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**Botswana - 30 years of  
economic growth,  
democracy and aid:  
Is there a connection?**

**Lise Rakner**

**R 1996: 8**

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## **Summary**

This report has been commissioned by the Norwegian Ministry of Foreign Affairs as an input to a proposed study on the impact of aid on Botswana. The report is based on a review of literature focusing on the development of Botswana since independence in 1966. The objective of this review has been to identify the commonly held views and interpretations among the many observers of Botswana's development. The presentation focuses on the main arguments and explanations provided in the literature regarding the success as well as problems of Botswana's development. The report further discusses the main characteristics of development aid to Botswana since independence and identifies inter-connections between international aid and general indicators of Botswana's development found in the literature.

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## Preface

This report is based on a review of literature focusing on the development of Botswana since independence in 1966. Commissioned by the Norwegian Ministry of Foreign Affairs as an input to a proposed study on the impact of aid on Botswana, the objective of this review has been to identify the commonly held views and interpretations among the many observers of Botswana's development. It follows, that the report does not present an analytical perspective of its own. It is a summary, to the best of our ability, of a broad range of scholarly work characterising and explaining what has generally been labelled a development success story. We believe the perspectives and findings of the various authors consulted have been duly recognised.

Ideally, a literature survey should be a review of most that is written on the subject. With respect to Botswana's development history, that has been an insurmountable task given the extraordinary volume of literature. To overcome time limits and meet realistic demands, we have had to make some choices. Thematically, we have limited our survey to debates pertaining to the political and economic development after independence in 1966 and only to a limited extent consulted historical sources. The review is further mainly based on internationally published monographs, anthologies and articles. So called "grey documents" authored by either Botswana or other international government sources have been treated more sporadically, as it was not possible within the time limits to establish a comprehensive knowledge of the entire volume of grey documents. This was particularly difficult as the section on aid should cover international aid, not only Norwegian bilateral aid. An additional reason for focusing on the internationally published sources is that it appears that much of this literature is not easily obtainable in Botswana.

In a separate report we present a bibliography of the literature we have identified as particularly relevant in any follow-up study on impact of aid.

When Botswana's vice-president Mr. Festus G. Mogae visited Norway in the summer of 1995, both the Norwegian and Botswana authorities indicated an interest in analysing the wider impacts of aid following 30 years of international development assistance to Botswana of which Norway has been a major contributor.

Indeed, Botswana's special status as a continuous growth economy and pluralist democracy may in itself justify a study. However, in its 30th year as an independent state, there is growing evidence to suggest that Botswana's



development strategy, characterised by government directed mineral lead growth, may have reached its productive limits. Botswana faces challenges of a world economic, regional and local character which may require major adjustment. Commentators argue that Botswana's may have reached the end of the era marked by high and sustained growth rates, high levels of development aid and political stability. The country now faces the difficult task of fostering private sector development, diversifying the economy, and addressing persistent problems of poverty and inequality.

This adjustment process will have to be carried out in a context of reduced donor assistance as many donors are phasing out their operations in Botswana due to the country's high level of economic growth, and a new geo-political situation in Southern Africa. Due to the democratic reforms in Namibia and South Africa, Botswana is also no longer the only model of democratic development in sub-Saharan Africa and its status as front line state is no longer relevant in terms of receiving aid donations. Is Botswana in danger of becoming marginalised both politically and economically? Can it be argued that the much heralded development success has been announced prematurely? The changes and challenges ahead pose the question as to whether Botswana after 30 years as an independent state has developed institutional capacity which enables the country to undertake the necessary adjustments.

These questions will not be answered in this report. We hope, however, the report will help guiding decisions by the Norwegian Ministry of Foreign Affairs, as well as the Government of Botswana, on where to seek lessons from the past to guide strategies for the future.

The author wishes to thank Alf Morten Jerve and Chris Sharp for substantial inputs and comments on earlier drafts.



# **1 Botswana: Testimony of a development success**

## **1.1 Compared with whom?**

The majority of sub-Saharan African nations have over the past decade experienced negative growth rates and drastic economic decline. The pluralist political institutions established at independence were in the majority of cases replaced by authoritarian forms of governance. A slow return to pluralist policies are now taking place, among other things, as a result of increased pressure from the international financial institutions arguing that governance and economic growth are mutually reinforcing (World Bank 1989). During this period the sub-Saharan African region has received more development aid per capita than any other region and increasingly the political forces and public opinion in the Western world have started to question whether aid, rather than promoting development, has contributed to the escalating vicious circles of declining economic performance and governance (*The Economist*, May 7th, 1994).

