

Poverty & Equity Brief

Africa Eastern & Southern

Botswana

April 2023

Botswana's economic growth and welfare improvements have slowed over the last decade. The share of the population living below the US\$2.15 per person per day (2017 PPP) International Poverty Line declined strongly from 29.1 percent in 2002/03 to 17.7 percent (2009/10) and then more slowly to 15.4 percent in 2015/16. Compared to other Upper Middle-Income Class (UMIC) countries, Botswana's poverty rates remain high. Despite significant declines in poverty also under the UMIC poverty line (US\$6.85 per person per day) since 2002/03, the poverty rate at this higher line increased from 60.4 percent to 63.5 between 2009/10 and 2015/16. A share of the vulnerable population just above the poverty line fell back into poverty with the negative shocks of 2015. Broad-based employment increases contributed to the fast pace of poverty reduction in the earlier period, while lack of employment generation in the more recent period, combined with a deep drought in 2015, resulted in poverty reversals particularly among rural households. Social transfers were important in alleviating extreme poverty between 2002 and 2009 and helped the continued poverty reduction among the poorest in 2015 (measured at the US\$2.15 line).

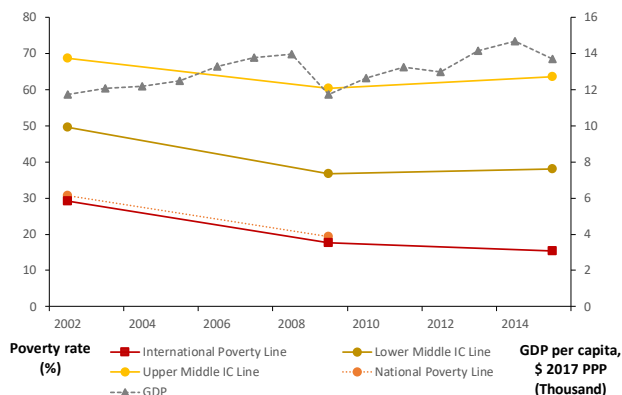
Although shared prosperity shows improvement between 2009 and 2015, household consumption per capita of the poorest 40 percent of the population grew at a low annualized rate of 0.4 percent. The shared prosperity premium was high only because the annualized consumption per capita growth rate of the whole population in this period was -3.3 percent. The multidimensional poverty measure, that accounts for monetary and non-monetary dimensions of wellbeing, declined in 2015 relative to 2009, as access to basic services and to education improved. During this period, inequality declined at the fastest rate among SACU countries, with the Gini index falling from 60.5 in 2009 to 53.3 in 2015. Yet, Botswana remains one of the world's most unequal countries.

Botswana has faced structural challenges and slow growth since 2015 and is vulnerable to external shocks, particularly because it is largely dependent on a single commodity, diamonds. The unemployment rate increased from 17.6 percent in 2015 to 22.5 percent by 2021 year-end (using comparable unemployment measures; the alternative new ILO definition that excludes subsistence farmers shows 26 percent). Unemployment has particularly affected women, youth, and urban villages. Estimates suggest poverty increased during the COVID-19 pandemic to 16 percent under the US\$2.15 poverty line (and 64.7 percent under the UMIC line). The economy rebounded strongly in 2021, driven by a rebound in mining and increases in trade, while access to services improved. Yet private sector wages remained flat while public sector wages grew, widening the gap. Slower growth and higher inflation in 2022 are projected to keep poverty at 14 percent (\$2.15 poverty line) and 62 percent (\$6.85 poverty line). A sustained reduction in poverty and inequality will require further progress on diversification and a focus on private-sector job creation. Social interventions will need to continue to support the most vulnerable members of society.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	382.1	19.3	2009
International Poverty Line 10.4 in Botswana pula (2015) or US\$2.15 (2017 PPP) per day per capita	355.6	15.4	2015
Lower Middle Income Class Poverty Line 17.6 in Botswana pula (2015) or US\$3.65 (2017 PPP) per day per capita	876.1	38.0	2015
Upper Middle Income Class Poverty Line 33.1 in Botswana pula (2015) or US\$6.85 (2017 PPP) per day per capita	1,464.1	63.5	2015
Multidimensional Poverty Measure		20.8	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.42	2009-2015
INEQUALITY			
Gini Index		53.3	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		3.72	2009-2015
GROWTH			
Annualized GDP per capita growth		2.60	2009-2015
Annualized Consumption Growth per capita from Household Survey		-3.30	2009-2015
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.95	2009-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

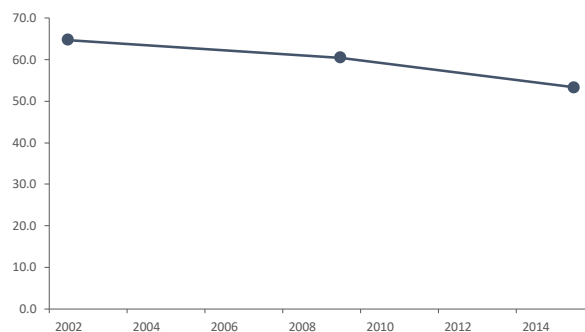
POVERTY HEADCOUNT RATE, 2002-2015



Source: World Bank using BMTHS/SSAPOV/GMD

INEQUALITY TRENDS, 2002-2015

Gini Index



Source: World Bank using BMTHS/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2015	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	45	55	31	69
Rural population	21	79	57	43
Males	39	61	38	62
Females	34	66	42	58
0 to 14 years old	25	75	52	48
15 to 64 years old	44	56	33	67
65 and older	27	73	44	56
Without education (16+)	19	81	55	45
Primary education (16+)	31	69	41	59
Secondary education (16+)	40	60	34	66
Tertiary/post-secondary education (16+)	79	21	9	91

Source: World Bank using BMTHS/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2015 (% of population)

Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	15.0
Education	
At least one school-aged child is not enrolled in school	4.2
No adult has completed primary education	8.2
Access to basic infrastructure	
No access to limited-standard drinking water	3.7
No access to limited-standard sanitation	52.0
No access to electricity	35.5

Source: World Bank using BMTHS/SSAPOV/GMD

POVERTY DATA AND METHODOLOGY

Botswana's poverty trend is based on three nationally representative household surveys: the Household Income and Expenditure Survey in 2002-03, the Botswana Core Welfare Indicators Survey in 2009-10, and the Botswana Multi Topic Household Survey in 2015-16. The national poverty incidence is determined by computing the Poverty Datum Line (PDL), which is based on the cost of a basket of goods and services deemed to be necessary and adequate to meet basic needs for household members.

Potential sources of difference between national poverty incidence and international poverty incidence (USD 2.15 per day at 2017 PPP) include: (1) value of the poverty line in LCU (the national average PDL per person per month in 2015-16 is 335 pula, and the international poverty line per person per month is approximately 316 pula); and (2) adjustment for cost-of-living differences across space for the national poverty estimates but not in international poverty estimates.

Since 2019, Statistics Botswana has begun to conduct a Quarterly Multi-Topic Household Survey (QMTS) to provide more frequent information on non-monetary household welfare for monitoring and decision-making, focused primarily on the labor market. The existing QMTS include: 2019-Q3 & -Q4, 2020-Q1 & -Q4, 2021-Q4, 2022-Q4.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The three countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.