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Botswana

A prosperous, peaceful nation and a model of good governance celebrates forty years of independence and sustained economic growth

The independence of prosperity and stability

A transparent and dynamic economy has made Botswana not just an example for Africa's development but rock solid for investment as well



Festus G. Mogae
President of the Republic of Botswana

2006 HAS BEEN a year of anniversary celebrations throughout Botswana. The republic ceased to be the British Protectorate of Bechuanaland 40 years ago, although it remains a staunch participant in the Commonwealth and maintains strong cultural and economic ties with Britain. Forty years of multiparty democracy have made Botswana the longest last-

ing democracy in Africa and a remarkably prosperous and peaceful country on a continent where poverty, conflict and corruption are all too often the norm.

Botswana is proud to call itself corruption-free. Agencies like Transparency International give the country the highest marks for transparency for any African country.

Standard & Poors and Moody's also give Botswana the thumbs up, adding to its credentials as a role model for other African states. Although a small country, Botswana is determined to play a leadership role from the heart of Southern Africa. In August 2006, Botswana's President Festus G. Mogae, an Oxford-educated economist, took over the chairmanship of the South African Development Community.

The HIV/AIDS pandemic is one of the country's most pressing problems. On a continent where the lack of resources, stigmatisation, or simply the burying of heads in sand has made a weak response from governments the norm, President Mogae's reaction has been proactive, with a

programme to make drugs available free of charge to sufferers.

Even though Botswana built its wealth on the diamond sector, boasting one of the biggest in the world, the government has outlined a growth plan called Vision 2016 that will spur investment in other high-potential sectors like tourism, technology and financial services. The goal of this plan is to market itself to the non-diamond world by stressing the creation of a Botswana brand. "As a small nation competing in a much larger world," said President Mogae at the launch of the branding process in May 2006, "we share a collective interest in championing a positive image of ourselves. After all, if we do not sell ourselves to the world, who will?"

Project director:
Annick Jaégy
Editorial research:
Axel Favre

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Transparently safe and profitable for investors

A business-friendly country built on free enterprise and a solid economic track record broadens its horizons

Botswana is “a country based on a sound track record in terms of economic management” which seeks to attract more investment to develop its various sectors, according to Mmasekgoa Masire-Mwamba, CEO of the Botswana Export Development and Investment Authority (BEDIA).

It’s not hard to see why. In the 40 years since independence from Britain, Botswana has returned the world’s highest average growth rate, even if the 2005 figure looked sluggish at 5.5 per cent compared with an average that settled around ten per cent in the nineties. It is currently one of the 20 best countries to do business in according to the World Bank.

In 2005 Botswana produced a record 31.9 million carats, generating £1.6 billion of revenue, some 26 per cent of the world’s total production. Diamond mining now contributes around 34 per cent of GDP, 70



Neo Moroka
Minister of Trade and Industry

per cent of export earnings and is the biggest non-government employer.

The focus in Botswana is now on diversifying away from diamond mining. Neo Moroka, Botswana’s Minister of Trade and Industry, explains: “As part of our diversification strategy, we are looking first to add value to the resources that we already have.”

Diversification within the diamond business means beneficiation initiatives. Debswana, the world’s biggest diamond producer and a joint venture of the Botswana government and South Africa’s De Beers, is looking downstream. Promoting diamond cutting and polishing, it expects to create around 3,000 jobs. Pula Diamond Technology Park is a privately funded initiative for companies involved in the manufacturing and polishing of diamonds.

A broader mining sector has been established with Botswana, now behind only Canada and Australia in total minerals production. De Beers itself has invested in soda ash production for the glass industry. BCL, which employs 5,000 people, is Africa’s leading producer of nickel and will expand its copper production as demand from China being expected to soar. Tati Nickel, 85 per cent owned by nickel multinational LionOre, is another innovator with a fully integrated nickel production process. Australia’s Gallery Gold aims to make Botswana a major source of gold.