Contrasting the rather dismal economic performance of its sub-Saharan neighbours, Botswana has from a starting point at independence in 1966 as one of the poorest countries in the world, enjoyed one of the highest and most sustained rates of economic growth in the world over the past 25 years. A commentator noted that: "the fastest growing developing country over the past two and a half decades was not an East Asian super exporter but a land-locked southern African state" (Whitehead 1989). As of January 1996, Botswana is classified by DAC as an 'Upper Middle Income Country' from its initial placement as a 'Least Developed Country' which in itself is an indication of a remarkable economic progress (*World Development Report*, 1995). Throughout the independence period, Botswana has also maintained a stable and largely non-corrupt democratic system of government with free and fair elections at regular intervals since 1965. This has been achieved in the politically and economically turbulent setting of Southern Africa.

### Box 2: Botswana indicators

Botswana's HDI (Human Development Indicator) ranking in the composite *Human Development Report 1995* at 74, is the highest of continental SSA (Sub-Saharan African) nations. Its Real GDP per capita (PPP\$) rank of 67 gives it a marginally negative rating in relation to its HDI rank. In counterpoint, while Botswana scores best in continental SSA on the IFAD "State of World Poverty" basic needs index, it ranks significantly lower when comparing the "integrated poverty index" with GNP per capita.

Botswana, at a ranking of 55 on the "Gender related development index" (GDI) of the UNDP, is second only to Mauritius, at 49, in all of Africa. Botswana's improvement in this gender index is the largest in the entire world since 1970. Botswana's gender empowerment index (GEM), at 38th in the world, is only marginally behind Singapore at 35 and France at 31. Botswana's Female Education Index rank is the best in Africa

In 1996 Botswana has been re-classified from the DAC/OECD Least Developed Countries (LLDC) category to the Upper Middle Income Country (UMIC), the largest such positive change in classification ever in SSA countries. For many years it had one of the very highest ODA per capita ranks in the world. In the recently compiled Economic Freedom of the World index it is ranked the highest in Africa and 46th in the world. Its rating has increased substantially since 1980.

In the composite Political Freedom Index (PFI) developed by M. ul Haq, the "father" of the UNDP HDI, Botswana ranked second in Africa, 28th in the world, and in the same elite category as the Nordic countries and only eight places behind the UK. In the 1994 general elections, the seventh regular elections since 1965, the combined opposition won 13 of 40 parliamentary seats outright. If a single opposition candidate had been fielded in three other constituencies and had a margin of victory of less than 4% in four additional constituencies been reversed, a 'hung' parliament of twenty seats each would have resulted. Democracy does not get more competitive than that.

Botswana's economic growth rate has been sustained amongst the very highest in the world for the last thirty years and the highest in the world during the 1970-1990 period, albeit, from a very low base. Botswana's foreign exchange reserves, while relatively modest in total, are amongst the very highest in the world in per capita terms. The number of months of import cover represented by these reserves are currently over 20 months, whereas most SSA countries have less than three months cover.

Botswana has 17% of its land area officially proclaimed as national parks or reserves, the highest in the world amongst terrestrial, non island nations with an additional 21% of the land area designated as wildlife management areas (WMAs) with natural resource management on a sustainable basis the prime land use.

Botswana serves as the Chairman of SADC, Co-Chairman of the Global Coalition for Africa and one of two African founder members of Transparency International. Botswana has no dues arrears with either the UN or OAU. It has sent troops as part of UN peace keeping missions to Somalia, Mozambique and Rwanda where they served with distinction.

Since the mid-1970s Botswana has also received foreign aid on a continuous basis from a variety of bilateral and multilateral sources and held one of the highest per capital aid levels in the world. However, unlike most other sub-Saharan African countries, aid is not a significant macro economic component in relation to Botswana's GDP. Nevertheless, Botswana authorities, international donors and independent commentators have all testified to the positive role of development aid in Botswana's development process (Stevens 1981, Raphaeli et al. 1984, Granberg and Parkinson 1988, Mogae 1983, Molutsi 1993). And while lack of governance has been targeted as the main development hindrance in most of sub-Saharan Africa (World Bank 1989), Botswana "has built an enviable reputation as having one of the most effective public sector management in Africa, and indeed among developing countries" (Raphaeli et al. 1984). Tables 1 and 2 and Box 1 above give further testimony to the Botswana success story.

