

**Wealth Sharing for Conflict Prevention and Economic Growth:
Botswana Case Study of Natural Resource Utilization
For Peace and Development¹**

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EXECUTIVE SUMMARY

1. Botswana is a mineral dependent country and also a relatively successful democracy. Unlike many countries in a similar situation of a rich resource endowment which gave rise to political instability, political strife and conflict that has destroyed lives, property and ruined society all due to sectional interests over such natural resources, Botswana is one of the few countries that have extracted minerals and used them successfully to promote development and in the process managed to avoid conflict.
2. The central question that has been asked of this country is why and how did Botswana avoid “the natural resource curse” which has seen other countries in a comparable situation being torn apart by ethnic conflict over the ownership and control of such resources.²
3. This study, based on an extensive literature review and interviews with Botswana’s political, social and economic leaders, has established that several factors some unique to Botswana but others common to other societies worked together to turn Botswana from a doubtful independent state to a modern prosperous middle income country by the World Bank and International Monetary Fund (IMF) classification of countries.
4. The findings of this case study is that there were a number of factors revolving around the history and socio-political structure of Botswana, the country’s geo-political location in Southern Africa, the rich mineral endowment particularly the exploitation of diamonds as a strategic mineral were important in enabling the evolution of a strong developmental state in Botswana. The state then successfully drove a two-pronged programme of democratisation of society on the one hand and a development agenda on the other.
5. However, this finding still begs the question of what was peculiar with Botswana’s developmental state. Why did it succeed where many others have tried but failed? It is here that the role of leadership seems to better explain Botswana’s success. Botswana’s independence leaders were unique in that they were products of two different non-democratic systems of governance. The chiefs’ rule on the one hand and the racial segregation rule of the white governments of South Africa and Southern Rhodesia on the other. These two systems could not be kept as options for a new Botswana state.
6. The new leaders’ own personal negative experiences with chiefs’ near autocratic leadership and racial discriminatory laws propelled them to choose democracy and multi-racialism instead of chiefs’ rule or white or black dominance system of governance.
7. Given the sequence of events, where democratic rule preceded mineral discovery, it turns out that in Botswana it was democracy which enabled a peaceful exploitation and effective use of mineral revenue for successful development of the country rather than mineral resources determining whether or not the country would be democratic. However, indeed, the unexpected mineral wealth subsequently became a critical leverage resource for further democratisation and sustained development of the country.

² While the term “natural resource curse” also refers to the economic aspects of natural resource dependence such as Dutch Disease, this paper focus on the conflict related meaning of this term.

8. The skilful leadership and its ability to negotiate good partnerships with mining houses and the mobilisation of the donor community enabled the state to command unprecedented sources of revenue which were effectively used to benefit the majority of the population thereby making Botswana one of the most successful developmental states in the twentieth century.

9. Good governance, democracy in the form of regular elections, relatively free media, an elaborate system of central and local government with in-built consultative mechanisms and transparent ways of managing national resources, further ensured that mineral wealth was used for national development while corruption was kept at the minimum.

10. However, Botswana like other countries has recently entered a milestone period in its development. First mineral revenues are declining relative to the past as some of the key mines are planned to shut down during the course of the second decade of the twenty first century – 2010 onwards. The significant falls in revenue come at a time when Botswana's economy show only modest success in diversification from dependence on minerals. Democracy too has reached a stage of development where a number of reforms have become necessary. This study shows that Botswana's leadership is aware of the new challenges facing the country and appear to be bracing for a new reform agenda.

11. Finally, one of the findings of this case study is that Botswana has had her own local resource related conflicts. Perhaps the difference has been that these were handled democratically within the confines of the law and peaceful negotiations.

Chapter 1: Introduction

Abundance of non-renewable resources in developing countries is directly associated with conflict and ‘the resource curse’ (Iimi, 2007). ‘The resource curse’ is whereby the abundance of non-renewable resources fails to realize economic growth for all, but give rise to a host of negative effects such as violence, the Dutch Disease, corruption amongst others (Iimi, 2007). Although significant natural resources have facilitated conflicts in several developing countries - Angola, Sierra Leone, Nigeria, Sudan, the Democratic Republic of the Congo etc., - the abundance of these resources need not always ignite internal conflict. There are countries in Asia, Europe, the Middle East and even a few such countries in Africa that are using non-renewable resources to drive development and have not experienced conflict. South Africa, Namibia, Botswana and Zambia are such typical cases in Africa. Instead, the presence of significant minerals in Botswana is associated with economic development and democracy as well as peace.

This paper applies the “resource curse”, thesis to the case of Botswana, a country that is rich in minerals, yet it has realized positive development thus avoiding conflict and ‘the resource curse’. From being one of the poorest countries in the world at independence in 1966, Botswana is today celebrated as a success story in terms of the way it used its mineral resources, particularly diamonds, to drive development and growth spanning over four decades – a rare achievement in African experience. This makes Botswana one of the few developing countries that discovered and utilized significant natural resources at the same time building and enjoying domestic peace and stability spanning over four decades. Specifically, Botswana shows that natural resources exploitation need not always ignite internal conflict. Instead, natural resources proceeds can effectively be used to promote development and thus lead to positive transformation of a country from a condition of desolation to one of success. This way, mineral revenues, particularly from diamonds have become the life blood of Botswana’s economy and development trajectory.

The focus of this study is to examine the experience of Botswana in using natural resources to promote equitable development and thereby avoid conflict which often results from selfish private or ethnic group interests that elsewhere have used natural resources to the exclusion of other groups in society. This study specifically looks at the conditions and factors that facilitated the absence of internal conflict in the extraction of natural resources in Botswana. The key questions we ask and answer are:

- What contextual conditions and factors facilitated the peaceful extraction of natural resources in Botswana?
- Were these factors unique to Botswana or could they be replicated elsewhere?

Methodology

This study is based on data from various sources. They included a review of written sources (secondary data), analysis of government policies, key statements by political, economic and social leaders including presidents, ministers and others. The analysis is also based on a review of government reports, international reports on Botswana’s economic performance,

scholarly works and more importantly interviews with some key stakeholders from senior public officers, and the leadership of key mining operations in the country. From these diverse sources it became clear that there is a general consensus around the facts that:

- a. Botswana's leadership has been an important unique feature in explaining the successful use of mineral resources to advance the country's democratic development.
- b. Botswana's mineral resources have been exploited through a joint venture approach between government and the individual mining houses. The agreement between these two partners whether on diamond mining, copper/nickel mining, coal mining, soda ash and newer mines of gold, gas, etc have followed an uniquely amicable and mutually beneficial partnership between the government of Botswana and the individual mining houses.
- c. It also emerged from the interviews that there has been some resource related local or ethnic conflicts but these were democratically handled and peacefully resolved in the national interest. This way no alienation of land resulting from mineral discovery and extraction in different mines or other natural resources across the country has happened without the affected communities being compensated.
- d. The issues that have recently brought parties to newer and careful re-negotiation of contracts have had more to do with the level of processing/beneficiation of the minerals locally in order to help create economic diversification and associated additional jobs than with either local conflict or major disagreement between parties. Previously, most processing especially of diamonds was done exclusively outside Botswana. However, under the new agreement (2006), diamond sorting, grading, cutting and marketing is to be done in Botswana.

These issues are dealt with in-depth in the following chapters. The chapters focus on a number of factors which combined to make Botswana a relative success it is today. The second chapter deals with the socio-political setting of the chiefs' rule during the pre-colonial and colonial periods. It shows that weakening the chiefs' rule was a key foundation for democratisation of society and yet this was a politically sensitive and difficult process but one handled with determination and strategy. Also critical in chapter one is the geo-political context of the white, non-inclusive regimes of Southern Africa and how their policies negatively affected colonial Bechuanaland but subsequently became a positive reason why Botswana's new leadership rejected these policies for democracy. The third chapter discusses Botswana's democracy and how it has evolved not only to democratise society but also to become a management culture of good governance for defining how the natural resources would be utilised for the country's development. The conclusion of the chapter is that democracy was a pre-condition for conflict prevention in the exploitation of mineral resources in Botswana. Later on however, mineral revenue became a strategic leverage resource enabling government to entrench both democracy and development.

