



BONN INTERNATIONAL CENTER FOR CONVERSION

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# bulletin

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## A development-oriented approach—Resource governance in Botswana

By the Hon. Festus Mogae

Botswana is the world's leading diamond producer by value, not by volume and generates approximately 30 percent of its Gross Domestic Product (GDP) and about 50 percent of tax revenues from the mining industry as a whole. Diamonds account for 75 percent of export earnings and about 50 percent of government revenue.

How did Botswana manage to develop such a development-oriented approach when many other African countries got trapped by the so-called 'resource curse'? The starting point, I would say, is appropriate policies, the right legislation and a regulatory framework. There are a number of causes of conflicts in Africa which then become fuelled by the existence of natural resources.

In Botswana, one of the things that we feared at the very beginning were jealousies between ethnic tribes—although we are considered very homogenous as a country by the rest of the world. Originally mineral rights were vested in what we called tribal reserves. We then converted the reserves into districts. And then we agreed that to centralize the ownership of mineral rights in the state, irrespective of where they are found, could be a way of avoiding this type of conflict.

This of course is not necessarily a solution in itself. Its just that this is one of the things that we did, and it turned out to be the right thing to do.

The first company to actually start exploiting our mineral resources was De Beers. They discovered the diamonds and consented to developing the mine and pay for everything in a country where there were no roads, no bridges, nothing. They had to build a township, they had to develop the mines, they had to build the roads to the mines, etc. In

their eyes, this was a marginal project. We agreed. But we badly needed them. They were going to create some employment and some revenue. They were most welcome. So we agreed with them that they would write down their capital investment on an accelerated basis. They estimated that it would take seven years to recover their investment and we agreed with them. As a consequence, all revenues did not accrue to the state but were in fact used to write off the capital that they had invested. In the event, De Beers recovered their capital in 18 months. We therefore amended the constitution which meant that they lost their pioneer industry status, whereby they were exempt from everything and whereby they had the right to write off their capital on an accelerated basis.

The renegotiation, which was bitter and acrimonious, took two years but we persisted. Both, De Beers and we knew that we needed each other. The glue that held us together was that we were the most diamond-dependent country in the world and De Beers was the most diamond-dependent company in the world. In the end it was agreed that 75 percent of gross revenues would accrue to the government and 25 percent to De Beers. The government take had two components at that time: royalties and taxes.

And so, with that negotiation, and thanks to the team of international advisors, who negotiated on our behalf, we were able to extract an agreement to see projections of costs and revenues to be made and therefore we were able to talk meaningfully about a fair share of the revenues accruing, including a fair return to the capital investors, like De Beers. As a sequel to the negotiations, we developed appropriate mineral policies, in the Mines and Minerals Act, which we amend from time to time to improve it.

As a next stage of course, it was agreed as public policy that resource revenues from the exploitation of diamonds and copper/nickel, all a wasting asset, must only be used for development projects, not in current costs, not in current expenditure. We

ensured that mineral revenues were in fact used in accordance with national priorities and also for the benefit of the majority. Education and training and then later, after I became president, health became a priority, with AIDS as the cross-cutting challenge emerging over everything else that we were doing.

At the beginning we were very poor. And you know poor people are not corrupt. But when society becomes more sophisticated—now we have more educated people who, like me, like German cars—this is when corruption begins. And so we created an institution to fight corruption, called the Directorate on Corruption and Economic Crime.

A transparent accountable system is part of the secret. And civil society of course is another, to ensure that there is accountability. But also the government, if it is honest, must have oversight institutions, such as parliament, the Auditor General, an independent press, independent civil society organizations and the like, and an independent judiciary—and this is what we have in Botswana. And this ensures that revenues, whether they be from mineral resources or otherwise, are accounted for.

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The Hon. Festus Mogae, former President of Botswana, was keynote speaker at the BICC international conference “Digging for Peace”. His complete speech will be documented in upcoming BICC *brief* 38.

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## Staff Spotlight



Ananda S. Millard

Ananda S. Millard joined BICC as a Senior Researcher and Senior Program Manager in September 2008. Ananda was born in Chile, has both Chilean and US citizenship; and has lived, worked and studied in numerous countries around the globe. Following a childhood interest in wars and the people that participate in them, she enrolled as a civilian at Norwich University, one of the oldest registered Military Universities in the United States, to do a BA in International Studies with a concentration in Economy (1994).