To fuel its industry, 70 per cent of energy has to be imported, but work has begun to exploit its vast resources of coal and methane which Charles Tibone, Minister of Minerals, Energy and Water Resources, thinks will rival diamonds. “We will be self-sufficient and have additional capacity which we are hoping to export to South Africa and elsewhere. The export earnings that will generate are of course important,” states Minister Tibone.

Botswana has set itself the target of 6.3 per cent growth through to 2016 and sees itself well positioned to attract the foreign investment it will need to do this.

What Botswana’s track record demonstrates is a secure and helpful business environment for the investor, with a skilled English-speaking workforce, taxation that is conducive to investment, and a stable government willing to partner with private enterprise. As Mr Moroka says, “We are a free enterprise country where people can come to raise their children and enjoy life. Also, this is a country where any investor can feel ‘my investment is safe and my investment is profitable.’”



A larger mining sector has been established in the country, making it the world’s number three in total minerals production

The true value of Debswana diamonds

Education, healthcare, employment and empowerment, along with social and economic stability have all resulted from the nation’s clear-cut diamond industry

Blackie Marole, Managing Director of Debswana, the world’s biggest diamond producer by value, likes to go straight to the point: “Men and women need diamonds, they are part of their enjoyment of life”.

But the history of Debswana, and indeed the Republic of Botswana, one of Africa’s precious few gems of economic development, shows that those who need diamonds are not just a small group of big-spending fiancés. Here, the marriage of the ultimate in luxury to social progress has been unshakeable.

When geologists from neighbouring South Africa’s De Beers diamond company first arrived in 1955, the economy of the then Bechuanaland Protectorate relied wholly on agriculture and had little source of foreign exchange. One year later, still ten years before the Republic of Botswana came into existence, Debswana was founded as an equal-share joint venture between the government and De Beers.

De Beers now produces over 40 per cent of the world’s gem diamonds and is easily the largest foreign direct investor in Botswana. The role that the South African giant has played in Botswana’s development is hard to overstate: it would be true to say that Debswana’s diamonds

‘The point is the good that can be accomplished with the earnings from natural resources’

have almost single-handedly transformed a poverty-stricken republic into one of the world’s fastest growing democracies.

“It is a mutually beneficial joint venture” says Sheila Khama, CEO of De Beers Botswana. “De Beers is committed to the sustainable development of the diamond industry in Botswana. Our knowledge and technology bring efficient operations that put bread on the table of Botswana’s citizens. In return it positions us as the world’s number one.”

Debswana’s revenues grew by 35 per cent to £1.35 billion in 2005, with its four mines producing 31.9 million carats. This accounted for 33 per cent of GDP, 75 per cent of Botswana’s foreign

exchange and 60 per cent of government revenues. As the largest non-government employer in Botswana, the company champions responsibility, empowerment and job satisfaction among its employees. The company also provides workers with excellent safety, health and environment programs.

Diamonds have provided Botswana with funding for basic education along with the country's virtually free healthcare service and highly progressive distribution of anti-retroviral drugs to HIV/AIDS sufferers. As Mr Marole puts it: "The social development of Botswana, as we have it today, was built on diamonds. Without diamonds, there is no social development at all."

It's no surprise to find that Debswana has some challenges to continue performing at such heights. Many stem from the very success of the industry and the country's reliance on diamond revenues. Mr Marole points to the need to focus on costs, with globalization bringing more competition, transparen-



Blackie Marole
Managing Director of Debswana

cy and assurance of quality. In line with the government's policy of economic diversification, the company is promoting added-value downstream diamond activities, such as cutting and polishing, which could add 3,000 jobs to the economy. Despite the stiff competition these activities face from countries like China and India, De Beers is supporting the initiative and will transfer its London diamond-mixing operations to Gaborone by 2009.

An absolute priority at Debswana is total transparency in all of its diamond mining and trading operations. This has attained special importance since the late nineties amidst concerns over the selling of "conflict diamonds" to finance wars in countries like Sierra Leone and Angola. The issue has gained wide media exposure, and will be the subject of Blood Diamond, a film about diamond

smuggling in Sierra Leone starring Leonardo DiCaprio due to be released in December in the US and in January in the UK.