Chapter four outlines the mineral resource base of Botswana and the policies and strategies used by government in ensuring that such resources were used for public good rather than the self-interest of either the leaders or mining houses. It is in this chapter that we see both the

unique negotiation skills of Botswana leadership and their use of planning process to focus on long term rather than short term utilisation of mineral revenues. Chapter five focuses attention on cases of local conflicts relating to mineral and other natural resources around different parts of the country. The very important messages coming from this chapter is that conflict situations were dealt with within the democratic framework and where appropriate affected communities were compensated in line with established procedures. In this context, the Botswana case study seems to further confirm the thesis that democracy is a conflict resolution and more importantly a conflict prevention system.

Chapter six brings the issues together to explain Botswana's democratic and mineral dividends in attaining a high development success rate. It highlights both lessons and new challenges for the country and its new leadership.

Chapter 2: Botswana Political and Economic Development in Context

Botswana's politics and development strategy has been and continues to be driven by the country's geo-political location on the one hand and its socio-political history and settings on the other. This is a landlocked country in the Southern African region. It has a large land mass of around 582,000 square kilometres but a small population estimated at around 1.8 million. Thus, population-wise Botswana is classified as a small state together with the likes of Lesotho, Mauritius, Namibia and Swaziland in the Southern African region. Politically, socially and economically Botswana shares a common history with these other small states in the sense of their historical origins and relationship with the much larger South African economy and society. Indeed, the historical and modern development of Botswana can hardly be understood and appreciated outside the country's umbilical links with its powerful neighbour to the South. That intricate relationship between Botswana and her neighbours is best captured by Sir Peter Fawcus, the last of the Queen's Commissioners in the then Bechuanaland in the following paragraph:

“In 1943 the High Commissioner, Lord Harlech, in a dispatch to the Secretary of State written shortly before his retirement, reported that some of the European farmers in Bechuanaland had prepared a petition to General Smuts, Prime Minister of the Union (of South Africa), seeking early transfer to the Union of areas of the Protectorate occupied by Europeans. He reported that as a whole, the inhabitants of the Protectorate remained vehemently opposed to transfer, but argued that the vast size of the country was too great for the resources of its administration and its visible financial income. He suggested that the Government's main obligation was to the group of contiguous tribal territories extending from the Ngwaketse in the south to the Ngwato in the north, and proposed that, while those areas should remain Britain's responsibility, the rest of the country should be partitioned, the south going to South Africa, the north to Southern Rhodesia and the far west to South West Africa (Fawcus, 2000:29).”

The foregoing quotation is stated at length because it succinctly captures the colonial politics of the country in three ways. First, it summarises the historical struggles of Botswana leaders to resist many attempts by Britain to either incorporate their country into South Africa or hand it over to a private British South Africa Company of Cecil John Rhodes. These struggles had taken the three chiefs of Bangwato, Bangwaketse and Bakwena to Britain in 1895 to resist attempts to handover their country over to Rhodes' company. However, the 1920s to 1960s saw renewed

pressures by South Africa to be handed over Bechuanaland, Basutoland and Swaziland (so-called the three High Commission Territories) by Britain. Similarly, Botswana leaders at the time including Tshekedi Khama and Bathoen Gaseitsewe staged a strong opposition. Thus, Botswana's political history during the nineteenth century up to today is the history of a struggle to become an independent demonstrably different country from both South Africa and Southern Rhodesia (Zimbabwe). This particular position would make a lot of sense later on when independence leaders make the choice of democracy and multi-racialism as the ideology of the new state thereby rejecting the segregationist ideologies of both South African and Rhodesian (now Zimbabwe) white minority ruled regimes that emphasized white supremacy as a determinant of racial relations and political arrangement of society.

The second key statement coming from Lord Harlech's advice to the British Government which will also become a pre-occupation of Botswana's leaders during the colonial period and up to the present era is that of the country's economic viability as an independent entity. The British Government's greatest fears seem to have been avoiding carrying the liability of financing a territory which was politically strategic (passage to the north) but had no immediate economic returns to the colonial state. Attempts to handover Bechuanaland first to Cecil John Rhodes' Company and to the Union of South Africa after 1910 were all with the intent to relief Britain of the potential economic burden presented by keeping the country under direct British administration. Way back in the 1890s as part of the concession to remain outside the British South Africa Company (BSAC), the chiefs had committed to raising funds through taxes to meet the partial costs of the country's administration (Masire, 2006). The theme of economic independence espoused by independence leaders as discussed in the next chapter comes from this historical pre-occupation of Botswana being an unviable case of an independent country. It was claimed then that in the absence of any visible economic natural resources and given the country's over dependence on South African economy for jobs and markets, the future lies in the country becoming an integral part of the then Union of South Africa. Economic independence would, as shown in the subsequent chapters of this case study, become one of the tenets of the development strategy of the new Botswana state. At this point minerals were clearly unforeseen as the vehicle of Botswana's economy.

The last key statement from Lord Harlech's piece of advice to the British Government was that showing that the European population living in Botswana did not see themselves as part of the country in terms of social and political integration. They wanted to belong to other 'white' communities in the neighbouring countries. Again this is the basis of the multi-racial ideology that the new Botswana leaders would later espouse as the basis of the country's democracy.

In summary, the colonial politics of Bechuanaland which was defined by three themes of political incorporation or not, economic viability and inter-racial relations were critical in shaping the decision of the new leaders on democracy.

The second important factor underpinning Botswana's political economy comes from the country's traditional socio-political structure of the rule of chiefs and the associated agrarian economy which continued even under colonial rule. Although different writers of Botswana's 'development story' differ on what the major explanatory factors that underlie that country's success have been, there is a high general level and agreement that:

- a. The social structure and pre-independence political culture of the country has played a significant controlling role in sustaining peaceful co-existence of different ethnic and racial groups;
- b. The agrarian nature of the country's economy and its post-independence relative continuity resulted in limited disruption that would have caused rural displacement and associated conflict over land.

A. The Social Structure and Pre-independence Political Culture as a Factor

Botswana was during the colonial period a land of limited opportunities. Largely a home of the semi-arid and semi-desert Kalahari Desert, Bechuanaland as Botswana was then called had no obvious economic attractions to the white settler communities who instead moved through to Zimbabwe, Zambia and Kenya in the further north and east of Africa. Only small numbers of white settlers located themselves in strategic high rainfall and river bank areas of the Lobatse, Gaborone, the Tuli Blocks and the Tati and Francistown regions of the country. Overall, these white settlements had limited if any significant negative impact on local communities. As such, Botswana did not have the land related racial conflicts similar to those that subsequently ensued in countries like Kenya, Zimbabwe, Namibia and South Africa. While local labour relations between 'native' communities and white farmers showed racial inequalities and occasional localised conflict (Mazonde, 1987), these were not of a scale large enough to cause any long term widespread racial hostilities.

Outside the white peripheries and inside the mainland, different internally diverse communities co-existed in a patron-client but stable and generally peaceful relationship. The patron was generally the chief and his immediate clan-community whose power and control derived from the territory he held in trust for his people. The client were communities who came to live with the patron community on account of refuge, conquer, assimilation, voluntary land search, etc. The patron-client relations gave rise to peaceful but unequal classification of the communities into either 'major' or 'minor' tribe. These classifications were captured by crafters of the new constitution only to later on become a subject of intense disagreement and forced constitutional reforms (Republic of Botswana, 2000). Each tribal community had identifiable territory named after it e.g Bamangato Tribal Territory, Bangwaketse, Batawana, Bakwena, Bakgatla, Balete, Barolong, Batlokwa tribal territories were autonomous entities under independent chiefs. Around the chief evolved both a clear social structure of inequality of clans/sub-tribes and a political culture of authority, control and allegiance. This culture of male dominance had the institutional infrastructure of the *kgotla* system and regimentation which allowed for limited consultative democracy and decentralisation of power to local communities.

It is this traditional political infrastructure based on chieftaincy and the *kgotla* as the physical consultative forum that has become the distinctive feature of Botswana's modern democracy. However, the same democracy required that the chief should abandon his executive control over matters dealing with local development such as administration of land, oversight of local development and submit some of the key rights and responsibilities to the new national state at independence. This process of change from chiefly rule to the new national state government did not go down well with the chiefs in Botswana. They felt undermined, cheated by the colonial administration with whom they had worked for years and also undercut in that the proposed new

House of Chiefs had no executive powers but played an advisory role. However, as elaborated in the next chapter, the new state used different skilful strategies including coercion, co-optation, neutralisation and incorporation to manage and ultimately subdue the chiefs (Sebudubudu and Molutsi, 2009).