**Table 1: Botswana in a comparative perspective: economic indicators**

	1965-1973	1973-1980	1980-1987	1965-1987
<b>Growth rate, GNP<sup>a</sup></b>				
per capita				
Botswana	9.3	7.3	8.0	8.2
Sub-Saharan Africa (SSA)	2.9	0.1	-2.8	0.1
All low-income countries (LIC)	3.3	2.6	4.0	3.3
SSA middle-income countries (MIC)	1.9	-1.2	0.3	0.4
<b>Growth Rates, GDP</b>				
Botswana	14.7	10.5	13.0	12.8
SSA	5.9	2.5	0.5	
All LIC	6.0	4.6	6.1	
SSA MIC	5.2	1.4	3.8	
<b>Growth Rate, General</b>				
Government consumption				
Botswana	5.5	14.3	13.8	10.9
SSA	9.0	7.0	-0.7	
All LIC	7.5	7.2	4.4	
SSA MIC	7.0	8.4	3.5	
<b>Average Inflation Rate</b>				
Botswana	4.4	11.6	8.4	
SSA	7.5	6.8	15.2	
All LIC	9.7	8.9	8.2	
SSA MIC	4.7	14.2	6.8	
<b>Growth Rate of Exports (nominal \$)</b>				
Botswana	20.4	18.7	16.2	
SSA	15.1	0.2	-1.3	
All LIC	9.6	2.3	3.5	
SSA MIC	7.2	3.8	4.5	

Source: Lewis 1993, Somolekae 1994

**Table 2: Botswana in a comparative perspective: social indicators**

	Botswana		Sub-Saharan Africa	
Life expectancy at birth, years 1990 (1960)	59.8	(45.5)	51.8	(40.0)
Under-five mortality rate per 1000 live births 1990 (1960)	85	(173)	175	(284)
Immunization of one-year-olds, % 1988-90 (1981)	85	(71)	60	(30)
Public expenditure on health as % of GNP 1987 (1960)	3.8	(1.5)	1.0	(0.7)
Adult literacy rate, % 1990 (1970)	74	(41)	51	(27)
Combined primary and secondary enrolment ratio 1988-89 (1970)	86	(46)	43	(28)
Public expenditure on education as % of GNP 1989 (1960)	8.2	(2.7)	4.1	(2.4)
Military expenditure as % of GDP 1989 (1960)	1.9	na	3.2	(0.7)
Total external debt as % of GNP <sup>1</sup> 1990 (1980)	20.6	(16.2)	109.4	(28.5)
Average annual growth of GDP <sup>1</sup> 1980-90 (1965-80)	11.3	(13.9)	2.1	(4.2)

Source: Lewis 1993.

## 1.2 What to look for?

Why is Botswana so special? How much is development aid to be credited? Are there characteristics of the Botswana political, social and economic system which can account for the fact that development aid in Botswana seems to have contributed in a virtuous cycle of growth, whereas in most parts of the region, aid has been part of a vicious cycle of rent-seeking, corruption and declining rates of growth?

Based on its impressive development record Botswana has attracted a greater attention than a landlocked country in Southern Africa with a population of 1.4 million people would otherwise merit. It is to the voluminous literature of Botswana's post-colonial political and economic development history we now turn our attention in an attempt to grasp the main characteristics of Botswana's development history and to establish what role the various researchers have attributed to international aid in Botswana's overall development since independence. In particular, we want to establish whether there are significant gaps in the studies with regards to the impact of aid.

To guide our reading of the literature, it was necessary to establish some benchmarks for what we consider successful development. Botswana is often cited as a successful developing nation, indeed the only developing success story in Africa (Hartland-Thunberg 1978, Diamond et al. 1989, Healey 1995), based on the fact that the country has experienced continuous and sustained *growth*-rates since independence and at the same time maintained a stable *democracy* with free and fair elections at regular intervals. We will, however, argue that in addition to the criteria of political participation and growth, categories emphasising *institutional capacity, social welfare and environmental sustainability* should be considered in an evaluation of a nation's development achievements. Successful development, therefore, will have to be judged along the following four dimensions:

- Institutional development, defined as the ability of a polity to define and implement socio economic policies and to govern in such a way as to secure participation and transparency which in turn harbours for legitimacy and stability.
- Economic growth, which in order to be sustainable, should have a relatively diverse base and encourage private sector development.
- Growth in social welfare, which is a question of how national wealth is reinvested and distributed among the population at large in terms of employment and social sector development.
- Environmental protection, or the extent to which economic policies pursued have been sustainable in terms of ecological considerations.

