

Doing Business in Fragile States: The Private Sector, Natural Resources and Conflict in Africa

BACKGROUND RESEARCH PAPER

Hany Besada

Submitted to the
High Level Panel on the Post-2015
Development Agenda

May 2013

This paper reflects the views of the author and does not represent the views of the Panel. It is provided as background research for the HLP Report, one of many inputs to the process.

**Doing Business in Fragile States: The Private Sector, Natural Resources and
Conflict in Africa**

**Hany Besada
Research Specialist, HLP Secretariat &
University of Warwick & North-South Institute**

1. Conceptual Overview

One area of emerging consensus is the critical importance of *governance* – the deficiency or effectiveness of public and private sector institutions – as the key to understanding the prevalence or absence of violent conflict over natural resources in Africa (Alao 2007, Collier 2007, Acemoglu, Robinson & Johnson 2002). Weak governments are unable or unwilling to invest resource revenue in sustainable economic development or to provide the necessary regulatory environments for accountable business practices (Ballentine 2006). In contrast, countries such as Botswana and Namibia, successfully channelled their resource wealth towards sustained economic growth and political stability – with outcomes that are commonly attributed to strong public and private sector institutions, such as the rule of law, transparency, and decentralized governance (Acemoglu, Robinson & Johnson 2001, Iimi 2006).

The governance of natural resources has slowly become an important source for policy dissonance and debate globally, with far-reaching implications for developing countries. In the coming years and decades, South-South economic linkages will change the face of globalization; climate change and desertification will intensify extreme weather events; and water and land resources will become increasingly scarce. Host governments, resource-rich communities and foreign investors/private sector actors all play a crucial role in the strategies and institutions governing the way in which resources are managed, as well as whether they support the sustainable economic development of the global south.

In Africa in particular, an abundance of natural resources could be the key to poverty alleviation and lasting prosperity. However, recent history is evidence of the fact that poor

resource management could also result in the chaotic and wasteful deployment of human capital; the depletion of the resources on which societies' economic livelihoods are based; and, in extreme cases, of violence and political instability at both national and regional level (Buckles 1999). With the rise of Brazil, Russia, India, China and South Africa (BRICS) as significant investors in Africa, climate change, population growth, as well as competing foreign investors/private sector interests, there is now heightened competition for Africa's land, water, oil and mineral resources.

The increasing frequency of dialogue and round-table discussions taking place between various stakeholders, reflects a growing concern that the global community is somehow falling short of dealing with critical issues relating to the governance of natural resources and that it needs to do more in reconciling economic and business objectives, by maintaining a more responsible exploitation of resources. This issue relates primarily to the frequent absence of clear, well-conceived regulations and mining codes; insufficient adherence to the rule of law; an absence of fiscal, monetary and budget discipline; only a few pro-poor public-private partnerships; poor skills and limited resources in government departments; limited encouragement of open dialogue between government and civil society; and little if any transparency and accountability. All these deficiencies call for an improved and visible governance system in the natural resources sector.

An innovative and inclusive approach to the governance of natural resources is required if foreign investment/private sector activities were to support sustainable economic development and contribute to peace, security and political stability. Greater accountability and corporate social responsibility; the re-investment of resource revenue into social services and poverty reduction; and diversified economic development constitute clear objectives for all stakeholders.

However, given the expanse of these challenges and the complexity of the underlying issues, an improved analytical framework for understanding the changing linkages between the foreign investors/private sector, natural resource governance and violent conflict in Africa, is necessary.

Therefore, the primary aim and objective of this paper is to assess the fundamental gaps in the existing literature pertaining to the role of foreign investors/private sector in natural resource governance and management in fragile/conflict states (state-building and economic construction), post-conflict states (economic reconstruction and peace-building) and stable states (sustainable economic development) in sub-Saharan Africa. It will do so by specifically examining three major questions, namely: (1) How does the evolving role of the foreign investors/private sector in natural resource governance affect peace and stability in the African context? (2) What determines whether foreign investors/private sector plays a positive or negative role? (3) What sort of concrete policy recommendations are available for host governments, foreign investors/private sector actors, affected communities and international organizations to promote positive developmental outcomes?

While a great amount of scholarly literature deals with natural resources, private-sector actors and conflict risks, less is known about the role of economic actors in *post*-conflict environments (Woodward 2010). Bush and Opp (1999) highlight the somewhat paradoxical fact that conflict can serve as a catalyst for *positive* economic and social development, such as the removal of exploitative political institutions, as can be seen in the resistance struggles against apartheid regimes in Southern Africa. Moreover, the experience of armed conflict may generate strong incentives for the political elite to secure the consent of the governed and create representative and effective governing institutions, in order to extract resources more efficiently (Tilly 1975). However, the linkages between such institutional transformation, natural resource

governance and the role of foreign investors/private sector remain poorly understood (Blattman & Miguel 2010).

2. Relevant Literature

From the perspective of African stakeholders, effective natural resource governance is increasingly regarded as the key determinant of the continent's economic growth and investment opportunities, especially if official aid volumes should decline. African leaders have come to recognize the fact that the manner in which the continent's resources are managed and exploited is fundamental to their ability to mobilize more resources domestically; contribute to sustainable economic and social development; and enhance both state and human security. Given the changing global order, brought about by the rise of emerging economies and their increased trade with, and investment in Africa, an understanding of Africa's governance of natural resources and the way in which it is likely to evolve is of greater importance than ever – especially for emerging investors seeking to invest in the continent.

With increased investment in Africa's mining sector, spurred on by both global demand and improved legislation, including incentives for extractive industries, African governments and civil society organizations have been paying particular attention to the socio-economic impact of these investments at both national and local community level. To date, the available evidence indicates mixed results.

On the one hand, there is acknowledgement of the economic benefits that mining companies are bringing to Africa via the transfer of skills and technology; greater innovation; more affordable financing; and higher quality products and services. In contrast, however, research also indicates that resource-rich economies in Africa have suffered lower economic

growth due to the well documented phenomenon, referred to as “Dutch disease”; as well as higher and growing levels of income inequality; corruption; a larger share of the population living in poverty; more authoritarian political regimes; higher spending on defense as a share of the total budget; and a greater chance of armed conflict (Palley 2003). In summary, the public policy debates on the governance of Africa’s natural resources are now central to the continental dialogue on development and its financing, human rights and conflict resolution.

2.1.Global Resource Flows

Approximately one fifth of the world’s trade flow involves natural resources, defined here as minerals and fossil fuels (WTO 2012). The value of total imports of natural resources is put at \$3.34 trillion or approximately 27.5% of the share in total merchandise (WTO 2010).

Meanwhile, the value of total exports of natural resources is put at \$3.24 trillion or approximately 27.7% of the share of total merchandise (WTO 2010). Natural resources’ share of global trade showed a dramatic increase, between 1900 and 1955, before starting to decline between the 1960s and the 1980s. Trade made a comeback in the 1980s, before dropping back again in the 1990s, only to make another comeback, starting in 2008 (WTO 2010). Fuels constitute the bulk of these resources, of which two-thirds are traded internationally.

The global share of oil production increased to 66% in 2010, up from 51% in 1980 (BP 2011 and IEA 2009). It represents the bulk of total world resource exports, totalling \$2.9 trillion in 2008, while other extractive resources, and minerals and non-ferrous metals in particular, totalled \$360 billion (WTO 2012). For many developing resource-rich states, this trade is of particular importance, given its share of total exports. In 21 states, natural resource exports comprise approximately 80% of their total exports and, in nine of these states, resource exports constitute

approximately 50% of their GDP (IMF 2007). On the African continent, natural resource exports constitute approximately 74% of total merchandise exports, with Nigeria, Algeria and Angola ranked amongst the top 15 largest exporters of natural resources (WTO 2010).

Global trade in the extractive sector is unique, both in context and feature, which has important implications for policy formulation in the industry. The skewed distribution of resources reflects the heavy reliance of a handful of states on natural resource trade. For instance, proven global oil reserves could be found in approximately 15 states (WTO 2012). For the most part, revenue is of considerable importance for many resource rich-states, where the distribution between foreign investors/private sector actors and governments is contentious; let alone the developmental impact on local communities and larger populations, which has been hotly debated in policy circles.

2.2.Natural Resources, Conflict and the Resource Curse

Conflict over the control, distribution and consumption of natural resources is ubiquitous. However, the nature of that conflict is determined by the social, political and economic contexts in which people interact (Ayling & Kelly 1999). These conflicts range from confusion and frustration amongst members of a community over specific development actions, to violent clashes between armed groups over resource ownership, to widespread social unrest that threatens the political stability and security environments of entire countries. Foreign investors/private sector actors, including ranchers, large-scale landowners and private corporations in industries such as forestry, mining, hydropower and agribusiness, are becoming increasingly influential in resource management decisions and are therefore important actors with regard to peace and security in developing countries (Buckles 1999). This dynamic is being

driven by increased globalization, fiscal policies of financial institutions and governments of developing countries, as well as the increased demand for resources amongst emerging economies (Cotula et al. 2009).

Burgeoning literature on the “resource curse” and the “paradox of plenty” established strong linkages between resource abundance and corruption; authoritarianism; economic decline; inequality; and violent conflict (Karl 1997; Sachs & Warner 1997). Resource abundance in particular provides both finances and motive for armed conflict – i.e. “greed and grievance”, while rent-seeking and patronising behaviour further erode political institutions and economic wellbeing (Ross 2004; Collier & Hoeffler 2004; De Soysa 2002). Moreover, a wealth of resources may relieve governments of tax collection pressures, reduce fiscal discipline and hinder the diversification of other sectors of the economy – i.e. the “Dutch disease” (Gupta et al. 2009).