In 2002, the UN-backed Kimberley Process Certification System was established by a coalition of governments, non-governmental organizations and diamond industry companies. The members agreed to implement policies designed to eliminate trade in conflict diamonds, and the industry to-

day estimates that over 99 per cent of the world's total diamond trade is conflict-free. The fear of African diamonds being seen as tarnished by the negative publicity still worries the industry however, and the industry's big punchers are preparing to fight back. De Beers is reportedly set to spend £8 million on a media campaign that will focus on the essential human benefits that diamonds bring to African countries.

Debswana, a full participant in the Kimberley process and a member of the World Diamond Council, remains proud of its involvement in 100 per cent conflict-free diamonds. "The point," says Mr Marole, "is the good that can be accomplished with the earnings from natural resources. With good governance, transparency and careful leadership, commodities are a tremendous force for good."

A deep commitment to
enrich the nation

Trade is vital to Botswana's development and future. As one of the nation's major natural resources, diamonds are helping transform the Southern African country and the lives of its people in four key areas: financial, health, education and employment. Providing a significant economic contribution to the countries in which they are found, diamonds add more than \$8.3 billion per year to Africa's finances and have made Botswana's economy one of the fastest growing on the planet. Revenues also underpin essential healthcare initiatives, helping tackle the HIV pandemic across the country through counselling schemes, funding testing, education, free treatment programs and construction of health centre facilities. Furthermore, Botswana is using the proceeds from the diamond industry to help more children go to school for longer and every child in Botswana now receives free schooling to the age of 11. Approximately 25 percent of employment in Botswana is directly or indirectly linked to diamonds and Debswana Diamond Mining Company, a 50/50 partnership between Botswana's government and De Beers, is the largest employer in the country after the government, employing 6,500 people, in one of the nation's most important industries for decades. In Botswana, diamonds mean food on the table, access to clean water, education and healthcare. Diamonds account for 50 percent of the country's revenue and bring in more than two-thirds of foreign exchange earnings. The multi-party democratic country has been rated amongst the best in the world for, amongst others, good governance and prudent management of its resources.

DEBSWANA

Debswana Diamond Company Ltd
Debswana House, The Mall, PO Box 329, Gaborone, Botswana Tel: +267 361 4200 Fax: +267 318 0778
www.debswana.com

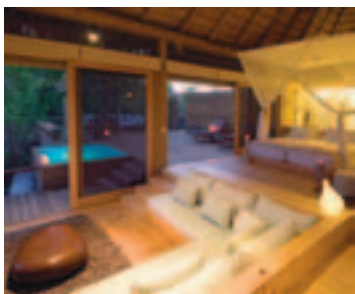
Big game plan to **expand tourism** naturally

Openings in infrastructure and accommodation as tourism aims to be the new boom business

The Okavango Delta in Botswana may be one of the last unspoiled wildlife areas in Africa. Its 6,000 square miles, flooded with clear waters from the Angolan highlands, is home to lions and antelopes and it is a paradise for bird watching and fishing. The company Wilderness Safaris offers tours which include a close up visit with Africa's most impressive and untouched wildlife.

Myra Sekgororoane, the Chief Executive Officer of Botswana's Tourism Board, explains: "Tourism in Botswana has so far been treated as a very exclusive experience, with a deliberate focus on low volume to minimise the impact on the environment."

Despite being one of the largest employers in a country of 1.6 mil-



The view from the lodge in Vumbura Plains is extremely scenic

lion people, tourism contributes only a little more than 5 per cent to GDP, lagging far behind the country's traditional economic engine, diamond mining. With Botswana chasing 6.3 per cent growth through to 2016, the challenge is to make tourism the new boom business. As Botswana boasts a history of intercultural understanding and use of English, few would bet against the African country with a reputation for delivering.

"The success of the low-volume strategy in areas like Chobe and the Okavango Delta will not change," says Onkokame Kitso Mokaila, Minister of Environment, Wildlife and Tourism. "However, there are other areas that can take higher volumes and we will offer more by way of cultural events, adventure and sports tourism."

Infrastructure and accommodation are also being developed in areas like the Central Kalahari Game Reserve and the Tuli Block, a picturesque wilderness of forests, savannah plains and marshlands.