How does the literature on Botswana's political and economic development history judge Botswana according to these broad principles?

The presentation runs through five stages. In the next chapter we present the main arguments and explanations provided in the literature regarding the success of Botswana's development, while in Chapter 3 we identify problem areas. Chapter 4 gives the main characteristic of development aid to Botswana since independence. In the Chapter 5 we try to identify the inter-connections between international aid and the general indicators of Botswana's development found in the literature. Based on these findings, the last chapter identifies what we consider the main gaps in the literature consulted concerning the relationship between aid and development.



## **2 Examining the success**

According to Patrick Molutsi (1993: 60), Botswana has gained what it has achieved by exporting three key commodities; diamonds, beef and ideology. If the term ideology is defined broadly to include the system of government, development strategies and political attitudes, and if diamonds and beef refer to the several exceptional sources of foreign exchange and government revenue benefiting Botswana, it can be argued that Molutsi's short remark covers the main success-areas presented in the literature. When examining why these areas have become foundations of development success, many observers prefer to start by emphasising the beginning.

### **2.1 The 'advantage' of backwardness**

#### *2.1.1 Colonial neglect*

Botswana was a protectorate of Britain from 1885. The Bechuanaland Protectorate was established in order to prevent the Boers in Transvaal and the Germans in South West Africa from interfering with the transport route from the Cape Colony to the territories in central Africa under British control. Bechuanaland had in itself no intrinsic value to the British authorities as the territory was regarded to hold no natural resources and as a consequence it was not attractive to capital investment (Harvey and Lewis 1990: 15-18). Despite more than eighty years of British rule, Botswana therefore inherited very little in 1966. Even by comparison to other British colonies in the region, Bechuanaland suffered acute neglect by the authorities, a symbol of this is the fact that the territory was administered from South Africa (Vryburg and from 1895 Mafeking).

Botswana had at the time of independence no capital city and in terms of physical infrastructure and skilled people the neglect was almost total until ten years before independence. A country about the size of France and Belgium combined had approximately 25 km of tarred roads, no urban infrastructure, few productive assets and no employment opportunities. With virtually no secondary schools, Botswana started its development path with a mostly uneducated populace engaged in subsistence cattle farming (Stedman 1993, Picard 1987).

### *2.1.2 Hostile environments*

At the time of independence in 1966, Botswana was one of the poorest countries in the world. It is difficult to argue that luck was on Botswana's side at this point. The country had experienced the worst drought in memory and approximately one fifth of the population had been close to starvation. The cattle herd on which both the rural and national economy depended had been decimated (Colclough 1983:1).

Botswana had one further disadvantage shared only by Lesotho and Swaziland. The new nation was completely surrounded by hostile states with minority white regimes. Botswana's president Sir Quett Masire is reported to have remarked that when the people of Bechuanaland asked for independence from the British, "people thought we were either very brave or very foolish" (Lewis 1993: 14). Considering Botswana's starting point, the president's comment may be regarded with considerable understanding.

### *2.1.3 No colonial heritage*

At independence, Botswana depended entirely on grants from Britain to cover its recurrent budget. It had no financial reserves. Commentators have argued that the status as a protectorate had the advantage of leaving the land in the hands of Tswana and other indigenous people. In many respects therefore, de-colonialisation was, relatively speaking, not painful either to Botswana nor Britain. Contrary to many other former colonies in Africa, where the sense of being exploited by the colonial administrations still reflects itself in unwillingness to seek and accept advice and assistance from foreign sources, Botswana's independence politics has been characterised by a lack of ideological fervour and a willingness to substitute expatriates for absent local capabilities: "The arm's length colonialism practised by Britain has been a factor in shaping Botswana's attitude towards outside assistance (Raphaeli et al. 1984: 6).