B. The Agrarian Nature of the Country's Economy and its Post-Independence

The social and political situation of chieftaincy rule also revolved around an agrarian economy dominated by livestock and crop production. The majority of the population eked out a living from these economic activities and only marginally depended on wage labour in South African mines, farms and emerging industries. The land was therefore an important source of each family's livelihood. Therefore, the success or failure of Botswana's post-independence economy has to be understood within the context of its ability to successfully articulate with and significantly keep the traditional agrarian and majority of the population's mainstay economy uninterrupted. Needless to say that, however, given the absence of any viable economic activity outside the agrarian economy at the time, the new state had little option but to initiate major reforms of the agrarian economy starting with land reforms.

Immediately after independence, government undertook two major land reforms aimed at increasing the productivity of the agrarian economy. First, the government introduced a number of measures and laws to change the traditional land tenure system. The land allocation rights were taken away from the chief and his advisors to the newly established land boards as new land administration agencies in each district area. The latter in turn introduced a new form of tenure system where the land could be leased to private developers for a period ranging from thirty to fifty years. Further, this reform allowed 'non-tribesmen' the opportunity to acquire land in traditional tribal land which was opposed by chiefs before.

The second reform effort was directed at increasing livestock productivity. Here the government demarcated special areas such as Nojane and Makalamabedi in the western regions of the country into ranches for modern livestock production. This development initiative saw the introduction of the livestock development projects in the 1970s and 1980s (Ministry of Agriculture, 1978) and the new Tribal Grazing Land Policy (TGLP) in 1975. The livestock projects involved establishment of ranches on the land owned by the state and leasing them to private users in the form of individual and syndicate cattle owners. Unfortunately, both the land reform and livestock ranching projects did not achieve anticipated results. Both projects were painfully slow and at the end failed to make any significant impact on the peasant economy (Ministry of Agriculture, 1978; Odell, 1980).

C. The Birth of Democratic Leaders

So far this chapter has established how Botswana's post-independence political economy and democracy are rooted in the past geo-political colonial history on the one hand and socio-political organization of the traditional rule of the chiefs on the other. At this point the existence of minerals was unknown. Yet it was at this time that a new political leadership with a distinct democratic credential was beginning to emerge. This part of the chapter turns the focus to those new leaders. And addresses the questions of who they were, why did they emerge and how they went about the job of being the architects of the new democratic state.

The period 1920 to 1960 in Botswana, as in other countries that had been under colonial rule, was characterised by the emergence of a new elite. These new people and new leaders were products of missionary education (Molutsi, 1989) who had studied in Bechuanaland, South Africa and a few of them in Southern Rhodesia. The unique characteristic of the new elite was their strong opposition to the autocratic chieftaincy rule which characterized the way Bechuanaland was administered before and during the colonial period on the one hand and their total rejection of racist politics of the neighbouring powerful neighbours of Bechuanaland. Former Presidents Seretse Khama, first president of independent Botswana and Ketumile Quett Masire, one of the founding fathers of the modern Botswana nation and the second president of Botswana are used here as representatives of a small but strategic citizen elite that were to become the torchbearers of Botswana's independence and democracy. Masire gives a compelling testimony of how he suffered under the hands of his tribal chief Kgosi Bathoen Gaseitsewe II of Bangwaketse tribe during the 1950s and 1960s. His confrontation and difficulties with the chief came from his successful agricultural projects which brought him favour and popularity with the agricultural demonstrators and colonial administrators (Masire, 2006). This is what he says about his relationship with the chief which formed his views on chieftaincy:

“All my experiences before politics – as a student, teacher, farmer and journalist – influenced how I thought about what Botswana should become. Before I became involved in elective politics in 1961, I had also dealt with my chief Bathoen II. He was often referred to as “B2”, and many of us used that nickname for him throughout his life. I had seen how chief Bathoen controlled so much of the lives of those living under his rule. From my experiences in dealing with my chief, it was not surprising that I was especially concerned about eliminating the autocratic rule of the chiefs without tampering with their ceremonial role (Masire, 2006:24). ...Starting in 1950, I went to *kgotla* to participate. B2 thought I put wrong ideas into people's heads, and he would say: “*Nna hatshe, Quett o tlaa itaya batho tsebe*” (Literally: Quett you are disturbing people's ears). But what he meant was: Quett, you are misleading people. And so began the friction between us”. (Masire, 2006:24)

Masire's was of course, not an isolated case of a victimised moderniser. Similar stories are recorded of other individuals in other tribal territories (Molutsi 1989). Seretse Khama, himself a chief by birth and an heir to the crown of one of the major tribes, Bangwato, had to finally reject chief's form of government and worked to undermine that institution through his new government policies. However, Seretse's ideological strength came from inclusive politics having himself been a victim of the non-inclusive politics of the region. Seretse Khama like Masire went for studies in South Africa in the 1940s. They both studied in missionary schools and because of the colour of their skin they knew that they could not access the best 'white schools and universities' in South Africa. However, it was not until 1947 when Seretse came face to face with the reality of racial segregation. When studying in the United Kingdom Seretse got engaged to a British white woman and this event alone caused an international outcry and saw his rights being violated by both the South African and British governments. This event has been succinctly summarised by Sir Peter Fawcus, the last of British Resident Commissioners in Bechuanaland as follows:

In 1949 a new and serious threat to the Territories (Bechuanaland, Basutoland and Swaziland) arose when Seretse Khama, the heir to the chieftaincy of the Protectorate's largest tribe, the Bangwato, married a white woman. His bride was an English girl, Ruth

Williams, whom Seretse had met and married while he was in London reading for the Bar. This was shortly before the time when Seretse was expected to return to Bechuanaland to take over the chieftaincy of the tribe from his uncle, Tshekedi Khama, who had acted as the regent since the death of Seretse's father in 1925. The marriage was opposed by Tshekedi and initially caused dispute within the tribe.

According to Sir Fawcus "White opinion in South Africa was inflamed by the marriage, and the crisis was exploited in speeches made by Dr. D. F. Malan, South African Prime Minister demanding the incorporation of all the three High Commission Territories into South Africa (Fawcus, 2000:30).

Fawcus (2000) reports that after some enquiry on the marriage and based on the opinions both from the tribe and the South African government, the British government summoned Seretse to London and told him that he would never be recognised as chief. After being allowed to return to Bechuanaland to settle his affairs he was deported, with Ruth, and banned from entering the country for at least five years (Fawcus, 2000:31).

Evidently, the personal experiences of both Seretse Khama and Ketumile Masire were critical in shaping their political vision of a democratic Bechuanaland. The two key leaders were of course not alone in their determination to change the country from both the rule of the chiefs and racial structures that characterised its colonial administration. Other participants in the constitutional talks in Lobatse in 1963 who included some trained teachers, journalists, white missionaries and some progressive white settler leaders were equally opposed to racial segregation and autocratic rule of chiefs. These distinct political ideologies then gave shape to an alternative and more accommodative system of government. There was also the option of socialist politics which was advocated by a small radical group from the nucleus political parties of the left. This stand was however not preferred by the majority of those on the negotiation table.

In summary, Botswana's development path was shaped more by her historical continuity, large dependence on agrarian economy and her skilful choice of a democratic ideology which appealed to donors and enabled the country to define a clear development strategy that was independent of the mineral resources and its revenue. However, even more important, was the culture of economic and political prudence that ensured that the unprecedented flow of mineral revenue did not create an excitement that would have deprived some parts of the country the right to development. This is where the country's adherence to the tool of development planning using rolling 'National Development Plans' (NDPs) (discussed in the next chapter) has to be admired. The NDP became both a gate-keeping tool as well as an instrument for equitable distribution of development projects across the country (Interviews with Patrick Molutsi, 22 February 2009 and 7 August 2010).

Chapter 3: The Evolution of Political Structures and its Democratic Institutions

Political independence in Botswana as in other decolonizing countries around the world essentially meant creation of new political institutions. The critical decision was basically about two key questions. What type of political institutions will these be and how will they relate to those that had been in existence prior to independence? These questions could not be determined

by one or two individual leaders or even be answered for the country by the departing colonial administration. On the contrary, they required consensus from leaders of the country. It will be recalled that since the early 1920s the Colonial Administration had created consultative structures to help them make decisions that affect the different population groupings in Bechuanaland. The African Advisory Council was the first to be established in 1919 followed by the European Advisory Council in 1920. These two councils worked in parallel until 1951 when a Joint Advisory Council made of eight members from each of the councils was established and four officials.