The protracted conflict in West Africa, for example, was inextricably tied to the diamond trade in those countries, which both enabled the growth of rent-seeking one-party states that failed to promote economic development and instead provided both incentives and opportunities for rebel movements to organize armed insurgencies (Keen 2005, Miguel & Bellows 2006). Nevertheless, the specific conditions under which the resource curse contributes to instability and conflict remain poorly understood.

It is, however, widely believed that on average, resource-rich states tend to grow less rapidly than resource-scarce states, which is explained by the “resource curse.” Sachs and Warner (1995) were amongst the first scholars to examine the intricate relationship between economic growth and natural resource endowment. They concluded that, when differences in macroeconomic

policies and initial income levels were accounted for and adjusted, resource-rich developing states were, on average, destined to experience slower growth. Theoretically, this should not be the case, as abundant natural resources could play a positive role in promoting economic development. Natural resource endowment could give an economy a “big push” via initial and continued investment; skills transfer; infrastructure development; employment generation; revenue for both central and local governments; and social development by the implementation of Corporate Social Responsibility (CSR) projects (Sachs & Warner 1999; Murphy, Shleifer, and Vishny 2000).

Various explanations have been put forth over the years as to why natural resources did not result in economic growth in many developing states over the past decades. One such explanation revolves around governance in promoting sustainable and equitable growth and the increased likelihood of conflict and disagreement amongst relevant stakeholders and, more in particular, mining community leaders, the general public, policy-makers and foreign investors/private sector actors (Burnside & Dollar 2000; Easterly, Levine & Roodman 2004; Glaeser et al. 2004). It is further argued that, in the absence of governance structures, these stakeholders at times seek, yet waste resource revenues, while exhausting natural resource deposits to the detriment of future generations and potential economic development.

Natural resource governance literature points to increased and continued government control over the extractive industry; high and often skewed dependence on the extractive sector by governments; and continued neglect of other primary sectors and, more in particular agriculture, which has resulted in diminished revenue and unemployment. Consequently, natural resources may inhibit broad-based economic growth and poverty alleviation in poor resource-rich states,

particularly in Arica, for precisely those reasons (Shahnawaz & Nugent 2004). Given these states' skewed dependence on natural resources for government revenue, there appears to be a diminished reliance on taxation revenue, which has contributed to less accountability by the sector, particularly with regard to the distribution and spending of resource earnings.

In terms of fiscal management, resource revenue in resource-rich, poorly governed poor states, could have a detrimental effect – as is the case with substantial aid flow. Often corrupt regimes, many who are driven to hold on to power at all costs, are all too comfortable to lower taxes as a measure towards popular support from the general public. Oil-producing states were found to subsidize domestic gasoline prices – a measure that is deemed to be economically unviable in the long term (Bacon 2001).

In important policy implication arising from this, is the need to integrate other relevant stakeholders, such as foreign investors/private sector, as part of a concerted effort by governments to put accountable, transparent and effective mechanisms in place, designed to facilitate the management of natural resources that are necessary to produce economic prosperity. The extractive sector could serve as the basis for long-term economic development, provided that governments, supported by the involvement of foreign investors/private sector, have a long-term vision in place regarding the management of these resources, as well as effective mechanisms for resource allocation, spending and monitoring that are necessary for social and economic development.

In situations where poor governance in general, and of the extractive industry in particular, had delayed potential broad-based economic growth, resource revenue was generally unevenly distributed and, in many instances squandered, while economic stagnation was the norm. Contributing to the literature pertaining to economic stagnation in resource-rich developing

states, is the much referenced Dutch disease dilemma. In resource-rich states, other sectors, such as the manufacturing sector, had to endure tremendous difficulties resulting from real appreciation of the national currency, due to the fact that earnings from the extractive industry had generally been captured by the domestic non-tradable sector (Corden & Neary 1982). Sachs and Warner (1997) contended that, particularly in the African context, Dutch disease impacted on economic growth as part of the wider negative effect of an increased reliance on the extractive industry.

Moreover, this sector generally tends to be geographically and asset-specific, as well as capital intensive with regard to exploration and extraction activities. Indeed, assets tend to be stationary and are closely tied to mine operations. Investments in equipment, infrastructure and facilities are generally linked to specific mines and geographic regions within resource rich-states (Joskow 1987). The argument has generally been that, in the past, natural resource development in many resource-rich states resulted in only a few forward and backward linkages, while impacting on local industries, as they are, to a large extent, divorced from the broader economy (Sachs & Warner 1995).

2.3. The Role and Impact of Foreign Investors/Private Sector

African leaders have come to recognize that the manner in which the continent's resources are managed and exploited, is of fundamental importance to their ability to enhance both state and human security, to contribute to sustainable development, as well as to the achievement of the Millennium Development Goals (MDG) (UNEP 2006). Countries, such as Ghana, Namibia and Botswana, are examples of places where natural resources were used for the betterment of the population, while contributing to sustained socio-economic development over the past

decade. However, despite being blessed with some of the most sought-after natural resources in the world (300 million hectares of potential land for rain-fed agriculture (UNEP 2006); 80 trans-boundary rivers and lake basins, including 17 large catchment areas, exceeding 100 000 square kilometers each (Ruphael 2004 & Energy Bulletin 2011); and despite sub-Saharan Africa boasting 60% of the world's diamonds, 40% of the world's phosphate and 30% of the world's cobalt reserves (SAMBC Group 2011), thus far the continent has failed in transforming its enormous economic potential and wealth into tangible benefits in terms of human security, sustainable peace and development.

Over the past decade, the continent experienced a dramatic transformation of its mining sector. Investor-friendly policies were put in place and African governments relaxed their control over, and ownership of the sector. Ghana was the first sub-Saharan state to reform its mining regulations and to provide a regulatory system that allowed foreign ownership of its gold-mining sector. Today, more than 40 African states have changed their mining legislation substantially, so as to attract more foreign direct investment. The new mining legislation facilitated the privatization and deregulation of the sector; enhanced the incentive framework in which mining companies operate; and redefined the obligations and rights of both foreign and local investors. The incentives provided for more liberal immigration laws for expatriates, as well as reduced taxation levels, while introducing import tax exemptions for equipment used by mining companies, resulted in a boom in mining exploration across the continent.

With increased investment in the continent's mining sector, spurred on by improved and new mining legislation and incentives, African governments and civil society have been closely examining the socio-economic contributions and the impact of these investments on both national economies and local communities. In recent years, a great deal of evidence was

accumulated, suggesting that an abundance of natural resources could be more of a curse than a blessing (Auty 1993). For instance, Gelb found that resource-rich economies suffered from lower economic growth (Gelb 1988) – a finding that has been confirmed by Sachs and Warner (Sachs & Warner 1995).

Linkages between the foreign investors/private sector and violent conflict were also the subject of recent investigation (Besada 2009). Foreign investors/private sector investment could increase conflict by contributing to corruption, creating socio-economic inequalities, providing funding for arms or providing arms directly to warlords and militias, disrupting environmental systems, as well as contributing to Dutch disease (Mack 2001). On the other hand, foreign investors/private sector actors are central agents of global trade and investment, which are crucial for the sustainable growth of African economies (Collier 2007). They also play a critical role in post-conflict recovery; an area of research which remains understudied (Woodward 2010). Corporate Social Responsibility (CSR) practices have attracted growing normative support, but the necessary regulatory mechanisms for enforcing these practices remain weak (Dobers & Halme 2009; Ballentine 2006).

Furthermore, Palley found that resource-rich economies suffered from higher levels of income inequality; higher levels of corruption; larger shares of their population living in poverty; more authoritarian regimes; higher spending on defense as a share of the total budget; and they faced a greater chance of armed conflict (Palley 2003). Finally, Collier and Hoeffler found the probability of civil conflict to be 0.5% in a country with limited resources, but that this figure rose to 23% in a country where natural resources accounted for up to 26% of the GDP (Collier & Hoeffler 2011). On the other hand, there is acknowledgement of, and appreciation for the economic benefits that mining companies are bringing to Africa, via the transfer of skills and

technology; greater innovation; more affordable financing; and higher quality products and services. These are considered as highly positive, given the fact that these investments are being pursued in high-risk environments.

Against this backdrop, there has been an increase in public policy debates on the value of foreign investors/private sector investment in the African mining sector, as well as on the role it plays in commodity-driven economic planning. Critics contend that this has a direct bearing on political stability and social cohesion, which are the result of socio-economic and environmental disruptions caused by mining operations. Pressured by advocacy groups, international organizations and host governments, multinational companies became more aware of the need for positive community relations and a “social license to operate” amongst local stakeholders (Ballentine 2006). Discussions on CSR focused largely on the importance of ethical business practices by mining industries abroad, and many Western countries adopted some form of legislation or created forums to ensure that their companies adhered to acceptable standards of human rights, environmental protection and broad-based socio-economic development. Over the past decade, various global and regional initiatives have emerged, such as the Global Compact; the Global Reporting Initiative; the OECD Guidelines for Multinational Enterprises; Principles for Responsible Investment; the Natural Resources Charter; and the African Mining Vision – each focusing, to various degrees, on good corporate behavior and accountability.