She came to Europe for the first time as an exchange student to the University of Salzburg. After finishing her BA, Ananda crossed the Atlantic once more to do her MA in International Conflict Analysis at Kent in Canterbury (1995) after which she continued with a PhD, which she wrote at Peace Studies in Bradford and defended in June 1999. After almost five years in the United Kingdom, excepting field research in El Salvador and Mozambique, she moved to Norway to a Senior Research post at the Peace Research Institute, Oslo (1999–2002).

After years of field research in conflict and post-conflict zones, and cold winters, Ananda left PRIO to join the Geneva International Centre for Humanitarian Demining in Geneva (2002–2006) as the Information Management Training Manager. In this role she was responsible for, amongst other things, providing capacity-building in the area of information management to more than 42 country programs worldwide. In January 2007 she joined the Small Arms Survey as a Senior Researcher. Throughout her work, armed conflict, armed violence, post-conflict reconstruction and methodology have been the underlying threads.

Outside of work, Ananda enjoys hiking in the mountains, cooking, reading and spending quiet family time at home.

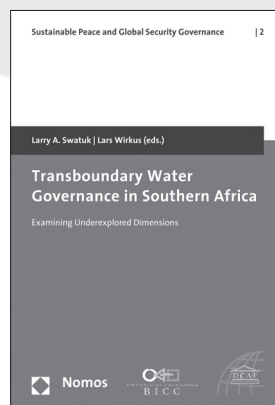
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## Transboundary Water Governance in Southern Africa

This collection of Southern African case studies is intended to contribute to the burgeoning literature on transboundary water governance (TBWG) particularly as it applies to areas of the Global South. Specifically, the collection interrogates the idea of the 'boundary'. Transboundary Management is most commonly conceived of as the management of surface and groundwater shared by two or more sovereign states. This conceptualization is codified in international law devised in the first instance as bilateral agreements concerning specific uses of (primarily surface) water, often along specific stretches of river. Through time, these practices have been upscaled to generalized principles expressed as rules, norms and procedures for the management of all 'international rivers'. While the world's states seem to be moving steadily toward an accepted framework for transboundary water resource management (TBWRM), it should be noted that the *de facto* use of much of the world's shared freshwater resources remains outside this mostly ideal-typical framework. Indeed, in contrast to the rationally constructed framework for the management of water in all its forms and across all use, *de facto* management—at whatever social scale—reflects water's changing role and place within the history of uneven global development.

The collection includes two articles written by Larry A. Swatuk, Director of the Programme for Environment and International Development at the University of Waterloo, Canada, and Lars Wirkus, Researcher at BICC ("Transboundary Water Governance in Southern Africa: An Introduction" and "Transboundary Water Governance in Southern Africa: Beyond the State?"). BICC Research Associate Volker Boege, UQ Research Officer at ACPACS (Australian Centre for Peace and Conflict Studies) wrote a chapter on "Transboundary Water Governance in Regions of Weak Statehood".

BICC/DCAF Book Series, Vol. 2. Larry A. Swatuk / Lars Wirkus (eds.), *Transboundary Water Governance in Southern Africa*. Nomos, Baden-Baden, 2009



## Natural Resources for a Juster World

Together with eight other NGOs, BICC has arranged an exhibition on the meaning of natural resources for the economic and social development of the world we live in. This exhibition of photographs consists of 25 panels and can be made available to NGOs, schools, communities, etc..

More than 50 developing countries export large amounts of valuable natural resources—resources needed by the world economy. Whether it be diamonds, gold, oil, uranium, tropical woods, soy or cocoa—the photo exhibition presents the effects of the economy's and consumers' great hunger for natural resources.

For many exporting countries of the South, however, their natural resource wealth is not a blessing but a curse. Often, it undermines the established economy, leads to wars and human rights violations.

The foundation of this exhibition "Natural Resources for a Juster World" lies in the expertise and the commitment of nine important NGOs, namely of BICC, *Brot für die Welt*, EIRENE, Fatal Transactions, FIAN, the Heinrich-Böll-Foundation, *medico international*, MISEREOR and *Urgewald*.

Together, these organizations voice their criticism as the exploitation of natural wealth often leads to little progress for the economic development of the exporting countries. Powerful international companies that can dictate their conditions are pulling all the strings when it comes to the exploitation of the natural resources.

Besides many facts on the seven resources and the difficulties arising from their exploitation that are presented in the exhibition, it also asks the question: What can we do? How can we, as consumers, contribute to a fairer handling of resources in our daily lives?