According to both Fawcus (2000) and Masire (2006) the Joint Advisory Council in 1958 successfully moved for the establishment of the Legislative Council. The latter was duly inaugurated in 1959. In addition, the Joint Advisory Council established a Constitutional Committee whose members were Kgosi Bathoen II, Mr. Russell England, Mr. J. G. Haskins, Mr. Seretse Khama, Dr. S. M. Molema, Mr. Bogatsu Pilane, Mr. G.W. Sim, and Mr. H.S. Gass. These were joined by Mr. S.V. Lawrenson, Mr. J.D.A Germond, Mr. A.G. Tilbury and Mr. D.M. Robinson as Government officials. Given the composition of the Constitutional Drafting Committee focused on the interests of chiefs, progressive elite and white settler representatives, it is not surprising that the interests of Asians, women and African ethnic minorities were not well represented in the final constitution. Interestingly even at the main Constitutional Conference held in the town of Lobatse only men were selected to represent chiefs, different political parties, white settler communities and there was one Asian representative (see Appendix A for Participants to the Constitutional Talks). These leaders gathered together at Lobatse in 1963 to agree on the country's first law - the Constitution. The Constitutional Talks did not go smoothly. They involved a lot of bargaining and at the end some participants left the Talks with a sense of grievance. The chiefs in particular left the Constitutional discussion table with a sense of loss of authority and power.

Dissatisfactions notwithstanding, the talks produced a Constitution which was essentially democratic. The Constitution defined the four core institutions of government as the Executive, Legislative, Judiciary and Local Government. All these were new institutions requiring to be put into practice in a society which was essentially unfamiliar with them. The constitution established and defined the role of each of the following key structures of a democratic system.

A. Parliament

The parliament was made up of two houses. The House of Chiefs made up at the time of paramount chiefs of the eight main tribes in the country. The House of Chief had an advisory but no executive powers. The second house was the National Assembly which at the time was made of thirty-one elected members and four specially elected members. These two houses made and still constitute the Botswana Parliament. The Parliament's roles were defined as law making, representation of constituents and oversight on the work of the Executive. The parliament has not changed much since then except the increases in the numbers of each house. The National Assembly (House of Representative) in particular has since increased its membership to 57 elected and 4 specially elected members.

B. The Executive

The Executive is headed by the indirectly elected President and is made up of ministers responsible for various portfolios such as lands and housing, education, health, mineral and water, environment and wildlife, industry and commerce and others. The President is elected by the political party with majority members in parliament.

C. The Judiciary

The judiciary is established as an independent arm of government headed by the Chief Justice. There is also a Court of Appeal which considers cases decided on by the Chief Justice/High Court. The judiciary has a three-tier structure of magistrate court, high court and Appeals court. There is a parallel customary court system which also has its own court of appeal.

D. The Public Service

The public service is the administrative arm of government and is headed by the Permanent Secretary to the President who is also secretary to Cabinet. The very important feature of Botswana's public service is that for a long time it was manned at the top by former officers of the colonial administration. Just like parliament where members were drawn from different ethnic and racial groups the public service was in the first two decades after independence led by technical and professional officers from the past or from outside the country.

E. Local Government

The local government was the most controversial and most difficult aspect of Botswana's democratic dispensation. This was not surprising because this was the area where traditional power and authority resided. The Constitution had very little to say about protecting the rights of chiefs. Instead, this was an area for major and targeted reforms. This was also the meeting point between modern and traditional chiefs' led institutions. The chiefs were recognized and a new House of Chiefs as an advisory arm of the Legislature was established. However, the battles for hegemony were only starting with the approval of the constitution. Thereafter, the major battles were fought among political parties canvassing for state power on the one hand, and between the state and the chiefs on the other. Particularly the latter issue ensued into a long struggle for hegemony playing itself out at local government level (Sebudubudu and Molutsi, 2009).

The new state used different strategies to quell the opposition from the chiefs. Essentially the law was used to take away or substantially reduce the chiefs' powers over land, rural development and such other activities that made the chief the final authority on matters of development (Molutsi, 1986; Sebudubudu and Molutsi, 2009). Other strategies involved co-option of some chiefs or their relations into politics, their appointment to new positions of power and turning them into salaried servants of the state. Force was never used and when it became necessary to suspend one or two chiefs, the government was careful to ensure that the affected communities were consulted and their support gained. Another important method of incorporating chiefs and reducing their resistance to change was through the appointment of retiring party politicians as chiefs. In other words the chief became someone identified as such by government and not necessarily someone who was born into the position as had been the case in the past.

This whole process was essentially one of ‘democratising the chieftaincy’ while at the same time creating a stronger legitimacy for the new national state. This process was important because at the time of the discovery of minerals no chief could claim exclusive right to them because they were found in his/her territory. Moreover, no local communities were alienated politically such that they could oppose state policy on minerals when it came later. Other than the chiefs, the Botswana system of democracy as defined in the Constitution evolved relatively smoothly. Political parties formed and have participated in more than ten elections to date. Although the ruling party has been dominant throughout, there is a general feeling of an open and free political process. The local government structure has also evolved smoothly with four distinct but collaborative institutions of the land boards, local councils, tribal administration and district administration.

In short, Botswana’s democracy has produced the logic of its own as it ensured regular elections, a multiparty system and an elaborate local government structures based on mutual trust and coalition political strategies. It was within this political, social and economic environment that clear partnership agreements with mining houses were crafted and evolved for mutual benefit.

F. Democracy Dividends

Commitment to and practice of democracy by Botswana’s post independence leaders in the context of the era of apartheid helped to attract donor goodwill and financial assistance that helped to produce the lacking social infrastructure in the form of schools, clinics, roads, water supply and social safety-nets of some unprecedented magnitude for a developing country.

According to Molutsi (1993:52) “Botswana leaders took advantage of the geographical situation of their country to project their democratic experiment on the doorstep of apartheid. They appealed for support to the United Nations and its agencies, to foreign governments, and to international humanitarian agencies. The message was fairly clear and simple: Botswana was a poverty-stricken nation, but whose political success could contribute to racial harmony and peaceful transformation in Southern Africa”.

The choice of a multiparty constitution and the determination to make it succeed has been the hallmark of Botswana’s political capital from the very beginning. While the country’s neighbours were preaching racial inequalities and supremacy, Botswana’s leaders having themselves been victims of racial discrimination chose an opposite political ideology which advocated racial equality and peaceful co-existence (Carter and Morgan, 1980 on Seretse Khama, 1970 Speech at Uppsala, Sweden). This ideological stand resonated well with the post-War global politics and the process of decolonisation. As a result, just a decade after independence in 1976, Botswana was one of the highest recipients of foreign aid (Molutsi, 1993). In the mid 1970s, for instance, the country received a large amount of foreign aid targeted at rural development. This funding gave birth to the programme known as Accelerated Rural Development Programme (ARDP 1973 -1976) which enabled the Botswana government to finance a countrywide reconstruction programme that saw construction of primary schools, clinics, rural roads, rural water supply and associated social and physical infrastructure. This programme was successful in laying the foundations of present day infrastructure as well as strengthening the role of the state as the major agency of development.

Today, Botswana stands out as an antithesis of the ‘resource curse’ thesis. The discovery of a rich mineral endowment and its exploitation has not ignited conflict and strife but instead helped to create a viable political and economically sustainable state over a very short space of time – four and half decades (from 1966 to 2010). From a doubtful case of an independent viable state dependent on the British government’s budget support in 1966, this small southern African landlocked country was to become a land of ‘paradoxes’ in the language of Thunderberg Hartland-Roe (1977 as quoted in Molutsi, 1986) and Anderson (2005), the paradoxes being political stability, rapid economic growth, peaceful-coexistence of different ethnic groups and races on the one hand and poverty on the other in the otherwise turbulent southern African region of the 1960s and 1970s. For Anderson (2005), Botswana’s successful utilization of non-renewable resources has turned it into ‘a land of seeming paradoxes’ in the sense that it is regarded as an upper-middle income country by the World Bank yet a significant part of its population ‘lives below the poverty line’.