These initiatives also gave rise to a re-examination of what CSR should entail and what could realistically be expected from mining companies. A major concern for mining companies, acting in a socially responsible manner, is the role and responsibility of host governments and, more in particular, in weak governance environments. These are pertinent questions that need to be addressed. However, they reflect a narrow interpretation of what constitutes CSR amongst

mining companies, particularly with regard to the local communities in which they operate. There is general consensus amongst civil society organizations and governments that CSR needs to be about more than merely adhering to government regulations and laws.

The funding of social projects and activities at local community level, and ensuring that revenue is channeled to social and economic initiatives, aimed at improving the lives of the general population of those countries, are of crucial importance in establishing a positive reputation, creating opportunities to boost sales and improving brand recognition. Mining companies have failed to recognize the fact that CSR is essentially about their role as a development partner; how they make their profit; as well as the concurrent positive and negative impact of their mining activities on the environment, society and the economy. In Africa, CSR relates to the role and responsibility of mining companies in the socio-economic development and security of the continent and its people.

2.4. Emerging Powers in the Extractive Industries

The nature of foreign direct investment/private sector investment in Africa in the 21st century will be shaped by the expanding role of emerging economies on the continent (Shaw, Cooper & Antkiewicz 2007). Observers note that the new “scramble for Africa” is characterized by a dramatically increased engagement by India, China, Brazil and South Africa, who are edging out Western countries in trade and investment contracts – particularly in the natural resources sector (Kimenyi & Lewis 2011; Rothkopf 2010). These new South-South linkages are changing the dynamics of resource governance, as players like China have adopted policies of strict political non-interference and a rejection of conditionality (Gill & Reilly 2007).

Growing inflows of resource investments from the BRICS countries present new challenges in terms of perpetuating corruption and economic mismanagement, as “no-questions-asked” contracts provide Africa’s autocrats with the means to continue resisting democratic reforms. These investments will continue to be shaped by chronic instability on the continent; the African Union’s viability as an economic bloc; the resource demands from BRICS; the growing importance of Africa to the United States; and global financial constraints (Kahn 2011).

The emergence of BRICS is expected to have profound long-term consequences for the global economic and political system. The emerging powers are investing in Africa’s natural resources, driving commodity prices to record highs. Until recently, foreign direct investment and trade in Africa – which has the potential to make an important contribution to the economic development of the continent – was very modest by global standards. The image of Africa amongst many foreign investors frequently tends to be one of a continent associated with political turmoil, economic instability, disease and natural disasters.

However, although these problems persist in a number of African states and although they constitute a serious impediment to the development of these countries, the continent as a whole witnessed remarkable transformation over the past two decades. While annual foreign direct investment flowing into Africa totaled barely \$2 billion in the early 1990s, investment increased to over \$55 billion in 2010 alone (UNCTAD 2011). The continent witnessed unprecedented economic growth, averaging approximately 6%, over the past decade (African Economic Outlook 2012); the spread of multiparty democracy and pluralism in countries as diverse as Ghana, South Africa and Mozambique; a sharp decline in the transfer of communicable diseases and infant mortality; a decrease in the number and severity of civil conflicts (Human Security

Report Project 2012); the growth of the private sector; and significant progress towards meeting the UN Millennium Development Goals.

The extent to which Africa can build a mutually beneficial relationship with emerging powers and, more in particular BRICS, will undoubtedly impact on the continent's long-term socio-economic development and security. BRICS has been a remarkable economic and political force that is transforming the global landscape. The (re)emergence of BRICS as a formalized geopolitical entity is expected to have profound long-term consequences for the global economy and political order. These five countries collectively take up more than 25% of the planet's land surface, contain approximately 40% of the world's population and boasted a combined GDP close to \$10 trillion in 2010 (Macan-Markar 2011) – a figure larger than that of the United States. They have become significant actors in the global governance architecture by underwriting a rising share of the world's economic growth and activity.

For more than a decade, emerging powers and, more in particular China and India, sought access to Africa's abundant energy and raw material resources to fuel their surging economies. Realizing that their unprecedented growth required a continuous supply of raw materials, these countries looked towards Africa as a source of stable resource inputs. In recent years, huge investments, by both traditional powers and BRICS, in African resources, generated a "scramble for Africa", as commodity firms competed for some of the world's largest mineral deposits. As stated above, African states are also looking to these emerging countries as alternative trade and investment partners, with a view to developmental, budget and security support.

Emerging economies have penetrated African economies and are investing in various industries – more in particular in the natural resource industries (arable land, water, minerals). In

2008, investments from Brazil, Russia, India and China totaled \$7.85 billion (China alone accounted for \$5.5 billion of this figure), which is more than double that of the US (at \$3.3 billion for the same year) and almost 30% in comparison to the total \$27.3 billion from the European Union (Macan-Markar 2011). In addition, in 2007, over \$64 billion of goods were exported from Brazil, Russia, India and China to Africa (Bartlett 2009). These investments were in primary sectors, such as agriculture, infrastructure and natural resources (Bartlett 2009). In 2010, the trade flow between Africa and the BRIC countries totaled approximately \$150 billion, with \$60 billion in foreign direct investment stocks in the continent – the majority of which was concentrated in the natural resources sector. These figures are projected to increase threefold during the next five years (Reuters News 2010).

At the same time, however, serious criticism and concern were raised over the increasingly close ties between African governments and BRICS. Resource investments, popularly perceived as “land grabs”; poor labor standards; environmental degradation; the importation of foreign workers; and a lack of accountability in government budgets resulted in tension between civil society groups, African governments and emerging powers. A popular outcry against the poor labor standards in China’s copper mining operations in Zambia, for instance, prompted the Zambian government to openly criticize China’s practices (Gill and Reilly 2007). In Ethiopia and Kenya, land acquisitions by India, South Korea and the Gulf states, in return for biofuel and cash-crop production, drew the ire of domestic farmers and other civil society groups, who were angered by the fact that their governments had sold land to foreigners without commensurate benefits for local communities (Krumova 2011).

The most visible presence of BRICS in Africa is undoubtedly in the minerals sector. Since 2000, China in particular has made a series of resource-backed deals in which dams, power plants and other infrastructure projects are being exchanged for rights to oil, iron ore, copper, cobalt and other mineral resources (Global Trends 2011). Angola, for example, was the second largest source of crude oil imports to China in 2010, accounting for 16% of the latter's total crude oil imports (Mining Technology 2011). In Zambia, former President Rupiah Banda welcomed the entrance of the Brazilian mining giant, Vale, into his country as a major step forward in the country's economic development (Mining Technology 2010). While these deals are portrayed in a positive light by African governments, mining communities and civil society groups have vocalized major concerns. The Mineworkers Union of Zambia, for instance, condemned the entrance of Vale into the country, based on the company's human rights record and the absence of government consultation with the country's domestic mining sector during the time leading up to government's decision in this regard (Lusaka Times 2010).

It is important to note that this competition is not simply *between* traditional global powers and emerging economies, but also *amongst* traditional global powers and emerging economies. France and the UK, for example, engaged in an aggressive bid to secure oil investments in West Africa, while the rivalry between India and China to win favorable trading terms with African governments escalated (Strategic Incite 2010). In the meanwhile, traditional powers are experiencing a decline in their soft power approach with regard to their relations with African governments, which is further propelled by the proliferation of (re)emerging powers on the continent (Carmody and Owosu 2007).

The importance of emerging economies, as noted above, is significant because it levels the playing field for host countries that are negotiating contracts, pertaining to natural resources,

with Western traditional powers. If these relationships are managed properly, they could be the key that African countries require achieving sustainable economic development. The continent's future prosperity and sustainable economic development rely heavily on its ability to manage its relations with these emerging powers. Demand from the emerging powers is driving prices of mineral resources to record highs. This is a moment when the market is providing an opportunity for the continent to prosper on more equal terms.

2.5. Community Engagement and Natural Resources

From a community-level developmental perspective, interventions by public and private sector actors that affect access to, and control over natural resources, are likely to affect the propensity for conflict. Community-based natural resource management (CBNRM) interventions can generate or exacerbate conflict, as issues become framed in zero-sum terms; economic livelihoods are at stake; concerns for communal autonomy and political control come to the fore; and matters of justice, sustainable development and exploitation increase the complexity of negotiating consensus amongst groups (Bush and Opp 1999).

As a result, the principles of Free, Prior and Informed Consent (FPIC) have also been increasingly adopted in developmental literature, establishing the responsibility of governments and foreign investors/private sector actors to ensure that local communities have the ability to negotiate on equitable terms and retain the right to withhold consent for an activity, programme or policy (Bass et al. 2003; Goodland 2004). However, this form of literature has focused predominantly on Latin American cases, with a lesser focus on the African context (Head 2006). Moreover, some observers have pointed to the inability of CBNRM and FPIC principles to

deliver their promised benefits in the African context, due to a lack of skills, as well as a patronising disposition and corruption (Blaikie 2006).

3. Country Case Studies

The survey of existing literature generates a number of unresolved questions pertaining to natural resource management in the context of stable, conflict and post-conflict settings, namely (1) What are the challenges and opportunities created by the expanding role of foreign investors/private sector actors and, more in particular, the growing presence of BRICS in the management of Africa's natural resources as they relate to stability, peace and security? (2) What are the legacies of armed conflict in terms of political-social relations, economic infrastructure, cultural norms, etc., and how do these legacies shape the environment for natural resource governance and the participation of foreign investors/private sector? (3) What policies and initiatives should be adopted by NGOs, governments and corporate actors at both domestic and international level, which will best facilitate positive developmental outcomes in post-conflict states that must govern and distribute finite natural resources? In examining these questions, the following section will use sectoral comparisons between private actor activities in three different types of states – fragile/failed states (South Sudan), post-conflict states (Sierra Leone) and stable states (Botswana) –to highlight the linkages between foreign investors/private sector involvement in natural resource governance and political stability in different African states and to extrapolate the general trends and relationships that characterize Africa's new politics of natural resource governance.