Further information on the exhibition, conditions for use and participating organizations can be found at [www.rohstoffgerechtigkeit.de](http://www.rohstoffgerechtigkeit.de)



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## New BICC Publications

SALW Control Training Manual for West Africa  
Kofi Annan International Peacekeeping Training Centre (KA IPTC), ECOWAS Small Arms Unit, German Development Cooperation (GTZ) and Bonn International Center for Conversion (BICC), October 2008

BICC-Newsletter *Diaspora - Migration - Peacebuilding*  
Nr. 1 / No. 1

Feature: Workshop „Afrikanische Diasporagruppen als Vermittler von Frieden und Entwicklung“.

Feature: Workshop “African Diaspora Groups as Facilitator for Peace and Development”, October 2008.

Sustainable Peace and Global Security Governance.  
BICC/DCAF book series, Vol. 1.

Roland Friedrich, Arnold Luethold, Entry-Points to Palestinian Security Sector Reform. Nomos, Baden-Baden. 2008.

BICC/DCAF Book Series, Vol. 2.

Larry A. Swatuk / Lars Wirkus (eds.), Transboundary Water Governance in Southern Africa. Nomos, Baden-Baden. 2009

Fatal Transactions Deutschland, Newsletter 3,  
Dezember 2008

[http://www.bicc.de/fataltransactions/pdf/ft\\_newsletter\\_03\\_2008\\_12.pdf](http://www.bicc.de/fataltransactions/pdf/ft_newsletter_03_2008_12.pdf)

BICC *brief 38 (upcoming)*

Conference documentation “Digging for Peace: Private Companies and Emerging Economies in Zones of Conflict”. January 2009.

## BICC Notes

**B**ICC and Deutsche Welle organized a conference “After the US Elections: New Chances for a Compromise in the Nuclear Dispute with Iran?” The experts from Europe, the United States and Iran, Prof. Hans Blix, Chair International Commission on Weapons of Mass Destruction, Stockholm, Dr. Ebrahim Yazdi, Leader of the opposition party “Freedom Movement of Iran”, Tehran, Dr. Jim Walsh, Security Studies Program, Massachusetts Institute of



Technology, Boston, PD Dr. Bernd Kubbig, Peace Research Institute Frankfurt, and Jerry Sommer, BICC Research Associate, discussed several aspects of the interdependence of international policy and the internal development of Iran. The conference was

supported by Stiftung Internationale Begegnung of the Sparkasse in Bonn.

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About 120 participants accepted the invitation by BICC and the Fatal Transactions campaign to talk about the challenges of private companies and emerging economies in zones of conflict on the occasion of an international conference entitled “Digging for Peace” at the Deutsche Welle. The conference was supported by Stiftung Internationale Begegnung of the Sparkasse in Bonn, the European Union and Oxfam Novib.

The Hon. Festus Mogae (former President of Botswana) held a keynote speech on “Resource Governance: A Perspective from Botswana”. Peter Eigen (Chair, Extractive Industries Transparency Initiative, EITI) chaired the conference.

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The meeting of the BICC International Advisory Board took place in Bonn on 5 December 2008. The participants were Dr. Hans Blix, Chairman, International Commission on Weapons of Mass Destruction, Stockholm, Amb. Jayantha Dhanapala, President, Pugwash Conferences on Science and World Affairs, Prof. Dr. Wolfram Hilz, Professor of Political Science, Institute of Political Science and Sociology at the University of Bonn, Dr. Ulla Mikota, Head of Division, German Federal Ministry for Economic Cooperation and Development (BMZ) who deputized for Karin Kortmann, Parliamentary State Secretary, BMZ, Berlin, Dr. Sverre Lodgaard, Norwegian Institute of International Affairs (NUPI), Oslo, Prof. Dr. Volker Rittberger, CEO, German Foundation for Peace Research (DSF), Osnabrück, Dr. Theodor Winkler, Director, Geneva Centre for the Democratic Control of Armed Forces (DCAF), Geneva.

Already on the 27 November 2008 did the Supervisory Board meeting take place.

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Within “Dies Academicus” the Institute of Political Science and Sociology of University of Bonn introduced BICC as a new cooperation partner. Lars Wirkus (“Resources and Conflicts”), Andrea Warnecke (“Migration und Conflicts”) and Marc von Boemcken (“Arms exports”) gave lectures at the Institute of Political Science and Sociology

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BICC staff wishes you all  
a Happy New Year