Also stressing the advantages of backwardness, Harvey and Lewis argue that by not inheriting anything from the British, Botswana also avoided the heritage of the colonial attitudes, the hierarchies based on status in the civil service, the large residences of senior officials, the bands of government clerks who lorded over their fellow citizens who they were supposed to serve. Furthermore, Botswana did not inherit any tradition of government intervention in the economy (Harvey and Lewis 1990: 26). The absence of urban bias in Botswana politics, often referred to as an element of the country's successful economic management, may also partly be explained by its lack of development at independence. With no real towns and subsequently no urban class at independence, urban biases had limited opportunity to develop in the first decade after independence.

### *2.1.4 Learning from neighbours*

Another aspect of the so called advantages of backwardness is related to the aspect of learning. By the time Botswana acquired some control over macro economic policy in the mid-1970s it was already possible to observe the very high costs of economic mismanagement in Africa as members of government travelled extensively to other parts of Africa and where able to observe the disastrous declines of some economies (Harvey 1992: 25).

### *2.1.5 Dealing with apartheid*

Botswana's landlocked position and dependency on South Africa was an additional factor adding to the dismal development prospects in 1966. However, as the lack of development to a certain extent benefited the country, it has been argued that the close relationship between Botswana and South Africa may have had a positive effect. A number of Botswana had lived or worked in the South African Republic, and subsequently experienced a racially divided society and the human folly of apartheid: "Botswana's ability to deal with, negotiate with, and to coexist with its overwhelmingly dominant neighbour, may be related to the decades of direct exposure and accumulated wisdom and experience that came with it" (Harvey and Lewis 1990: 26).

## **2.2 Leadership, participation and culture**

Most observers regard the quality of the Botswana leadership as a key explanatory factor behind the country's successful development record, and many refer to the culture and indigenous political structure of the Tswana.

### *2.2.1 Seretse Khama*

The pragmatic attitudes and moderate political ideology which developed after independence is by many attributed to the role and personality of the first president, Sir Seretse Khama (Parsons 1990, Stedman 1993, Picard 1987). According to Zaffiro the enlightened leadership of Khama single-handedly established the legitimacy and credibility of the new state in international politics (1993: 139). A similar characteristic of the country's two presidents since independence are given by Harvey and Lewis:

"President Khama set the tone of government with common sense, good humour, honesty and a desire to learn lessons from other countries. President Masire developed a ...detailed knowledge of all aspects of the economy over the first 15 years of independence and provided a key link between the technicians, the cabinet and the parliament (1990: 9).

### 2.2.2 *'Pragmatism' as ideology*

Regarding Botswana's positively acclaimed governance record, the level of pragmatism in policy-formulation is often emphasised. A well defined set of development priorities was identified early, expressed through an explicit commitment to rapid economic growth through rational calculations of means with ends (Du Toit 1995: 39, Morrison 1993: 45). Morrison argues that the bureaucratic dominance of the colonial administration in the pre-independence era and the deliberate choices of Sir Seretse Khama in establishing an ideological rationale for political rule reinforced one another in the immediate post independence period.

The priorities to growth (before redistribution) and stability (before participation) became part of what Morrison refers to as the "general logic" of state building that guided the governing elite (Morrison 1987: 567-573). According to Du Toit, an ideology of pragmatism expressed through technocratic priorities, gave a consistent direction not only to day-to-day public policy making but also to the process of state building and hence to the arena in which democratic party politics was being conducted (1995: 39).

### 2.2.3 *The rural support base of the political leadership*

Closely related to the quality of leadership are accounts focusing on the background and support bases of the political leadership. A number of studies have emphasised the impact of the homogenous, rural based elite in Botswana with strong interests in the cattle industry (Parson 1990, Picard 1987, Danevad 1993). According to Picard, the political system is dominated by a wealthy, well educated cattle owning political elite committed to rapid economic growth in the framework of a largely free enterprise system (1987). The political leaderships close ties to the rural economy, and the cattle holding rural elite, is by some commentators regarded as the main explanatory factor behind Botswana's economic policy choices and economic success.

Contrary to many other African nations, it is argued that Botswana's political leadership has found it conducive to reinvest national wealth in their own country (Harvey 1992, Danevad 1993). Related to the impact of culture, it has also been argued that the pastoralist characteristic of risk avoidance and asset accumulation has been a guiding feature of Botswana's management of its economic resources after independence. As argued by Holm: "Indeed, the government seeks to maintain a surplus for bad times": (Holm 1988: 198). With respect to this element, it is interesting to note that Botswana political authorities, when asked to comment on the success of Botswana, stress that Botswana has not found the formula of success, they have simply tried to plan carefully (Mogae 1983, Horner 1995, Matambo and Tumelo 1991).