The government also recognises the need to privatise Air Botswana to improve internal air links and attract national carriers to fly to Gaborone;

'We will offer more by way of cultural events, adventure and sports tourism'



Onkokame Kitso Mokaila
Minister of Environment,
Wildlife and Tourism



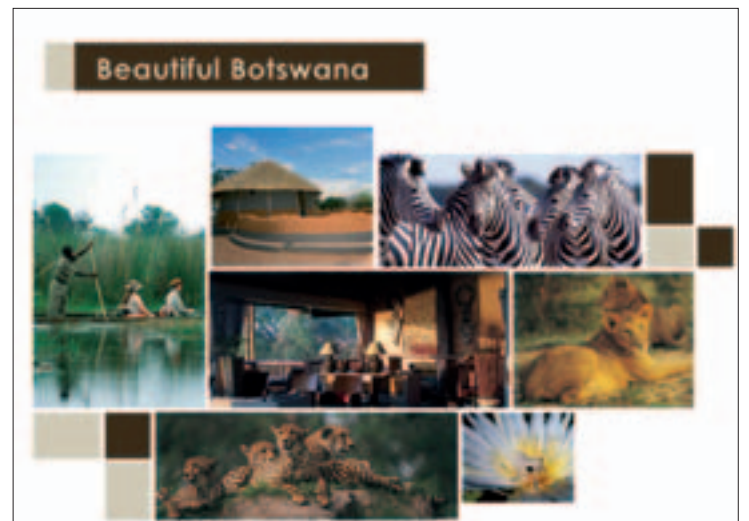
Myra Sekgororoane
CEO of Botswana
Tourism Board

as yet there is no direct flight from London. The 2010 FIFA World Cup, being held in neighbouring South Africa, also gives the country an opportunity to lure visitors.

A key to success will be the process to establish a Botswana brand, launched by President Festus Gontebanye Mogae in May of this year. It will focus on what differentiates Botswana from other African

countries, which also have wildlife and the Big Five. "What sets us apart is our unique packaging, especially the conservation policies that we have adopted," says Mrs Sekgororoane. "The message is: Botswana works and it is unique."

For more information see www.wilderness-safaris.com and savanabotswana.com



A kaleidoscope of colour under the African sun.

Explore the vastness of one of nature's few remaining untouched gems as it comes to life in an explosion of rich earthy tones of tans, browns and scattered tufts of green. Situated on an undulating plateau that separates the savannah grasslands in the east from the mighty Kgalagadi desert in the north, Botswana boasts a rich diversity of wildlife.

The world's only inland delta, brimming with a plethora of rare and beautiful flora and fauna along with her breathtaking sights and sounds make Botswana's sands, rocks, hills and vegetation a truly worthy World Heritage candidate.

And at the end of each day, when the sunset turns the shimmering waters into lakes of liquid gold, the traveller can be assured that as the rest of the world is retiring for the day, the African bush is coming to life.



Botswana Tourism Board, Private Bag 275, Gaborone, Botswana.
Tel: +(267) 391 3111, Fax: +(267) 395 9220
board@botswanaturism.co.bw

A culture of social respect

● **THE CODE OF** behaviour summed up by the term "botho" is derived from the Setswana word for "human being". "Botho" encompasses good manners, humility, helpfulness and respect for others. It is an unwritten code of ethics in a society that believes each individual should take responsibility for the welfare of others.

● **PRECIOUS RAMOTSWE** is the fictional female detective created by crime writer Alexander McCall Smith in his best-selling series *No. 1 Ladies' Detective Agency*. An upholder of traditional val-

ues, Precious' favourite tipple is redbush tea, which seems to work wonders for her clients.

● **SOME 85,000 KALAHARI PEOPLE** live in this vast area of dry savannah, whose name is thought to derive from the Tswana word Keir, "great thirst", or the word Kalagare "a waterless place". While they have no collective name for themselves in any of their languages, all of which incorporate click consonants, they do identify themselves by group with such names as Ju'hoansi and !Kung (the punctuation characters representing different clicks).