4.1 South Sudan

For South Sudan, natural resource governance constitutes a particularly crucial dimension of its development. While most of Sudan's oilfields are located in the south, the export pipelines and terminals are situated in the north. An agreement on revenue-sharing was included in the 2005 Comprehensive Peace Agreement with Khartoum, yet the specifics of how the industry will be managed remain unresolved. Without new investments to increase output, South Sudan faces declining oil production as from 2015. Some observers have already called for the country to join the Extractive Industries Transparency Initiative as a way to secure the much needed investments (Shankelman 2011). Moreover, security concerns and the risk of violent conflict threaten to disrupt transparent resource management and community livelihoods.

The exploitation and governance of natural resources could unlock the country's socio-economic development and harness its potential sustainable growth, following decades of conflict and civil strife. However, in the case of Sudan/South Sudan, the extractive industry has been blamed for much of the conflict, instability and economic mismanagement of the past decades; further destabilizing the already tumultuous security situation in the region. To sever the relationship between civil strife and natural resources in the country and help ensure that those resources and, more in particular, oil in the case of Sudan/South Sudan, contribute to sustainable development, economic growth and security, it is of critical importance to promote private sector/foreign direct investment contributions in the country's Post-Conflict Construction and Development (PCCD). With approximately 97% to 98% of its domestic-generated income arriving from oil, South Sudan is the most oil-dependent economy in the world (Villafuerte Lopez-Murphy 2010). Yet, is it a country that has virtually very little in the way of infrastructure and institutions. As Africa's youngest country, having emerged from decades of civil strife,

Sudan constitutes a fragile state and foreign investors/private sector could play a role in state-building efforts currently underway.

Ruled as separate territories during the Anglo-Egyptian rule at the turn of the previous century, Sudan and South Sudan were brought together in an uncomfortable union – since independence from Britain in 1956 – with many analysts not expecting it to endure. From its inception, the Arab-Muslim government in Khartoum started discriminating against its southern neighbors and, in so doing, effectively forcing them into capitulation, as nomadic raids swept down from the north. In 1983, uprisings from the south culminated into a full-scale civil conflict between the largely Christian and animist south and the Muslim north, which was, to a great extent, partially due to a contestation over natural resources and, more in particular, oil. The conflict ended in January 2005, with the signing of a Comprehensive Peace Agreement (CPA) between the Sudan People's Liberation Movement and Khartoum, effectively ending one of the continent's longest running conflicts, which had resulted in the displacement of approximately four million people and the death of two million (Oxfam 2009).

Today both Sudan and South Sudan hold approximately 5 billion to 6.7 billion barrels of global proven oil reserves or, roughly, the fifth largest number of deposits on the continent (EIA 2009 & BP 2009). Most of these oil deposits can be found in the Melut and Muglad basins in South Sudan, and productivity amounts to approximately 480,000 barrels per day (EIA 2009). Although both are marginal players when it comes to global oil production, the energy sector has been a dominant industry in the international and domestic politics of both Sudan and South Sudan since these deposits were first discovered in the late 1970s. Both Sudan and South Sudan contribute approximately 0.6% of the world's oil production and hold 0.5% of all proven oil reserves (BP 2010). Oil wealth contributed immensely to the second phase of the country's civil

wars, while the oil-sharing agreement constituted a key component of the CPA. It has been an integral part of post-referendum negotiations ever since.

The largest investors in the country's oil sector is dominated by three major oil companies, namely the China National Petroleum Corporation, Malaysia's Petronas and the Indian-owned Oil and Natural Gas Corporation Limited (ONGC). China, South Sudan's largest investor in the energy sector doubled its investments between 2005 and 2010. In April 2012, Beijing announced that it planned to invest \$8 billion in South Sudan's oil industry (Panchol 2012). However, their operations are largely managed from their offices in Khartoum, due to continuing security issues, long-standing ties with Khartoum and the lack of basic infrastructure in the south, including Juba. South Sudan is completely dependent on Port Sudan, located in the north, to deliver its oil to markets in Asia and elsewhere. For the next five years, the country will have to rent the northern oil facilities, pipelines and refineries located at the port to sell its oil.

Foreign investors have played and continue to play a role in the much needed development efforts of the country. Foreign investors/private sector involvement in South Sudan is noticeably different, both in terms of the mode of engagement and the developmental impact, which warrant a particular political economy examination. Unlike many fragile contexts, the country's infrastructure is nearly non-existent, following decades of neglect by the authorities in Khartoum and the specific peculiarities of the Sudan/South Sudan energy sector. Much of the infrastructure that could be found in the south could be traced back to the colonial period, but has deteriorated due to a lack of maintenance. Foreign investors/private sector has a role to play in South Sudan as a development partner. Foreign investors/private sector could make a positive contribution to the overall state-building process currently underway and, more in particular, to

the establishment of institutional frameworks and mechanisms, designed to promote good governance and management in the oil sector, rather than post-conflict economic reconstruction efforts and restructuring a mismanaged resource sector.

As a newly formed country, South Sudan is struggling to conceptualize and operationalize much needed policies and legislation, designed to promote good governance in the oil sector by formulating mining codes, enhancing CSR codes, promoting community development programs and advancing towards full membership in a host of international extractive legislation, such as EITI, Publish What You Pay and the African Mining Vision. A lack of oversight knowledge within government departments and agencies, capacity constraints in the area of oil contracts negotiation/renegotiation, as well as administrative weaknesses in decision-making, have to date, undermined the country's ability to develop a cohesive and integrated approach to natural resource management.

There are widespread reports pointing to the mismanagement of the country's oil industry. South Sudan is widely regarded as being unprepared in managing global resource-price volatility (World Bank, 2012). The challenge for South Sudan, a country that is heavily dependent on its oil sector, is to effectively use revenues that are predictably volatile or unpredictable, given the ongoing changes in the price of oil. The risk of such a predicament for the Government of South Sudan (GoSS) is that it is forced to use resource earnings to pay for fixed administration costs – primarily rents and salaries – while investment in development infrastructure, such as power, paved roads, hospitals, water filtering plants and power plants is inadequately and inefficiently allocated. In South Sudan, as is the case in many other fragile states, politics, economic realities and conflicting development priorities constitute a challenge

for government to focus on managing resource revenue fluctuations, particularly with regard to revenue stabilization funds, as evident in more advanced and stable resource-rich states (Van der Ploeg 2010).

Emerging investors (China, India and Malaysia) and traditional investors (Norway, France) started providing advice and technical assistance in respect of petroleum sector management, given their successful models. Norway did so via the National Petroleum Commission's supporting assessments of future exploratory prospects, as the future production of oil is expected to drop due to dwindling reserves (Sudan Economic Report, 2009). Oslo worked with both Sudan and South Sudan to promote mutual understanding and cooperation with regard to the optimization of oil for economic potential. With recommendations from Norwegian oil companies and the Norwegian government, the government of South Sudan (GoSS) adopted its model of creating blocks of 500 to 5 000 square kilometers and offering them to new investors in a transparent bidding process.

This process promotes the involvement of diverse potential investors, while allowing healthy competition. With regard to infrastructure development, international investors are starting to provide infrastructure development finance to South Sudan, a country the size of the Iberian Peninsula, where fewer than 2% of the country's primary roads are paved and none of those that are paved are in a good condition. South Sudan has practically no air transport market within its own region, while more than one third of its population continues to rely on surface water as its main source of drinking water (World Bank 2011).

Good infrastructure is a key ingredient for sustainable socio-economic development. South Sudan, as is the case in other fragile states, requires efficient sanitation, energy and transportation systems if it is to prosper and provide a decent standard of living for its

impoverished population. The euphoria, which culminated with the country's independence, is slowly evaporating and expectations are rising for the country to show some dividends coming from its oil resources, which are actually projected to plummet over the coming decade, unless major new oil finds are made or recovery factors are increased (World Bank 2009). In 2012, Beijing announced that it would be providing development finance to South Sudan to the amount of \$8 billion over the next two years.

These funds will go towards hydroelectricity, road construction, telecommunications, agriculture and infrastructure development (Bloomberg 2012). Meanwhile, Malaysia's Petronas agreed in June 2011 to invest in the country's economy via the establishment of agricultural and mining industries. Overcoming South Sudan's immense human development deficits, requires more than just building physical infrastructure, but also building capacity in state and private institutions. As part of the oil-sharing agreement, signed with GoSS in March 2011, the company promised to establish a framework for sharing expertise in the management of the oil sector via training programs for South Sudanese managers (Sanders 2012).

While the energy sector could be a source of revenue needed for the country's state-building and construction, the sustainability of economic development and growth will depend on government's ability to promote greater foreign direct investment/private sector oil investment but, more importantly, to diversify and attract investments into other industries as well. Diversification of the economy, led by foreign investors/private sector, could contribute towards greater future prosperity and economic development beyond the life-span of the country's oil fields. The wealth-sharing agreement between foreign investors/private sector and government is expected to contribute towards the creation of a "Future Generation Fund", which will help South Sudan to prepare for a future without oil (Africa Review 2011).