The immediate questions that arise from the foregoing statements are why and how did Botswana manage its political and economic success and thereby avoid the road to the ‘resource curse’? Many scholars and the government of Botswana itself have advanced different explanations for this uniquely interesting case of developmental trajectory of the twentieth century. Indeed when development theory is re-written, Botswana should feature somewhat as one of the different development path models comparable to early 17th Century England, the 19th and early twentieth century’s development models of Germany, Russia, Japan and United States of America (Barrington Moore, 1967).

Chapter 4: The Major Extractive Activities in Botswana

As shown in chapter two, Botswana at independence in 1966 had a largely agrarian economy with the livestock sector as the mainstay of the economy. The Botswana Meat Commission (BMC) located in the southern town of Lobatse was the only major economic industry in the country giving rise to Botswana’s questionable economic viability at the time as it was amongst the poorest of the poor countries in Africa. At independence, a few minerals amongst them gold, asbestos and manganese were known to exist in the country. Just a few years before independence, the Bangwato tribal leaders Tshekedi Khama and Seretse Khama, who later became Botswana’s first President, entered into an agreement with Roan Selection Trust (RST) to utilize copper and nickel deposits in Selibe Phikwe Town. This agreement was maintained into the independence period and was replaced by the Bamangwato Concessions Limited (BCL) – a joint company in which the government of Botswana has a major equity in the running of the mine (Sebudubudu and Molutsi, 2009). It is this company that mines and manages copper and nickel in Botswana from three underground shafts for export and has since become the largest employer - about 5000 people - in the private sector. The deposits of copper and nickel are estimated at 95 million tonnes (Botswana: Mining, <http://sunsite.icm.edu.pl/untpdc/incubator/africahp/bwa/bw7.htm>). The BCL copper and nickel mine was expected to be in operation until 2010 but this has recently been revised to 2013 (Selibi-Phikwe, <http://en.wikipedia.org/wiki/Selebi-Phikwe>; accessed 12/10/2010). Nonetheless, further exploration continues to extend the life of the BCL mine beyond this date (Botswana: Mining, <http://sunsite.icm.edu.pl/untpdc/incubator/africahp/bwa/bw7.htm>; accessed 12/10/2010).

Botswana's economic viability was suspect at independence. That was before the discovery of several valuable minerals. The colonial administration had given prospecting rights to De Beers way back in 1955, but the first major mineral discovery of diamonds was only made in Orapa in 1967. Even then actual production did not start until 1972. This was followed by a limited deposit leading to establishment of small mine at Letlhakane in 1980 (Botswana: Mininig, <http://sunsite.icm.edu.pl/untpdc/incubator/africahp/bwa/bw7.htm>; accessed 12/ 10/2010). The third and richest of the mines probably the largest diamonds mine by value in the world is that of Jwaneng was discovered in 1972 but started production in 1982. By 1999, Botswana's diamonds accounted for 25% of the world's diamonds with production estimated at 30 million carats (6000kg) of diamonds. The Orapa mine extension started production in 2000. The fourth diamond mine was opened in Damtshaa in 2002 (Economy of Botswana, http://en.wikipedia.org/wiki/Economy_of_Botswana, accessed 8/10/2010). All these mines are controlled by De Beers-Botswana Mining Company (Debswana) – a company jointly owned by the De Beers Diamond Mining Company and the government of Botswana on a 50 – 50% shareholding which was initially on an 85 – 15% basis in 1970 in favour of De Beers until it was re-negotiated in 1975 (Taylor, 2002; Magang ,2008). In 2008, another diamond mine started production in Lerala Village, making it the fifth diamond mine and the first not to be controlled by Debswana in the country. This is an open pit mine that produces diamond carats and is owned by Diamonex Botswana Ltd (Raw Materials Group, <http://www.rmg.se/RMDEntities/L/TSWAPO.htm>; accessed 12/10/2010). Recently, some deposits of diamonds were discovered in the Central Kalahari Game Reserve (CKGR). The Lerala diamond mine has since suspended its operations because of the global recession. All these minerals have made Botswana not only a major player in the diamond industry but collectively the highest and richest producer of diamonds in the world by value (IIMI, 2007; Economy of Botswana, http://en.wikipedia.org/wiki/Economy_of_Botswana, accessed 8/10/2010).

Botswana also extracts soda ash from Sua Pan Township. The soda ash plant which started its operations in 1991 is controlled by Soda Ash Botswana, and enjoys substantial government support. It is currently operating below capacity because of a feeble market for its products. The plant has the capacity to make the sub-continent almost self-sufficient of imported products. The Soda Ash Plant also has the capacity to generate 650 000 tons of salt annually. The product is of good quality making it suitable to be used as a raw material to produce certain chemicals. Furthermore, Botswana has huge deposits of coal in Eastern Botswana. Currently, a Morupule Colliery mine, Botswana's only coal mine is located outside Palapye and is run by Anglo American Corporation (Botswana: Mining <http://sunsite.icm.edu.pl/untpdc/incubator/africahp/bwa/bw7.htm>; accessed 12/ 10/2010). The huge deposits of coal discovered at Mmamabula are yet to be fully exploited, although efforts are well under way to use them for the production of electricity, with a possibility of exporting it in the future because the southern Africa sub-region is gripped by acute shortage of power.

Further, extractive activities in Botswana include the Selkirk nickel mine that started its underground operations in 1989. Nearby (some 15 km), is the open pit Phoenix nickel mine that is located 35 km east of Francistown (Botswana's north eastern city and the second largest) and began production in 1995. The two mines are controlled by Tati Nickel Mining Company that produces copper and nickel to be processed by BCL. Tati Nickel Mining Company has an 85 - 15% share ownership between the Norilsk Nickel and the Government of Botswana respectively

(Norilsk Nickel Africa, http://www.nornik.run/en/our_products/norilsknickelafrica; accessed 12/10/2010). Other minerals that are known to exist in Botswana are platinum, silver, talc, plutonium, uranium, zinc, manganese, lead, kaolin, gypsum, graphite fluorine, feldspar, sulphur, antimony and chromite. An aeromatic survey has also located some deep seated “sedimentary basins containing non-magnetic fill and which are potential gas and oil bearing formations” in western Botswana. Apart from these, some precious stones are harvested for processing as well as crushed stones and sand to be used in road and building construction (Botswana: Mining, <http://sunsite.icm.edu.pl/untpdc/incubator/africahp/bwa/bw7.htm>; accessed 12/ 10/2010). It is these mineral finds that have since transformed Botswana’s economic situation, especially the exploitation of diamonds, from one of destitution to that of economic prosperity. Thus, Botswana’s prosperity is driven by minerals largely diamonds.

A. The Dominance of Natural Resources Extraction in the National Economy

The foregoing shows that Botswana is endowed with mineral resources making it a mineral dependent country and economy. With the discovery of minerals, particularly diamonds in 1967 followed by production in the early 1970’s and 1980s and later 2000’s, minerals have since replaced beef as the dominant export and major source of government revenue. Several scholars have noted and documented Botswana’s economic success and prosperity, and indeed the dominance of natural resources behind this performance (Harvey and Lewis, 1990; Mpabanga, 1997; Samatar, 1999, Taylor, 2002; Molutsi, 2004; Leith, 2005; Hillbom, 2008; Sebudubudu and Lotshwao, 2009; Cook and Sarkin, 2010). It is not our intention to repeat those different works here except to highlight a few salient factors that have contributed to this impressive achievement by African standards. Although a number of factors (a combination of) have been identified and pivotal for Botswana’s success, there is no doubt that prudent use of diamonds was the bedrock of Botswana’s celebrated performance and transformation. It is authoritatively stated that: “Botswana’s impressive economic record has been built on a foundation of diamond mining, prudent fiscal policies, international and technical assistance and a cautious foreign policy” (Economy of Botswana, http://en.wikipedia.org/wiki/Economy_of_Botswana, accessed 8/10/2010). In this sense, the discovery and management of natural resources improved Botswana’s revenue structure. Niemann (1993:41) asserts that, “the foundations for... [the] change in the revenue structure [for Botswana] were laid in the late 1960s when the first diamond mine in Orapa was discovered”. Even the country’s National Development Plan of 1970 recognized that economic development will be driven and indeed “almost entirely dependent on the successful creation of a mining sector”. The shift in the composition of the country’s export at the time, with diamonds exports replacing beef as the main export and foreign earnings, demonstrate this (Niemann 1993:41 quoting the Republic of Botswana, National Development Plan 1970).

