

Connecting Resources and Society in Botswana

A Chatham House Africa Programme and De Beers Group Conference

23-24 November 2015

Gaborone, Botswana

Conference Communiqué

The conference co-hosted by Chatham House, De Beers Group of Companies and the Ministry of Minerals, Energy and Water Resources of the Republic of Botswana, brought together academics, experts, captains of industry and policy makers to discuss the success of the public private partnership between the government of Botswana and the De Beers group in producing long term economic growth in Botswana, and how the country may diversify to prepare for a post-extraction future.

It was acknowledged that the public private partnership between the government and De Beers is one of the longest and most successful in the world. It was highlighted that this partnership has enabled the government to share the benefits of extraction with the population. The partnership contributes to 25% of GDP, and provides one in 20 jobs in the country.

Botswana has built high standards of governance and political stability over the last 40 years. The investment of mineral revenues into human, physical, and financial capital has contributed to the success of harnessing diamond extraction for development. But to maintain these advantages strong governance of the macro economy should be reflected within micro economic enterprise.

The conference also recognised that while a diamond is forever, a diamond mine is not. Historical achievements were reviewed but future trends also mapped over what more could be done both within the diamond industry and in support of diversification. The need for non-diamond growth is high on the policy agenda in Botswana as the value added of GDP from diamonds has decreased, indicating strong growth in other sectors and that industry's share of export earnings is still high. Development of tradable sectors was particularly encouraged.

The diamond industry in Botswana can support further diversification through the transfer of skills, and entrepreneurship programmes such as the Tokofala programme. Botswana can achieve job creating growth through the expansion of small enterprises into medium sized business. Such initiatives may be catalysed by enabling easier access to finance for small businesses, and partnering with the private sector for the transfer of key business skills.

Stakeholder engagement has evolved to a driving force and the conference discussed how this can be developed further. Such a process should better inform the public of the benefits and complexities of the PPP and the trade offs required for deeper diversification.

The government is a key interlocutor between civil society and business. It has an important function in ensuring social stakeholders benefit from private enterprise, as well as a responsibility to support training programmes for youth to provide skills that grant access to private sector employment both in Botswana and abroad.

Trust between the diamond industry, government and society needs further strengthening and additional transparency could help. For example Botswana could easily supersede the requirements of the Extractive Industry Transparency Initiative by publishing taxes and royalties to the government from the diamond industry.

To attract Foreign Direct Investment in a competitive environment the government must confront the challenges of low productivity and competitiveness. It also faces pressing energy and water shortfalls which impact the investment environment, and the government is constructively confronting these challenges.

Debate about diversification of the Botswana economy beyond diamonds occurs particularly during downturns in diamond prices, but government policy to diversify during past downturns has been limited. The beneficiation programme is a stepping stone. But today there is an opportunity for Botswana to build upon beneficiation and become a continental leader on extraction and a hub of expertise on mining. Diamonds are not the only thing that shine, and the people of Botswana are an even more important resource to invest in and capitalise on to truly connect resources and society.