4.2 *Sierra Leone*

Sierra Leone is a state undergoing post-conflict reconstruction and state building, following brutal civil wars, fuelled by resource predacity, and where reconstruction efforts, particularly in the extractive sector have been heavily focused on private sector growth (Del Castillo 2008; Andersen 2010).¹ In Sierra Leone, diamond extraction by a variety of private sector actors, via legal and illegal means, played a crucial role in the destabilization of the state and provided a primary means of finance to armed rebel groups. Recent efforts to resuscitate the economic livelihoods of communities, devastated by conflict, have placed great emphasis on “good governance” in small-scale diamond-mining communities, including certification schemes, such as the Kimberley Process Certification Scheme, as well as corporate social responsibility (CSR) initiatives, such as the Extractive Industries Transparency Initiative (EITI) (Maconachie 2009).² Nevertheless, resurrecting viable and transparent diamond and gold-mining industries in the country has been problematic, and the “peace dividend” continues to elude many communities, as a lack of foreign investment and persistent corruption within political institutions hamper reconstruction and peace-building efforts.

The future economic development and political stability of Sierra Leone are not only of major importance for the country itself, but also have far-reaching consequences for peace-building and economic reconstruction efforts that are currently underway in West Africa – a region plagued by civil strife and conflict spanning decades. Since the official end of a brutal civil war in January 2002, Sierra Leone has held three successful and peaceful national

¹ Graciana Del Castillo. *Rebuilding War-Torn States: The Challenge of Post-Conflict Economic Reconstruction*. (New York: Oxford University Press, 2008); Louise Andersen. “Outsiders Inside the State: Post-Conflict Liberia between Trusteeship and Partnership.” *Journal of Intervention and State-building* 4, No. 2 (2010): 129-152.

² Roy Maconachie. “Diamonds, governance and ‘local’ development in post-conflict Sierra Leone: Lessons for artisanal and small-scale mining in sub-Saharan Africa?” *Resources Policy* 34 No. 1 (March 2009): 71-79.

democratic elections (May 2002, August 2007 and November 2012) and experienced one of the highest economic growth rates in the region – above 7% between 2004 and 2007, with stable growth of 5.5% and 4.0% in 2008 and 2009 respectively (WB 2010). Moreover, the introduction of new institutions, such as the UN-backed Special Court (2002), the Truth and Reconciliation Commission (TRC) (2002) and the Anti-Corruption Commission (ACC) (2000), together with a strengthening of existing institutions, all seemingly contributed to an improvement in political stability, government effectiveness, state accountability and regulatory quality. By 2004, the National Committee for Disarmament, Demobilization and Reintegration officially closed its offices to the public after concluding one of West Africa’s most successful DDR programs.

In practical terms, Sierra Leone’s economic reconstruction efforts would need to be sustained and enforced via the export of natural resources – primarily diamonds and iron ore. The country is projected to become an important exporter of commodities in the coming period. The commencement of operations in a number of large iron mines in 2012, has assisted in driving a commodity boom. Two new mines, operated by London Mining and African Minerals Ltd, are expected to lead to a surge in mineral exports and bring in approximately \$4.1 billion in revenue by 2015. By 2015, the country is expected to be a net exporter of crude oil, following recent offshore oil discoveries. The country is part of a West African coastal province, which holds an estimated 23.6 billion cubic feet of gas and 3.2 billion barrels of oil (US Geological Survey 2011). Mining activities are vital for any reconstruction effort and poverty reduction strategies. The country recorded record growth in the years following the conflict. Commodity exports helped to increase GDP growth by 51% in 2012, with revenue expecting to rise to 8% of the GDP in the period between 2012 and 2015 (IMF 2011).

With respect to diamonds, this precious commodity is widely regarded as an important element of the country's reconstruction effort. The diamond industry is the largest employer of unskilled labor in the country. It is estimated that approximately 300 000 to 400 000 people are employed by the industry (USAID 2003). It has been reported that revenue, generated by the major mining companies in the country, was used to finance other enterprises and infrastructure development, namely cement, construction contracting, rice imports and building materials (USAID 2003), while also helping to support secondary industries. The retail industry in Sierra Leone is dependent on the mining sector, as small traders and white-collar professionals are drawn towards mining communities to sell their respective products and services.

Meanwhile, natural resource governance has improved slightly, even though the Ministry of Mineral Resources remains understaffed and underfunded and is effectively unable to manage the mining industry, which accounted for 20% of GDP and 90% of total exports in 2008 (WB 2008b). While the management of the mining sector remains a daunting task for the current government, other initiatives have begun to bear fruit. Since the end of the civil war and the implementation of the Kimberley Process (2000), the UN Security Council-mandated governmental certification of the original scheme's formal annual production of diamonds has increased steadily (2001: \$26 million; 2002: \$42 million; 2003: \$76 million; 2004: \$127 million; 2005: \$142 million; 2006: \$125 million; 2007: \$142 million) (NACE 2009). The annual average for diamond exports constituted 10% of Sierra Leone's GDP from 2001 to 2007 (UNCTAD 2010). In addition, Sierra Leone's trade policies are relatively open and non-tariff barriers have been largely eliminated (United States Embassy in Freetown 2011). Tariff rates are also

converging with those of its neighboring ECOWAS states (United States Embassy in Freetown 2011).

After a decade-long decline in foreign direct investment (FDI) during the civil conflict, FDI amounted to \$97 million by 2007 (compared to less than \$7 million, on average, between 1990 and 2000) (UNCTAD 2011). While FDI dropped to \$33 million in 2009, it slowly rose, with the help from Chinese investments, to \$36 million reported for 2011 (UNCTAD 2012; United States Embassy in Freetown 2011). The value of mineral exports rose to \$140 million in 2007 which, at least in nominal terms, resembles the export value before the civil war (1991) (GoSS 2010). In recent years, government took several steps to attract FDI.

Legislation relating to FDI includes the Investment Code (2005); the Business Registration Act (2007); the Investment Promotion Agency Act (2007); the Companies Act (2009); and the Bankruptcy Act (2009). Furthermore, a national Private Sector Development Plan came into effect in 2009 (United States Embassy in Freetown 2011). These reforms are aimed at providing greater protection for companies investing in Sierra Leone, streamlining the process of business engagement, as well as opening up more opportunities for ownership and control.

Government is making progress in removing administrative obstacles in an attempt to attract foreign investment, particularly in the resource sector. Ease of doing business has improved, with Sierra Leone moving to 141st position on the Doing Business Index (out of 183 countries) in 2012, compared to 160th position in 2008 (WB 2011a; WB 2012a). The cost of business start-up procedures improved significantly. The country also made the 2010/2011 Doing Business list of the top ten business reformers (WB 2012b), highlighting the efforts that

the state is making to encourage foreign investment. However, Sierra Leone's post-conflict environment continues to seriously hamper the level of investment and an economic diversification away from a reliance on resource extraction that is required for the country's long-term stability and the consolidation of democracy.

Despite the afore-mentioned improvements, a severe shortage of skilled workers and managers; rampant corruption; a lack of infrastructure (roads and technology); cumbersome customs procedures; a weak judiciary; the lack of an effective land-tilting system; and an underdeveloped banking system continue to deter investors. These factors are exacerbated by the country-wide lack of electricity and telecommunications, as well as poor water supply (United States Embassy in Freetown 2011).

Located in an unstable region and struggling to rebuild the country, Sierra Leone does not have a favorable image to attract international investments. While low investment levels slow down overall democracy development and peace-building efforts, a problem arises when corporations that are operating and investing in Sierra Leone do not live up to their potential. According to reports from civil society, many corporations, particularly those involved in resource extraction, still do not engage civil society in their operations; nor do they have a conflict resolution strategy that would help to foster mutual trust amongst workers and develop social capital within the communities in which they operate (CIVICUS 2006). Tax revenue has the potential to strengthen the state's provision of public services and moderate aid dependency. By fostering economic recovery, the private sector has the potential to play a crucial role in providing economic opportunities through job creation and the provision of social services, such as schools and healthcare, thus consolidating the peace efforts that are underway.

However, for government to make substantial progress in attracting foreign investment in the extractive sector, it needs to reduce business constraints and bottle-necks. Any unnecessary legal, bureaucratic or financial restraints on the transfer of capital do not bode well for the business community. A more engaged private sector will help foster economic recovery and prevent the country from slipping back into conflict. Government's national privatisation programme aims to privatise many state-owned enterprises, which could provide greater opportunities that could spur on the development of the private sector and, more in particular, the extractive sector. This process represents a corner-stone in government's overall strategy for national development that will reduce the burden on government coffers, stimulate the economy and provide jobs for the unemployed.

Nevertheless, it is important to point out that peace-building investment does not guarantee progress, particularly in the short to medium term. Investments could reinforce the reign of autocratic regimes or enrich mining companies at the expense of local communities and the host countries. This could result in further corruption, nepotism and graft. In the case of Sierra Leone, the government in Freetown's revenue capacity has arguably seen the least gains in the country's post-conflict reconstruction efforts. Domestic revenue collection reached a record high of 15.3% of GDP following the end of the conflict in 2003, but has since dropped to 12%, due to a drop in excise revenue and import duties (IMF 2011).

Despite progress made in putting mechanisms and regulatory institutions in place to help manage the country's extractive industry, such as the enactment of Income Tax Act in 2000, which created a uniform tax code, and the creation of the National Revenue Authority in 2002, which brought together all revenue collection departments, resource revenue failed to reach the

optimum levels expected – i.e. being in line with the mining revenue generated by mining companies. This has been blamed largely on the continued corruption within the Revenue Authority; a narrow tax base; and stagnation in resource revenue; while a reduction in tariffs has been blamed largely on the private sector.

