BOTSWANA

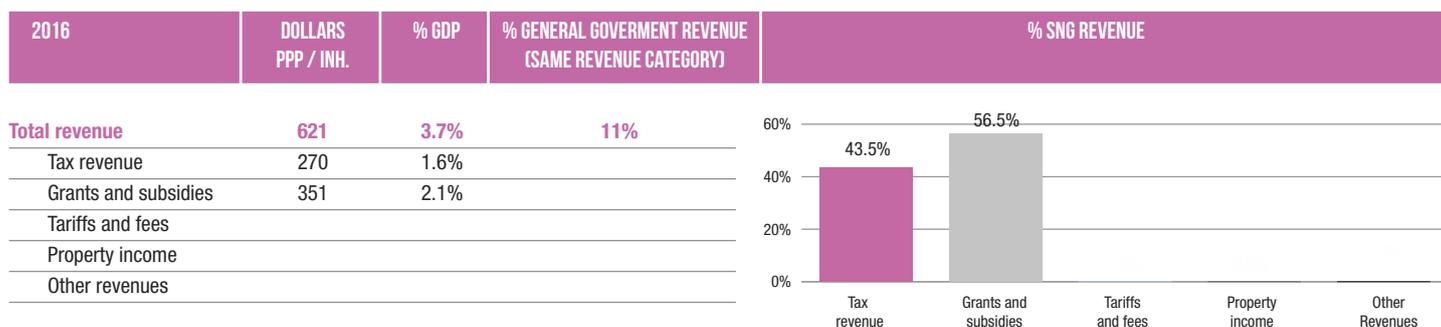
UNITARY COUNTRY

## SUBNATIONAL GOVERNMENT EXPENDITURE BY FUNCTIONAL CLASSIFICATION – COFOG

There are no fiscal data available on the expenditure of local government by functions of government. Generally, expenditure priorities include construction and maintenance of primary school and college facilities, teachers' salaries, customary courts, rural administrative centres, and recreational parks.



## SUBNATIONAL GOVERNMENT REVENUE BY CATEGORY



**OVERALL DESCRIPTION.** Local Government in Botswana has the statutory power to collect fees and levies to cover operating expenditure, although local governments remain heavily reliant on transfers from the central government. Depending on the council size and location, operational costs, including maintenance spending, are financed through the revenue support grant, which finances about 75 percent of priorities—own revenue amounts to 25 percent on average.

**TAX REVENUE.** Since 2012, property tax and business tax are applicable in both urban and district (rural) councils. In Botswana, it is the central government that carries out property tax assessments and the local authorities who are in charge of their collection, although they face major challenges regarding the administration of revenue collection. Levels of property and business tax collected are unknown as tax collected are not captured or monitored.

**GRANTS AND SUBSIDIES.** There are three types of transfers that Local Governments receives from Central Government. The first is the Revenue Support Grant which is a subsidy to offset the expense of the responsibilities which the Local Government is responsible for. It is a formula-based grant which was introduced in 1994 and at the time of its introduction took into account local government's population size, distance from the administrative capital, and surface area for its distribution. By 1997, the formula expanded to include capital investment, the mobilisation of local revenues, and local government's operation costs. The second type of transfer is a local government loan system, the Public Debt Service Fund (PDSF). The PDSF was established in 1973 and serves as a source of funds to service public debt. The third type of transfer is administered through an equipment (capital) grant. National government provides an average of 90% and 80% of district and urban councils' recurrent budgets, and 100% of their capital budgets. Botswana's domestic government revenues are largely generated by mining and national taxes, which are the primary source of revenues transferred to local governments.

**OTHER REVENUES.** Local government in Botswana can levy tariffs and fees for the services they provide (e.g. leasing of government borehole) or licenses that are issued (e.g. boat registration and licenses), and collect revenue from customary court fines and electricity charges. Other sources of local tax revenue include rates, service levies and user charges such as trade licenses, beer levy, interest on investments and housing rents.

2016	DOLLARS PPP/INH.	% GDP	% GENERAL GOVERNMENT DEBT	% SNG DEBT
------	------------------	-------	---------------------------	------------

**Total outstanding debt**

Financial debt\*

\* Currency and deposits, loans and bonds

**FISCAL RULES.** Regarding fiscal accountability of local authorities, Botswana’s legal framework comprises the Constitution, the Ombudsman Act, the Corruption and Economic Crime Act, the Accounts and Audit Act and the Local Authority Procurement and Asset Disposal Act. The Auditor General’s Department is a statutory authority which audits the accounts of all councils annually; the Local Authorities Public Accounts Committee, appointed by the MLGRD, examines the accounts of local authorities periodically; the Ombudsman deals with complaints of maladministration and the Directorate on Economic Crime and Corruption investigates alleged cases of corruption.

**DEBT.** Regarding local authorities’ capacities to contract debt, Article 47 of the Local Government District Councils Act grants councils borrowing powers. It allows councils 1) to raise loans based on the advice and approval of the Minister of Finance and Development Planning (MFDP) and 2) for these loans to be secured on the revenue and assets of the councils. However, local authorities’ borrowing powers are regulated; councils may borrow as they see fit to carry and fulfil their functions yet with some limits. Councils are not permitted to borrow from the open market. Local governments are allowed to incur overdrafts not exceeding one third of previous year’s revenue (excluding grants) with approval of MLGRD after consultation with the Ministry of Finance and Economic Development. Urban councils use to receive funds under the Public Debt Service Fund (PDSF), and some councils are yet to repay the funds that have previously been advanced. Although provisions have been created for local government to borrow from the central government, there has been little borrowing by sub-national government in Botswana due to previous heavy debts and problems with repayment. Moreover, the MLGRD does not monitor the performance of loans which could lead to future fiscal risks.



Lead responsible: UCLG  
Last update: 02/ 2019

[www.sng-wofi.org](http://www.sng-wofi.org)

**Socio-economic indicators:** World Bank // UNDP // UN Desa // ILO.

**Fiscal data:** Statistics Botswana (2017) National Accounts Statistics Report 2015 // Commonwealth Local Government Forum – Botswana country profile 2017/18 // IMF (2017) Report on public investment.

**Other sources of information:** UCLGA and Cities Alliance (2018) Assessing the Institutional Environment of Local Governments in Africa // Ministry of Finance and Development Planning of Botswana – web portal // Ministry of Local Government of Botswana – web portal // Kampamba, J., Leima, S. and Svensson, A. (2016) A comparative analysis of residential property tax assessment in Botswana and Sweden.