#### *2.2.4 Lack of urban bias*

Another factor distinguishing Botswana's economic management from many neighbouring economies in Africa is the absence of urban bias. Urban bias, or an emphasis on the economic needs of the urban constituents at the expense of rural dwellers, has been very dominant in sub-Saharan Africa (Bates 1981). Botswana is here an exception. This has been attributed to the smallness of the urban sector (or the virtual absence of urban life at independence) (Danevad 1993).

Possibly more importantly with respect to urban bias, is the relative power of the rural producers in Botswana's politics (Harvey 1992). Whereas in many African countries the agricultural sector has been dominated by a poor peasantry easily exploited, the agricultural sector in Botswana constitutes an economic and political elite. According to Holm and Molutsi, the Botswana government has had an explicit policy of not allowing the real exchange rate to appreciate, thus ensuring that urban consumers have not been as advantaged as in many other African countries in that imports are not artificially cheap.

The rapid stabilisation measures in 1981 (see section 2.3.3) is a further indication of a lack of urban bias in Botswana politics, according to the commentators. The stabilisation policy was deliberately designed to allow for the drought relief programmes to continue undiminished (Charlton 1991: 278) and according to Quinn : "Most of the burden fell on the better off urban groups who had their wages frozen and found it more difficult to obtain credit" (1988: 10).

#### *2.2.5 Redistributory concerns*

The successful drought relief measures taken by the Government of Botswana is in a number of studies related to the government's implementation capacity. But the drought relief policy is also regarded as an indication of concern for the welfare of the rural poor (Du Toit 1995, Holm and Molutsi 1992, Charlton 1991). The main example pointed to is the fact that during the severe drought from 1982 to 1987 government programmes provided for all needy groups in the population (app. 65 per cent in the rural areas), no matter how remote. According to Holm and Molutsi, sufficient food ensured that there was only a marginal increase in malnutrition during the entire period (1992: 82).

#### *2.2.6 Adherence to the principles of democracy and human rights*

A good governance record is not only related to issues of effectiveness and implementation capacity. Issues of popular participation, political legitimacy and accountability have also increasingly become recognised as necessary ingredients of a successful development strategy by donors as well as African citizens and governments (World Bank 1989, Stevens 1995, Jaycox 1995). It is maybe with

respect to its democratic record that Botswana is most often emphasised in comparative studies as the main success story in Africa.

Apart from Mauritius, Botswana has as the only country in Africa maintained its democratic constitution allowing for multiparty elections, freedom of participation and the press throughout the period of independence. The country has a small, but according to the Human Rights in Developing Countries Yearbook, free press, no political prisoners and a commitment to non-racialism in political life. In short, Botswana is regarded to hold a very high human rights record (Takirambudde 1995).

### *2.2.7 Limited democracy - a success indicator?*

Yet while the respect for basic political rights and electoral pluralism is heralded by most commentators, the content and *depth* of the Botswana democracy is often debated. Though the government has never wavered in its support for pluralism and diversity of autonomous political groupings, ideals and interests, the system has never been truly competitive during most of the post-independence according to Holm who characterise the political process in Botswana as "paternalistic democracy (1988: 179). Picard uses the term "a defacto one party state" (1987: 142).

Those questioning the level of institutionalism in Botswana's democracy, remark that the ruling party has been in power since independence and that there is very limited participation and citizen influence on the policy making process (Holm and Molutsi 1991). Yet, while acknowledging the limited degree of popular participation in policy-making in Botswana, some commentators have argued that this factor has largely benefited the system of governance per se:

'the Botswana model' has provided an opportunity for citizens to learn about and become involved in democratic structures before societal mobilisation has created a wide range of organisational groups to demand such structures at the mass and elite levels: The absence of mass political activity may have given the regime time to gain sufficient legitimacy to survive the inevitably more intense political conflicts to come" (Holm 1993: 107).

This argument, and possibly the strength of the democratic system, may for the first time be tested in the coming years, as in the 1994 elections the main opposition party Botswana National Front (BNF) won one-third of the 40 seats in parliament and won almost all the local government elections in major towns. The 1994 elections were also marked by the private press' ability to embarrass the government by exposing a number of corruption scandals (Maipose et al. 1995, Cokorinos 1994). According to one observer: "For the first time in the history of party and parliamentary politics in Botswana, the BNF victory established an

opposition which can no longer be overlooked and neglected (Takirambudde 1995: 137).