4.3 *Botswana*

Today, Botswana is one of the most stable countries on the African continent that successfully managed its natural resource abundance to create sustained economic growth and relatively effective state institutions (Acemoglu, Robinson & Johnson 2001; Acemoglu and Robinson 2006), although inequalities and marginalization of some communities still exist. In Botswana, diamonds have been a particularly lucrative source of revenue for the central government and assisted the country in achieving decades of sustained economic growth, making it one of the wealthiest and most stable states on the continent (Lange & Wright 2002). Vast diamond reserves and other precious minerals have long been pillars of wealth for Botswana, driving the country's impressive growth rate for decades. While Gaborone saw strong government intervention in its economic development, until recently there has been no hostility towards private sector involvement; rather, foreign private sector actors continued to be important players in Botswana's mining sector. De Beers, for example, has recently signed a major ten-year contract with Botswana to maintain access to the country via a joint government venture.

The country is modeled as one of Africa's success stories, having transformed itself from one of the world's poorest nations, following its independence from the United Kingdom in 1966, to a middle-income, stable democracy. This is largely owing to prudent management and

good governance of natural resource revenues, and diamonds in particular; overall good governance; sound institutions; sound macro-economic policies; and increased foreign direct investment by the private sector in the extractive industry (Acemoglu, Johnson & Robinson 2002). According to the Governance Research Indicator Country Snapshot (GRICS) database developer (Kaufmann, Kraay & Mastruzzi 2003), internationally the country ranked high in terms of both regional and global benchmarks, particularly in terms of government effectiveness; voice and accountability; quality of regulations; and control of corruption, which all have a direct bearing on natural resource management. Acemoglu et al. also point to the country's good, stable and progressive institutions, particularly in the private property area, which has helped to attract and retain private sector investment over the past decades – particularly in the extractive sector.

Botswana is one of the world's largest exporters of natural resources amongst more than 160 countries from which data is available (IMF 2007). Largely owing to record diamond sales, its per capita income increased dramatically to \$6500 in 2011 – an increase from \$70 at the time of independence (African Economic Outlook 2012). It is worth mentioning that, in recent years, Botswana has taken measures to diversify its economic base from a reliance on diamonds. While the mining sector accounted for approximately 46% of GDP in 2006, that share dropped to 34.7% in 2010, with the difference gone towards the service, manufacturing and construction industries, and with the private sector leading the way in terms of new investments (African Economic Outlook 2012). The country witnessed healthy increases in export revenue. In 2011, total exports rose by 24.8% in nominal terms to the BWP 39.998 billion recorded a year earlier, with diamonds responsible for approximately 75.6% of total export revenue (African Economic

Outlook 2012). The country's medium-term economic projections look favorable, but will be dependent on global demands for its primary exports – i.e. diamonds, as well as continued and expansive private sector development.

However, strong growth in the long run may not be sustainable if the private sector does not play an enabling role to promote forward and backward linkages in the economy and help to promote the economic diversification necessary to bridge the income gap and thus alleviating poverty, (approximately 20.7% of the population lived below the poverty line in 2009 to 2010, according to the African Economic Outlook 2012), as well as combat high unemployment levels, which was put at 17% in 2008 (Lewin 2011). A mere 4% of the workforce is employed by the mining sector (IMF 2007). Moreover, government's plans to diversify its economy away from a reliance on natural resource exports have historically been unsuccessful, until quite recently. Sachs and Warner (1995) contend that extensive and specified foreign investment in the natural resource sector constrained government, while preventing it from benefiting from backward and forward linkages and labor market externalities. The IMF (1999) contends that, for decades, Botswana's economic growth was as a result of capital accumulation rather than an improvement or growth in productivity and employment expansion – particularly in other sectors of the economy.

Approximately 50% of the country's tax revenue, 70% of its exports and 34.2% of its GDP are produced by diamond production and sales (Mbendi 2013). This is a dramatic shift from the time of independence, when the diamond industry constituted a mere 1% of GDP. The growth in the diamond-mining sector is attributed to the discovery and subsequent development of mines and, more in particular, by the largest mining firm, Debswana. The company's

operations brought about development, bringing employment opportunities to rural communities that would otherwise have had few employment opportunities. It is the largest private sector employer in the country, employing some 5500 miners (Mining Technology 2013).

Debswana, a 50-50 joint venture between the Botswana government and De Beers, operates four mines throughout the country. Debswana has a history going back to the formation of the De Beers Botswana Mining Company (DBBMC) and the subsequent Orapa diamond mine operation in 1969. With the company's formation, De Beers had a 75% stake in the company, while government owned the remainder. During the initial phase of mining at the Orapa mine, two smaller mines were discovered by De Beers, which were later named the Letlhakane mine. With the opening of the mine in 1975, the Botswana government increased its share in the company to 50%. Two years earlier, De Beers' geologists discovered the Jwaneng mine. This mine would eventually become the richest diamond mine in the world, with production starting in 1982. In 1991, DBBMC was renamed to Debswana. In October 2002, the company's Damtshaa mine started production.

In May 2006, the Botswana government renewed De Beers' mining license for another 25 years for 7.5% of its equity, worth approximately \$300 to \$800 million (De Beers 2006). In addition, government will keep the existing diamond rates with De Beers in place. At the moment, the Botswana government receives 80% of the profits from its joint venture with De Beers, which also pays a royalty of 10%, but a low corporate tax of 25% (Economist 2011 & Hazleton 2002). This comprehensive legislation will help to ensure that the company continues to be the leading foreign investor in the country's diamond industry for at least another two decades. Not only was the company able to renew its mining license, it also managed to do this

in the midst of tremendous commercial, national and political developments in the country.

Local beneficence has been spreading in Botswana as in other parts of Southern Africa.

Even though diamond mining greatly contributed to the country's impressive economic growth and sustainable development over the past three years, critics have always contended as to whether Botswana is enjoying the full benefits of its diamond earnings and whether the private sector played fair in this respect. Until the renewal of De Beers' mining license in December 2004, practically all of Botswana's rough diamond production was off-loaded to De Beers Diamond Trading Company (DTC) in London, contributing close to 70% of DTC's total annual rough diamond intake. However, the Botswana government and De Beers launched a joint-venture company, the Botswana Diamond Trading Company (BDTC) in 2006, which will ensure that more diamond processing takes place locally (People Daily 2006).

Botswana's selective treatment of high-quality ore at its mines; cost-recovery measures over the past decade, such as retrenchments; quality-control mechanisms at all its plants; and the introduction of highly innovative mining equipment have enabled Botswana to be the world's largest diamond-producing country in terms of value today. In 2011, the country produced approximately \$170.36 per carat while mining 22.9 million carats valued at \$3.9 billion (Benza 2012). Diamonds' contribution to the country's national economy allowed Botswana to experience one of the highest growth rates in the world over the decades in question. As a result, the country transformed itself from one of the world's poorest developing nations to a vibrant and booming economy, with great potential for growth. Debswana made the growth of the country's diamond-mining industry possible, through its exploration and subsequent mining activities since independence, at a time when few international investors were present.

The country's government properly utilized its diamond revenue for the provision of good health services and clean water; the improvement of telecommunication systems and transport networks; the gradual development of human resources; the provision of a higher-quality education; poverty alleviation programs; and a general improvement in living standards. Currently, the country has one of the best telecommunication systems in the developing world, and definitely in Africa. In recent years, government set aside approximately 38% of its annual budget for education and adult literacy programs. The country boasts one of the best infrastructures on the African continent, possesses foreign capital reserves to equal three years of imports, and has no foreign debt. Government ensured that foreign reserves were put in place for sustainable economic development. Debswana, the state-owned enterprise, has played a pioneering role in this regard.

Over and above government's proper utilization of its diamond revenue for economic development objectives, infrastructure development and poverty alleviation programs, Debswana also contributed to the country's sustainable development via its own operations and also by direct investment. The company has ensured that all its mines are ISO 14001 certified. This certification aims to minimize the impact of mining on the environment and local communities. With regard to good governance issues, the company has went into a joint venture with Peos Holdings, a venture capital company whose mandate is to help foreign investors in the country to uphold good governance practices and entrepreneurship initiatives.

In terms of the development of secondary industries, Debswana established the Masedi farms in 1998 so as to contribute to the growth of the agricultural industry, by establishing a model operation. The project introduced sustainable large-scale dry-land farming to encourage the farming of cash crops. The company allocated the necessary capital for the purchase of

downstream processing equipment for farmers. In the tourism sector, the company led a P630 million update of infrastructure at the world-renowned Chobe National Park. On the education front, the company built schools in the capital city and in mining towns and subsidized school fees for the children of mine workers. The company also runs a university bursary program of P20 million annually for students to study at the university of Botswana or abroad. It also runs leadership development, skills upgrading and apprenticeship programs at technical colleges across the country.

The positive experience of De Beers in Botswana confirms the country's status as one of the best performing economies on the continent. The company has generally expressed strong confidence in government's ability to manage the economy well into the foreseeable future. Even though De Beers is welcomed in the country and is generally well received by both the population and government, there is a strong emphasis on community engagement. The company expects to remain in the Botswana for at least another decade, during which time it aims to cement its position as the leading foreign investor in Botswana

5. Concluding Remarks.

Analysis of the three cases has shown variation across levels of political stability and violence; levels and types of natural resources; and the roles played by private sector actors. In the case of South Sudan, concerns of state fragility and violent conflict threatens the ability for the government to manage natural resources, increasing the role of private actors and investors as development partners. For Sierra Leone, despite concerted efforts to attract foreign investment through reforming administrative blockages, serious concerns surrounding governance quality

and corruption continue to limit foreign investment and economic diversification. Alternatively, in Botswana, a combination of good governance practices and strong public-private partnerships, have rendered Botswana the example of the potential for private actors in the natural resource sector to positively contribute to national development.