In fact, natural resources (mining) did not only replace beef as the main export but also contributed up to 40% of the Gross Domestic Product (GDP). Natural resources have also been a major source of Botswana’s export earnings (more than 70 percent) and also formed a significant portion of total government revenues (more than 50 percent). In this way, natural resources extraction, especially diamonds, plays a crucial and dominant role in the Botswana economy.

Particularly interesting to note about Botswana is that natural resources have not been a source of conflict and violence nor were they a source of corruption to the same extent as in most African

countries that are endowed with non-renewable resources. Moreover, Botswana unlike most of its peers in Africa, has not been plagued by ‘the resource curse’ in its usage and management of natural resources. Instead, natural resources were used to fuel economic growth and development and in turn helped to transform the Botswana economy and society. It is in this context that natural resources are a strategic key resource for Botswana. In this sense, natural resources, particularly diamonds were at the centre stage in the transformation of Botswana.

This was possible in part because of the peaceful transfer of minerals rights from the original owners (communities and individuals) to the state through the policy of nationalisation of minerals (ownership) in the 1960s; minerals became a state resource and not community resource (Interviews with Gobe Matenge, 19 December 2008; Peter Letlhogonolo Siele, 31 December 2008; Tebelelo Seretse, 9 January 2009; Botsweletse Kingsley Sebele, 10 January 2009; Kentse Rammidi, 5 February 2009; Festina Bakwena, 11 February 2009; Lt Gen. Mompoti Merafhe, 9 March 2009; David Magang, 31 July 2010; John Holm, 7 September 2010; Michael Dingake, 29 September 2010; Blackie Marole, 2 December 2010). The peaceful transfer of mineral rights was realized in part because of the new elites that assumed office at independence, particularly Seretse Khama, played a crucial role in ensuring that mineral rights were ceded from the different tribal groupings to the central government following an extended consultation process with the different tribes. This was made easy because the first minerals were discovered in the Bangwato area, the birthplace of Seretse Khama. The minerals discovered were copper and nickel in Selibe Phikwe and later diamonds in Orapa-Letlhakane still in the Bangwato area. Ceding mineral rights to the Central Government started there. As a result, the rest of the tribes had no problem with this arrangement. Even then, Chief Bathoen II was against the ceding of mineral rights but he gave in following skilful negotiations with the leaders (Interviews, 10 and 11 January 2009; 31 July 2010; 2 December 2010). Since then, large diamond deposits have been discovered in the area of Bangwaketse of former Chief Bathoen II. Thus in the case of Botswana there was consensus that minerals were a strategic resource (Sebudubudu and Molutsi, 2009). Even though communities ceded mineral rights to the state, the private sector was allowed, under the guidance of the state, to play a crucial role in the exploitation and management of natural resources.

B. Botswana – De Beers Partnership: A Unique Experience of Success?

With natural resources under the control of the state, the Government of Botswana entered into a major partnership with De Beers Diamond Mining Company and formed a jointly controlled and owned company De Beers – Botswana Mining Company (DEBSWANA). The company, which was formed to extract and manage diamonds mining in Botswana. The original agreement was on an 85 -15% shareholding in favour of De Beers but was later revised to 50 – 50% shareholding (Taylor, 2002; Magang, 2008; Interview with Blackie Marole, 2 December 2010). The alliance with De Beers in the management of diamonds is celebrated as a major success and as beneficial to the government of Botswana through royalties, taxes and the sharing of revenues. In this sense, Botswana offers lessons to other countries endowed with natural resources.

It is this partnership, of course, coupled with good usage of minerals proceeds that has significantly contributed to the transformation of Botswana. DEBSWANA has equal membership and rotational chairmanship between De Beers and the Botswana government. It is this company that has over the years seen the evolution of a mutual trust between the two parties

that had senior civil servants took turns to both seat in the Debswana Board on behalf of Government and also some of them as Executive directors of the Debswana.

Among the many such influential players was Mr. Festus Mogae who started off at Debswana Board as the then Permanent Secretary in the Ministry of Finance and Development Planning (MFDP) in the 1980s. When he became the Minister in the same Ministry in the early 1990s his successor as Permanent Secretary of the same Ministry Mr. Baledzi Gaolathe (former Minister of Finance and Development Planning) also became an influential member of the Debswana Board. In fact, at one point in the late 1990s Mr. Gaolathe becoming for about two years the Managing Director of Debswana. He left the post to become the Governor of the Central Bank until he joined politics and became the Minister of Finance and Development Planning in 1999 when Mr. Mogae became the President of Botswana. Besides, Misters Mogae and Gaolathe, the other prominent figure in the managing of Debswana over the many years was Mr. Nchindo. He was the longest serving member of the board of Debswana and the company's Managing Director of many years.

Since the representation of both Government and De Beers in the Debswana Board was fifty-fifty, several other senior government officers were involved in the running of this long lasting coalition. Senior officers from the Ministry of Mineral Resources and Water Affairs and from the Office of the President became members of the Board of Debswana. Indeed, a former Managing Director of Debswana, Mr. Blackie Marole, gained his knowledge and experience of the diamond mining sector during his years as the Permanent Secretary in the Ministry of Mineral Resources and Water Affairs. The current Permanent Secretary to the President who is also Secretary to Cabinet, Mr. Molale is the current chairman of Debswana. He is occupying this position as the government representative and he will in a few years pass the chairmanship to the De Beers representative in the Board. At individual interest level, De Beers has its separate Office in Botswana which oversees the company's interest and ensures that it is adequately informed of government policies and other developments. It is interesting that in around 2005, De Beers appointed for the first time, a citizen female married to the Khama family as its local Executive Director. She served until 2010. This was interesting for two reasons. First, it showed a trust that has evolved between the two parties on the mining and sales of Botswana diamonds. The De Beers must have felt that a citizen of course with capability and experience was appropriate at this time. Ms Sheila Khama has proved to be capable and a useful link between the De Beers and Government.

The second reason why the appointment of Ms Khama to the Executive Director position for the De Beers at this time was interesting was that it came at a critical moment when the first twenty five years contract between De Beers and the Government was expiring. The new contract had to be re-negotiated and it is clear that De Beers wanted to show that this relationship has not only benefited the country in terms of revenue sharing but that citizens have been trained and developed to the highest level of skills in the diamond sector. Indeed, the other important role of this appointment was that Ms Khama brought with her extra social capital – her deep knowledge of the country and how it works but more importantly her friendships – formal and informal with many officials on the government side. She has been a school mate at the University of Botswana with Mr. Molale, the Permanent Secretary to the President and the current Managing Director of Debswana Mr. Blackie Marole. In addition, Sheila Khama has family ties with the then Vice President and the current President Mr. Seretse Khama Ian Khama.

The timeliness of the appointment of Ms Sheila Khama becomes also important in the context of the negotiations of the substance of the second long term contract between the two parties. Since the mid 1980s the government side has been expressing concerns that De Beers was not doing enough to develop the downstream operations of diamond mining to the country. The operations of the diamond sorting subsidiary company – Botswana Diamond Valuing Company (BDVC) were seen as insufficient for job creation and strategic placing of Botswana as one of the lead diamond producers around the world. The key issue then for the second longer term contract was going to be the need to bring diamond manufacturing operations from places in London and other parts of Europe and America to Botswana. This was expected to help the Government effort to diversify the economy away from mineral dependency to other sectors. The beneficiation of diamonds will bring into the country more companies that buy and cut diamonds and thereby the jobs that accompany those processes.

Indeed, the Government's Mineral Advisory Committee formed around the Ministry of Mineral Resources and Water Affairs, the Ministry of Finance and Development Planning, the Central Bank and the Office of the President pressed hard for the Diamond Trading Company (DTC), the De Beers subsidiary based in London, UK should transfer its operations to Botswana as a requirement for the new contract with De Beers. This was a tall order for De Beers as DTC is a complex operation at the heart of the whole global marketing and sales of the diamonds and involves both high security and business intelligence of political and economic nature. In particular, other diamond producing countries in the region – South Africa, Namibia and Angola were negotiating on the same grounds of deepening diamond benefits to their economies. However, De Beers conceded to the deepening of diamonds operations in Botswana. It was agreed that DTC will ultimately transfer its operations from London to Gaborone and the related aggregation of diamonds from neighbouring countries as well as major sales of raw diamonds will now be done in Botswana. Since the signing of a favourable new long term contract between De Beers and the Government of Botswana in 2007, BDVC has been dissolved. A new building for DTC has been completed and some of the DTC's operations have been transferred to Gaborone. Clearly, this time around Botswana's leadership has demonstrated continuing skilful negotiations and leadership. While the contract must have been difficult for De Beers, the trust in Botswana government's intentions is not in doubt. In fact, until last year when Government sold some of its shares, the Government of Botswana owned up to 15% of Shares in De Beers (Sebudubudu and Molutsi, 2009).