### *2.2.8 Ethnic homogeneity*

Botswana's ethnically homogenous population is often presented as an explanatory factor for why the country, contrary to most of its neighbours has remained a multiparty democracy throughout the independence period. According to Du Toit, this assumption is erroneous, as ethnic homogeneity cannot be equated with ethnic singularity and secondly the linguistic predominance of Setswana obscures the extent of cultural diversity in Botswana. " What is remarkable in Botswana is how much, up till now, the legitimacy of Tswana-dom has been accepted an even supported by non-Tswana groups" (1995: 7).

Based on this, Du Toit argues that what needs explanation is why this range of cultural diversity from Tswana to non-Tswana has not yet surfaced in more assertive ethnic terms in Botswana (1995: 18).

## **2.3 Managing the national wealth**

### *2.3.1 The mining industry*

At independence, few people could have predicted the fundamental changes which would occur in the country's economy over the following decades. The review of Botswana's economic prospects conducted by the British government in 1965 paid scant attention to the mining sector and few contemporary commentators would have believed that investments in mineral extraction could be primarily responsible for a quadrupling real per capita incomes over the next decades (Colclough 1983:1) Much of this was developed by mining and related industry.

Large scale exploitation of diamonds started in 1971 when the Orapa mine came into operation. In 1982, the Jwaneng mine was also opened, leading to a marked increase in Botswana's total production. By 1987, Botswana had become the world's third largest producer of diamonds, and the biggest producer in terms of value (Blomström and Nordberg 1991, Yeager 1993).

### *2.3.2 Negotiating skills*

While mining accounts for the main revenue generating activity in Botswana, development aid, export of beef to the world market through EEC and incomes generated from the re-negotiated Southern African Customs Union in 1969 are described as the other main elements behind the economic growth experienced in Botswana since the beginning of the 1970s (Harvey and Lewis 1990, Lewis 1993).

It is here interesting to note that all factors mentioned have resulted from negotiations between the Botswana government and outside investors, development banks and donors.

According to Harvey and Lewis, skills in negotiating with more powerful outsiders have been showed by the Batswana since at least the early 19 century (1990:8). South Africa as a neighbour was an element of reality. Yet, despite the costs imposed by South Africa's destabilising policies and the economic dependency on the large and powerful neighbour, Botswana managed to have fairly advantageous commercial relations according to Harvey and Lewis (ibid.).

The most significant negotiation arguably relates to the Government's relations with De Beers. The Botswana mines are owned today by Debswana, a joint venture between the Government of Botswana and De Beers mining company. Debswana was created in 1969 dividing the profits between the two at 85% to De Beers and 15% to the Government of Botswana. This deal was re-negotiated in 1975 as the Botswana government argued that the mines had yielded far higher profit than anticipated. The new agreement gave the government a 50% share of the revenues.

Harvey and Lewis further describe in fascinating detail how the re-negotiation of the Southern African Customs Union Agreement in 1969 drastically increasing the revenues occurring to Botswana (ibid.). According to Festus Mogae, the revenues from the SACU agreement rose from Pula 8.3 million in 1971-72 to Pula 102.8 million in 1980-81 (1983: 20). The winning of access for more than half the country's beef exports to the pricing benefits of the European Community's Common Agricultural Policy was also of major importance (Harvey and Lewis 1990: 6-9).

### *2.3.3 Prudent economic management*

During the first 25 years of independence, a truly remarkable economic transformation occurred. GDP rose at an annual rate of 13.9 per cent. When the years 1965 and 1985 are taken as bench mark, Botswana achieved the highest growth rate in the world (Stedman 1993). Botswana's debt service is modest and its foreign exchange reserves are the highest on the continent in terms of months of import cover. As a result, the Botswana currency, the Pula, is anecdotally referred to as the Swiss Franc of Africa (Somolekae 1994: 18).

The fact that Botswana became the world's fastest growing economy in the period between 1966 and 1991 was perhaps to be expected due to the discovery of large mineral deposits. However, the record of most oil producing and hard mineral exporting countries in the world has demonstrated that mineral wealth is no guarantee for sustained economic development. Mining economies throughout