By comparing the role of private sector actors in these different sectors – particularly diamonds, gold and oil – the research has begun to isolate key variables that are crucial to contributing to a broader framework for conceptualizing natural resource governance and violent conflict in Africa. At the very heart of the varying roles of private sector involvement in natural resource governance is the quality of domestic governing institutions, where poor government capacity and rampant corruption alters the ways and willingness for the private sector to engage in resource rich countries. Indeed, as is clear from the case of Botswana, strong domestic governance not only fostered private sector development, but allowed for the proliferation of public-private linkages that not only contributed to good resource governance, but to development efforts more broadly. In this sense, the role of private sector actors and the ability for such actors to contribute to development and natural resource governance appears to be linked to the quality of domestic governing institutions.

Clear differences in the three cases have raised pertinent research questions that will be necessary to address in the future. These questions are as follows: (1) What role did these firms and other private sector actors play historically in the governance and management of natural resources in these countries – particularly in terms of economic growth at community level and in terms of overall state stability? (2) How do the political conditions that are unique to these countries – relatively stable democratic governance in South Africa, fragility and insecurity in Sudan, and post-conflict recovery in Liberia – shape the environment for private sector activities

in these sectors and the dynamics of governing natural resources? (3) How are these patterns and relationships evolving in the face of new private investment flow from emerging economies, and how have governments and communities reacted to these changes?

References

- Acemoglu, D., Johnson, S., & Robinson, J. (2002). An African success story: Botswana. *CEPR Discussion Paper 3219*. London: Centre for Economic Policy Research.
- Acemoglu, D., Johnson, S., Robinson, J., & Thaicharoen, Y. (2002). Institutional causes, macroeconomic symptoms: Volatility, crises and growth. *National Bureau of Economic Research, Working Paper no. 9124*. Retrieved from <http://www.nber.org/papers/w9124>.
- African Economic Outlook. *Real GDP Growth Rates, 2002-12*. Retrieved from <http://www.africaneconomicoutlook.org/en/data-statistics/>
- Alberto, A. (2007). *Natural resources and conflict in Africa: The tragedy of endowment*. New York: University of Rochester Press.
- Amos, M. (2011, November 2). Oil dependent South Sudan open back up fund. *Africa Review*. Retrieved from <http://www.africareview.com/Business---Finance/-/979184/1266056/-/4arm2j/-/index.html>
- Andersen, L. (2010). Outsiders inside the state: Post-conflict Liberia between trusteeship and partnership. *Journal of Intervention and statebuilding*, 4, 129-152.
- Andrew, M. (2001). The private sector and conflict. Retrieved from http://www.unglobalcompact.org/issues/conflict_prevention/meetings_and_workshops/privateSector.html
- Ashok, S. (2002). The Nile River Basin Initiative: Too many cooks, too little broth. *SAIS Review*, 22, 293-308.
- Asiedu, E. (2002). On the determinants of foreign direct investment to developing countries: Is Africa different? *World Development*, 30, 107-119.
- Auty, R. (1993). *Sustaining development in mineral economies: The resource curse*. London: Routledge.
- Ayling, R., & Kelly, K. (1997). Dealing with conflict: natural resources and dispute resolution. *Commonwealth Forestry Review*, 76, 182-185.
- Bacon, R. (2001). Petroleum taxes: Trends in fuel taxes (and subsidies) and the implications. *Viewpoint, Note Number 240*. Washington: World Bank.
- Ballentine, K. (2006). Promoting conflict-sensitive business in fragile states: Redressing skewed

incentives. In Brown, O., Halle, M., Moreno, S. P., & Winkler, S (Eds.), *Trade, aid and security: An agenda for peace and development* (pp 126-156). London : Earthscan.

- Bartlett, D. (2009). African investment by the BRIC countries. Retrieved from <http://sabusinesscouncil.org/wp-content/uploads/2009/04/african-investments-by-bric-countries.pdf>.
- Basedau, M., & Lacher, W. (2006). A paradox of plenty? Rent distribution and political stability in oil states. *GIGA Working Papers no. 21*. Hamburg, Germany: German Institute of Global and Area Studies.
- Bass, S. (2003). *Prior informed consent and mining: Promoting the sustainable development of local communities*. Washington, DC: Environmental Law Institute
- Bates, G., & Reilly, J. (2007). The tenuous hold of China Inc. in Africa. *The Washington Quarterly*, 30, 37-52.
- Besada, H. (Ed.) (2009). *From Civil Strife to Peacebuilding: Examining Private Sector Involvement in West African Reconstruction*. Centre for International Governance Innovation: Wilfrid Laurier University Press.
- Blaikie, P. (2006). Is small really beautiful? Community-based natural resource management in Malawi and Botswana. *World Development*, 34, 1942-1957.
- Blattman, C., & Miguel, E. (2010). Civil war. *Journal of Economic Literature*, 48, 3-57.
- Bray, J. (2010). *Foreign direct investment in conflict-affected contexts*. London: International Alert.
- British Petroleum. (2009). *BP Statistical Review of world energy 2009*. London: British Petroleum. Retrieved from www.bp.com/statisticalreview
- British Petroleum. (2010). *BP Statistical Review of world energy 2010*. London: British Petroleum. Retrieved from www.bp.com/statisticalreview
- British Petroleum. (2011). *BP Statistical Review of world energy 2011*. London: British Petroleum. Retrieved from www.bp.com/statisticalreview
- Buckles, D. (1999). *Cultivating Peace: Conflict and Collaboration in Natural Resource Management*. Ottawa: International Development Research Centre.
- Burnside, C., & Dollar, D. (2000) Aid, policies and growth. *American Economic Review*, 90, 847-68.
- Bush, K.D., & Opp, R.J. (1999). Peace and Conflict Impact Assessment. In Buckles, D. (Ed.).

Cultivating Peace: Conflict and Collaboration in Natural Resource Management (pp. 185-202). Ottawa and Washington DC: International Development Research Centre and World Bank Institute.

- Carmody, P., & Owosu, F.Y. (2007). Competing hegemon? Chinese versus American geo-economic strategies in Africa. *Political Geography*, 26, 504-524.
- Collier, P., & Hoeffler, A. (2004). Greed and Grievance in Civil War. *Oxford Economic Papers*, 54, 563-595.
- Corden, W., & Neary, J. (1982). Booming sector and de-industrialization in a small open economy. *Economic Journal*, 92, 825-48.
- Cotula, L., Vermeulen, S., Leonard, R., & Keely, J. (2009). *Land grab or development opportunity? Agricultural investment and international land deals in Africa*. London: Food and Agricultural Organization, Fund for Agricultural Development.
- Curtis, L., Davis, P., Gunduz, C., Ockenden, A., Pedrick, T., Vaux, T., & Van Der Zwan, J. (2010). *Private sector development in conflict-affected environments*. Cambridge, UK: The Donor Committee for Enterprise Development.
- De Beers (2006). Living Up to Diamonds: Operating and Financial Review 2006. Retrieved from http://www.debeersgroup.com/ImageVaultFiles/id_1012/cf_5/DB_Group_OFR06.PDF
- Del Castillo, G. (2008). *Rebuilding War-Torn States: The Challenge of Post-Conflict Economic Reconstruction*. New York: Oxford University Press.
- de Soysa, I. (2002). Paradise is a bazaar? Greed, creed and grievance in civil war 1989-1999. *Journal of Peace Research*, 39, 395-416
- Dobers, P., & Halme, M. (2009). Corporate social responsibility and developing countries. *Corporate Social Responsibility and Environmental Management*, 16, 237-249.
- Easterly, W. (2003). Can foreign aid buy growth? *Journal of Economic Perspective*, 17, 23-48.
- Economist (2011, November 12). Betting on De Beers. Economist. Retrieved from <http://www.economist.com/node/21538145>
- Ferrie, J. (2012, April 28). China to loan South Sudan \$8 billion for infrastructure projects. *Bloomberg*. Retrieved from <http://www.bloomberg.com/news/2012-04-28/china-to-loan-south-sudan-8-billion-for-infrastructure-projects.html>
- Foreign Investment Advisory Service, International Finance Corporation, & The World Bank. (2004). *Sierra Leone: Diagnostic study of the investment climate and the investment code*. Washington DC: Foreign Investment Advisory Service.
- Gaunt, J. (2010, November 23). Building BRICS in Africa. Retrieved from