Chapter 5: Pockets of Conflict over Natural Resources in Botswana

While natural resources extraction in Botswana has largely not produced conflict, Botswana has had its own resource based contestations. There are some areas such as the Central Kalahari Game Reserve (CKGR) in the Kalahari Desert and other parts of the country such as the Chobe and Okavango in the north-western part of Botswana that are populated with wild animals that have been experiencing some kind of conflict between the State and local communities over land and other wildlife resources. With regard to the CKGR, the tension or seeming conflict has to do largely with the relocation of the Basarwa / The San, from inside the CKGR to settlements outside the CKGR. The Central Kalahari was demarcated as a Game Reserve by the Colonial Authorities of Bechuanaland in 1961. The purpose of this decision was twofold. First, it was to meant to protect the area against the invading cattle owners from the eastern and western parts of

the country, and second to protect it against sophisticated gun-hunters who were poaching wildlife animals thereby threatening to deplete the Reserve of this important endowment.

The scattered communities of the indigenous Basarwa/San living in the Reserve were left to stay and hunt in the Game Reserve. However, from the late 1970s onwards three developments in and around the Central Game Reserve created some tensions and competition over the land use. First, the intruding cattle ranching activities continued to threaten to violate wildlife controls to fence out the Game Reserve. Secondly, the indigenous hunters gained some sophistication in their hunting skills and equipment so much that they began to threaten the wildlife resources of the place. It also turns out that some limited deposits of diamonds were discovered in a place called Gope on the northeast corner of the Game Reserve. These three factors generated a lot of contestations and conflict over who the real owners of the Game Reserve were.

The Government which had inherited the Game Reserve as Stateland had started to encourage the growing population of the San to move out of the Game Reserve into specially built and provided neighbouring villages. However, despite long and careful consultations, and government's long standing policy of relocating and compensating people who have been relocated for national developments to take place, some sections of the San people refused to move out of the Game Reserve. The relocation of the Basarwa from their ancestral land in the CKGR was in some quarters (i.e Survival International) linked with the discovery of diamonds within the CKGR but government has refuted this arguing that the diamonds deposits discovered within the CKGR would not make economic sense to mine.

The protracted discussions and the subsequent relocation of the Basarwa / The San sparked some conflict that resulted in a historic case in which the San were supported by local and international nongovernmental organizations against the state. The case was partially won by both parties in that Basarwa/San won the right not to be forced out of the Reserve while the State won the right not to provide any services including water for people/San who lived within the Reserve. Since then, the Basarwa/San appealed and won the right to access their boreholes for drinking water, but the litigation will likely continue. Following the initial court case, not all those who were relocated were allowed to move back into the reserve save for those who had challenged the government decision to relocate them. This resulted in a negative campaign linking Botswana's diamonds to 'blood diamonds' by amongst others Survival International, an International Non-Governmental Organisation, which is calling for a boycott of Botswana's diamonds - a move that would not only hurt Botswana's development trajectory but also has the potential to reverse the gains the country has made so far. However, what is notable in this experience is that legal process was used to deal with the local conflict over land/mineral/wildlife/water resources.

Apart from the latter dispute there have been some conflict involving wild animals and communities who reside around those areas (areas populated by wild animals) such in the Chobe and Okavango regions in the northwestern parts of the country. This is in part because wild animals compete for land with the communities and that some wild animals such as elephants cause a lot of damage to crops and others such as lions, hyenas etc., prey on domestic animals in the communities surrounding for example the Chobe National Park. The state/government has responded to resolve this conflict in two ways. First, the individuals whose property got destroyed by wildlife are compensated. Although the recipients of compensations have complained of the low value of compensation, they have nevertheless received compensation

without fail. The second more sustainable method of creating an amicable and possibly a long lasting relationship between vulnerable communities and wild animals has been the introduction of community based wildlife resource utilization. Here communities have been allocated wildlife areas to use to generate income from tourist activities. The income earned through such tourist activities accrue to local communities and is then used by the latter to carry out development projects in their communities/villages. This community natural resource utilisation approach has left communities in these parts of Botswana awash in cash.

Just like in the mining areas where the local land boards were given a rental by mining operations, communities in wildlife rich areas have been given a share of the natural resources in their local area. In both cases, however, the large profits raised through mining and wildlife/tourist activities have accrued to the state. The state has then used this revenue to promote development around the country. The state has been successful in handling conflict in these areas by giving local communities some role in the revenues generated through the use of these resources. Particularly important as we have seen, has been the state use of negotiation skills and where necessary courts of law to settle any conflict between government and local communities over natural resources. This is yet a demonstration of how democracy has served as a conflict resolution and prevention tool while the state restrained itself from using the natural resource wealth to undermine the rights of local communities.

Chapter 6: The Impact of the Discovery of Natural Resources in Botswana

With its economic viability in doubt, and beef as the main export and foreign exchange earner, Botswana was a poor country at independence mainly because of British colonial neglect. Botswana was largely a rural based economy with agriculture constituting at least 40% of GDP. Over 90% of the population based its livelihood on subsistence agriculture (Maipose, 2008). Skilled labour was in short supply with around 25% literacy rate. Infrastructure was acutely underdeveloped with only 5 to 10 kilometres of paved road. Life expectancy was estimated at 48 years. The country's GDP per capita at the time was estimated at around US\$ 80 - making it one of the poorest 25 countries in Africa. All these indicators point to conditions of desolation at the time of the country's independence.

Faced with poverty and underdevelopment at independence, Botswana's discovery of significant deposits of natural resources, particularly diamonds came as a great relief to its leaders. It is this mineral discovery that ushered in a new era of development trajectory for Botswana. Botswana is today celebrated as a case of successful development and growth - that is mineral led. Molutsi (2004) is emphatic on the impact of diamond mining on Botswana. He notes that "diamond mining since 1972 has brought a fiscal revolution in the economy of Botswana. From a small economy characterized by budget deficit at independence in 1966, Botswana has developed one of the strongest economies in sub-Saharan Africa and the world through a combination of diamond and beef exports..." (Molutsi 2004:171). The mineral sector plays a significant role in the Botswana economy because it makes around 40% of GDP and over 50% of overall government earnings. Thus, the mineral proceeds strengthened the state capacity in the provision of public goods. In turn, mineral revenues contributed to relative economic and political stability for Botswana because they were used to finance democracy and development as opposed to corruption and violence.

With foreign exchange earned largely from mineral sales, Botswana embarked on an ambitious national development planning exercise through its National Development Plan (NDP) spanning over a six (6) year period. The Plan sets out the priorities of government in the plan period. Diamonds earnings did not only strengthen state capacity but also “allowed the government to invest considerably in a wide variety of development schemes” (Taylor 2002:36). This gave rise to improved indicators in the form of economic performance, reduced mortality, and improved basic literacy rate and infrastructure. Compared to a GDP per capita of US\$ 80 it inherited at independence, Botswana is today regarded as an upper middle income country by the World Bank with a GDP per capita income in excess of US\$ 6, 000 (World Bank, 2010; Daily News, 14 May 2010). Diamonds revenues were also used to build hospitals, schools and roads. The literacy rate has tremendously improved to around 90% in 2007 up from 25% at independence. The network of paved roads is now in excess of 10 000 km. More than 95% of the Botswana’s population lives within a 15 km radius from a health post, clinic or hospital. This has resulted in an improved life expectancy of 65 years by 1991, up from 48 at independence. Life expectancy has since declined to around 56 years because of HIV/AIDS.

To this extent the discovery of natural resources has had a major positive impact on Botswana because they were used to improve the lives of Botswana as well as transform the country. The government even used its resources to prop the small and underdeveloped private sector. A good number of policies with government support were introduced to support manufacturing. It is in this sense that diamonds are classified by Niemann (1993) as Botswana’s ‘best friend’. What is interesting about Botswana is that a number of countries in Africa are rich in natural resources but have so far failed to use them to promote development. Maipose (2008:7) attests to this and thus states that “although it is easy to attribute Botswana’s impressive record to mineral wealth, many countries with similar or superior natural resources endowments were unable to transform them into sustained economic growth”. Not only did mineral extraction transform Botswana but the case of Botswana also shows that minerals can make a difference to a country’s development if used and managed properly.

Chapter 7: Conclusion: How Botswana avoided the ‘Resource Curse’ and achieved Peace and Development?

Botswana is a mineral dependent country. Unlike other countries in comparable situations, mineral wealth has been an engine to Botswana’s development and political stability. As pointed out in chapter one, Botswana resolved much earlier on to be a democracy before anybody knew that minerals will become a critical driver for the country’s development. The 1963 Constitution became the law of the land and it protected all rights and enshrined principles of equality, equity and justice. These principles were early on further espoused in the National Development Plans (NDP 1972/73, 1979/80) and the ruling party’s manifestos (the Botswana Democratic Party, 1969, 1974, 1979) as national principles. There were four of them namely economic independence, development, social justice and national unity. When elaborated these principles were meant to create a sustainable democracy and equitable society. As we noted in chapter one, it was not a smooth process to bring everyone to understand and support these principles. The chiefs and to some limited extent opposition parties mounted some serious resistance, and as in the 1969 election brought some political upset when the former Chief Bathoen Gaseitsewe joined

opposition politics and won the constituency away from the then Vice President Mr Quett K. Masire.

The discovery and exploitation of minerals and the revenue so derived came in handy in the early independence period in that the new state desperately needed to legitimise itself. This could only be achieved through delivery of development programme. As we noted already in chapter one, the country's democratic credentials began to bring some dividends in the form of donor assistance. For instance, in the late 1960s when Botswana was hit hard by a severe drought, the United Nations Food Programme and the United States Government provided food in the form of yellow mealie meal, beans, powdered milk and cooking oil which were rationed across the country. This relief provided a welcome evidence of the state's ability to mobilise the international community and generate resources that saved lives. The donor driven Accelerated Rural Development Programme (ARDP) described in chapter one also went a long way in legitimizing the new state. The diamond revenue was therefore the third booster for the legitimacy of the state. It boosted state coffers and enabled government to undertake an extended reconstruction programme. This sudden change in fortune saw the earlier National and District Development Plans being revised and extensive road, schools, housing and health infrastructure and town development programmes being included in the Plans (Republic of Botswana, 1978/9). With the reconstruction programme came jobs and other opportunities for business and more people benefitted.

In sum, the democratic nature of the Botswana state, and the desire of the leaders to consolidate the legitimacy of the new state were critical factors in determining how mineral revenue would be used for the benefits of all citizens without discrimination. Once used equitably, mineral revenue became a critical factor in promoting political stability and economic development.

There were several other factors perhaps unique to Botswana's history which created peaceful operations of mining and smooth relations with local communities. One such key factor was the fact that the mines did not take away substantial areas of land from local communities. Only a limited area was alienated and communities were compensated. The result was that there was no land conflict that emerged as a result. The agrarian nature of the country's political economy at independence which revolved around livestock and crop production could have seen ensuing land use conflict with the mine operations. However, the availability of alternative land ensured that such conflict did not arise. Another important factor which helped in avoiding conflict over the ownership of minerals was the fact that there was no a priori knowledge of the existence of mineral resources by the local communities. As a result, there was no local claimant of the minerals (Interview with John Holm, 7 September 2010). Instead, local communities received land as compensation. The compensation policy of the state helped to resolve potential conflict over mineral resources because where communities expressed some dissatisfaction it was largely with the size of compensation rather than the failure to be compensated.

The peaceful transfer of mineral rights from the original owners (communities and individuals) to the state through the policy of nationalisation of minerals; minerals as a state resource and not community resource was yet another strategic decision that ensured that no community could make claim to the minerals. Botswana's relative ethnic and racial homogeneity cannot be taken for granted either. Many countries with more complex ethnic diversity and a history of inter-ethnic tensions such as Angola, Nigeria, Sudan and Kenya among others have tended to drift

towards conflict at times of resource scarcity. Often one ethnic group in which territory a particular resource is exploited tend to want to control and dominate the use of such a resource and deny others access to the same. Historically, Botswana has not had a political culture of tension and conflict. The egalitarian nature of the Botswana society made land a central resource and each ethnic and racial group had their territory clearly demarcated as far back as 1899-1902. In areas such as Kgalagadi, Chobe and the North East where there were some shortages of communal land, the new state either de-zoned land from state land to communal/tribal land or bought neighbouring commercial farms and gave them to communities as communal land. In the end, land availability and peaceful inter-ethnic relations were important factors adding to the stability of mineral exploration and exploitation.

Another important consideration which assisted the success of diamond mining in particular, was the high security surrounding both the mining process and the marketing of the mineral. With regard to the mining process, Botswana diamond mines are operated under tight / strict security. The mines are exclusive and well guarded areas far away from townships and public movement. As a result, the very few and isolated incidents of theft of raw diamonds were largely attempted by miners themselves (Interviews with Gobe Matenge, 19 December 2008; Peter Letlhogonolo Siele, 31 December 2008; Tebelelo Seretse, 9 January 2009; Botsweletse Kingsley Sebele, 10 January 2009; Kentse Rammidi, 5 February 2009; Lt Gen. Mompoti Merafhe, 9 March 2009; David Magang, 31 July 2010; Blackie Marole, 2 December 2010). Such incidents have always been quickly detected and dealt with. The marketing of diamonds by unauthorised persons has also been a major challenge. Perhaps coming from the earliest (1860s) experience of diamond mining in Kimberly, South Africa, both the public in Botswana and the region have learned the hardship of marketing diamonds in an illegal market. This experience has probably also discouraged any ethnic group to consider diamond dealings outside the formal structures of the state and De Beers.

All other factors considered, it was the ingenuity of Botswana's political leadership and its lack of divisive and selfish tendencies which resulted in smooth management of mineral proceeds and effective distribution of mineral revenue to the development process of the country. It has been shown in Chapters one and four that diamond revenue in particular has become an engine of Botswana's growth and development. This success comes from the ability of the state and its leaders to drive equitable development at the same time exercising prudence in spending. Another skill in this regard was shown in the decision to turn the whole mining of the key mineral – diamonds into a joint venture project. The government did not only establish an autonomous joint company with De Beers - De Beers-Botswana Mining Company (DEBSWANA) but went further to buy up to 15% shares in the De Beers Company itself. This step assisted in building a trustful relationship with this multinational corporation.

In sum, Botswana's experience with minerals suggests that a complex of several political, social, cultural and economic factors, the skill and the ingenuity of the leaders combined to make the exploitation of natural resource in favour of peace and development rather than for conflict and strife.

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APPENDIX A

THOSE WHO ATTENDED THE LOBATSE CONSTITUTIONAL CONFERENCE 1963

Her Majesty's Commissioner

Mr. R.P. Fawcus, C.M.G., O.B.E.

Bechuanaland Democratic Party

Mr. S.M. Khama, O.B.E., M.E.C.

Mr. Q.K.J. Masire, M.L.C.

Mr. M.P.K. Ngwako

Bechuanaland People's Party

(Mr. Motsete's Party)

Mr. K.T. Motsete

Mr. P.G. Matante

Mr. T.W. Motlhagodi

Bechuanaland People's Party

(Mr. Mpho's Party)

Mr. M.K. Mpho

Mr. B.D. Macheng

Mr. M.M. Tlale

Chiefs

Kgosi Bathoeng II, C.B.E., M.C.E.

Kgosi Mokgosi III, M.B.E., M.L.C.

Kgosi Linchwe II

European Members of Legislative Council

Mr. D.J.C. Morgan, M.E.C.

Mr. J.G. Haskins, O.B.E., M.L.C.

Mr. C.J. Myndardt, M.L.C.

Asian Members of Legislative Council

Mr. A.C. Chand, M.L.C.

Official Advisors

Mr. A.J.A. Douglas, O.B.E., Chief Secretary

Mr. A.G. Tilbury, O.B.E., Attorney-General

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