<http://blogs.reuters.com/africanews/tag/standard-bank/>

- Gelb S. (1988). *Oil Windfalls: Blessing or Curse?* New York: Oxford University Press.
- Glaeser, E., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2004). Do institutions cause cause? *Journal of Economic Growth*, 9, 271-303.
- Global Trends. (2011, March 3). The new colonization of Africa, BRIC-style. *Global Trends*. Retrieved from <http://www.globaltrends.com/blog/the-new-colonization-of-africa-bric-style.html>
- Goodland, R. (2004). Free, and prior informed consent and the World Bank Group, *Sustainable Development Law and Policy* IV, 2, 66-74.
- Gupta, S., Bornhorst, F., & Thornton, J. (2009). Natural resource endowments and the domestic revenue effort. *European Journal of Political Economy*, 25, 439-446.
- Hazleton, R (2002). Diamonds Forever or For Good? The economic impact of diamonds in Southern Africa. *PAC Occasional Paper 3*. Ottawa: Partnership Africa Canada. Retrieved from http://pacweb.org/Documents/diamonds_KP/3_diamonds_Forever_Eng_March2002.pdf
- Head, J.W. (2006). Protecting and supporting Indigenous Peoples in Latin America: Evaluating the recent World Bank and IDB policy initiatives. *14 Mich. St. J. Int'l L.*, 14, 383-438.
- Hermes, N., & Lensink, R. Foreign direct investment, financial development and economic growth. *Journal of Development Studies*, 40, 142-163.
- Homer-Dixon, T. (1994). Environmental scarcities and violent conflict. *International Security*, 19, 5-40.
- Human Security Report Project. (2011). *Human security report 2009/2010: The causes of peace and the shrinking costs of war*. New York: Oxford University Press. Retrieved from <http://www.hsrgroup.org/human-security-reports/20092010/text.aspx>.
- Humphreys, M. (2005). Natural resources, conflict and conflict resolution. *Journal of Conflict Resolution*, 49, 508-537.
- Iimi, A. (2006). Did Botswana escape from the resource curse? *IMF Working Paper*. Washington DC: International Monetary Fund.
- Iimi, A. (2007). Escaping from the resource curse: Evidence from Botswana and the rest of the world. *IMF Staff Papers*, 54, 663-699.
- International Energy Agency (IEA). (2009). *Energy prices and taxes*. Vienna: IEA. Retrieved f

from <http://www.iea.org/stats/surveys/mps.pdf>

- International Monetary Fund. (1999). Botswana: selected issues and statistical appendix. *IMF Staff Country Report No. 99/132*. Washington DC: International Monetary Fund.
- International Monetary Fund. (2007). Guide on resource revenue transparency. Washington DC: International Monetary Fund.
- International Monetary Fund. (2011). *Sierra Leone: 2011 second and third reviews under the extended credit facility*. Washington DC: International Monetary Fund.
- Joskow, P. (1987). Contract duration and relationship-specific investments: Empirical evidence from coal markets. *American Economic Review*, 77, 168-85.
- Kahn, M. (2011). The fall of the Wall, the rise of the BRICs and the new scramble for Africa. *Foresight*, 13, 38-49.
- Karl, T.L. (1997). *The Paradox of Plenty: Oil Booms and Petro-States*. Berkeley: University of California Press.
- Kaufmann, D., A. Kraay, & A. Mastruzzi. (2003). Governance matters III: Governance indicators for 1996-2002. Mimeograph. Washington DC: World Bank.
- Keen, J. (2005). *Conflict and collusion in Sierra Leone*. London: James Currey Publishers
- Kimenyi, M.S., & Lewis, Z. (2011). The BRICS and the new scramble for Africa. *Foresight Africa: The Continent's Greatest Challenges and Opportunities for 2011*. Washington DC: Brookings Institute.
- Krumova, K. (2011, September 20). Land grabs in Africa threatens greater poverty. *Epoch Times*. Retrieved from <http://farmlandgrab.org/post/view/19301>.
- Lusaka Times. (2010, July 21). MUZ may block attempts by government to bring in a Brazilian mining company. *Lusaka Times*. Retrieved from <http://www.lusakatimes.com/2010/07/21/muz-block-attempts-government-bring-brazilian-mining-company/>
- Lusaka Times. (2010, October 15). RB welcomes Brazilian mining giant. *Lusaka Times*. Retrieved from <http://www.mining-technology.com/features/feature129858/>
- Macan-Markar, M. (2011). BRICS to show its weight at WTO. *Inter Press Service International News Agency*. Retrieved from <http://ipsnews.net/wap/news.asp?idnews=55288>
- Maconachie, R. (2009). Diamonds, governance and 'local' development in post-conflict Sierra Leone: Lessons for artisanal and small-scale mining in sub-Saharan Africa? *Resources Policy*, 34, 71-79.

- Mbendi. (2013). Botswana Mining: Overview. Retrieved from <http://www.mbendi.co.za/indy/ming/af/bo/p0005.htm>
- Miguel, E., & Bellows, J. (2006). War and Institutions: New Evidence from Sierra Leone. *American Economic Review* 96, 394-399.
- Mining-technology. (2013, February 5). Debswana Diamond Mines, Botswana. Retrieved <http://www.mining-technology.com/projects/debswana/>
- Mining-technology. (2011, September 15). The BRICS scramble for Africa – resources plunder or economic blessing? Retrieved from <http://www.mining-technology.com/features/feature129858/>
- Benza, B. (2012, August 3). Botswana still top diamond producer by value-KP. *Mmegionline*. Retrieved from <http://www.mmegi.bw/index.php?sid=4&aid=195&dir=2012/August/Friday3>
- Murphy, K., Shleifer, A., & Vishny, R. (2000). Industrialization and the Big Push. In Bardhan, P., & Udry, C. (Eds.). *Readings in Development Microeconomics Vol. 1*. Cambridge, Massachusetts: MIT Press.
- Nye, J. (1999). The Challenge of Soft Power. *Time Magazine*. Retrieved from <http://www.time.com/time/magazine/article/0,9171,21163,00.html>.
- Oxfam. (2009). Rescuing the peace in South Sudan. Retrieved from <http://oxfam.qc.ca/sites/oxfam.qc.ca/files/rescuing-peace-southern-sudan.pdf>
- Palley, T. (2003). Lifting the natural resource curse. *Foreign Service Journal*, 80, 54-61.
- Panchol, S.N. (2012). Parliament rejects petroleum revenue management provisional order. *The Citizen*, 7.
- People Daily (2006, May 23). DeBeers, Botswana to launch new diamond trading entity. Retrieved from http://english.peopledaily.com.cn/200605/23/eng20060523_267814.html
- Ranganathan, R., & Briceno-Garmendia, C. (2011). *South Sudan's Infrastructure: A Continental Perspective*. Washington DC: World Bank.
- Ross, M.L. (2004). What Do We Know about Natural Resources and Civil War? *Journal of Peace Research*, 41, 337-356.
- Rothkopf, D. (2010, December 20). A new great game, but this time the rulebook is in Chinese. *Foreign Policy*. Retrieved from http://rothkopf.foreignpolicy.com/posts/2010/12/20/a_new_great_game_but_this_time_the_rulebook_is_in_chinese.

- Sachs, J., & Warner, A. (1995). Natural resource abundance and economic growth. *Development Discussion Paper, 517a*. Cambridge, MA : Harvard Institute of International Development,
- _____ (1997). Sources of Slow Growth in African Economies. *Journal of African Economies*, 6, 353-76.
- _____ (1999). The Big Push, natural resource booms and growth. *Journal of Development Economics*, 59, 43-76.
- Sanders, A. (2012).. Sudan and South Sudan's oil industries: Growing political tensions. Civil-Military Fusion Centre. Retrieved from <http://www96.reliefweb.int/sites/reliefweb.int/files/resources/Sudan%20and%20South%20Sudan%27s%20Oil%20Industries%20Final.pdf>.
- Shahnawaz, S., & Nugent, J. (2004). Is natural resource wealth compatible with good governance? *Review of Middle East Economics and Finance*, 2, 159-91.
- Shaw, T.M., Cooper, A.F., & Antkiewicz, A. (2007). Global and/or regional development at the start of the 21st century? China, India and (South) Africa. *Third World Quarterly*, 28, 1255-1270.
- SMBC Mineral Resources. (2011). Retrieved from <http://www.smbcgroup.com/emea/ifde/africa/mining>
- Statis Incite. (2010, August 5). Strategic competition between China and India in Africa. Retrieved from <http://stratsisincite.wordpress.com/2010/08/05/strategic-competition-between-china-and-india-in-africa/>
- Statis Incite. (2011, January 20). India implementing strategy to compete with China and European Countries in emerging African markets. Retrieved from <http://stratsisincite.wordpress.com/2011/01/30/india-implementing-strategy-to-compete-with-china-and-european-countries-in-emerging-african-markets/>
- The Economist. (2011). The Queensway syndicate and the Africa trade. Retrieved from <http://www.economist.com/node/21525847>.
- Tilly, C. (1985). War making and state making as organized crime. In Evans, P., Rueschemeyer, D., & Skocpol, T. (Eds.), *Bringing the state back in*. (pp. 169-191). Cambridge: Cambridge University Press.
- Tull, D. (2006). China's engagement in Africa: scope, significance and consequences. *Journal of Modern African Studies*, 44, 459-479.
- UNCTAD. (2011) World Investment Report, Non-equity modes of international production and

development. Retrieved from.
<http://www.unctad.org/templates/WebFlyer.asp?intItemID=6018&lang=1>

- UNEP (2006). Current and potential arable land use in Africa. Retrieved from
http://maps.grida.no/go/graphic/current_and_potential_arable_land_use_in_africa
- USAID. (2003). Sierra Leone community reintegration & rehabilitation- Implementation completion report. *Report No. 27263*. Washington DC: USAID.
- United States Energy Information Administration (EIA). (2009). Country Analysis Briefs. Retrieved from www.eia.doe.gov/cabs/Sudan/Oil.html.
- United States Geological Survey .(2011). *Fact Sheet 2011-3034*. Washington DC: US Department of Interior.
- Villafuerte, M., & Lopez-Murphy, P. (2010). Fiscal policy in oil producing countries during the recent price cycle. *IMP Working Paper no. 10/28*. Washinton DC: International Monetary Fund.
- Weinstein, J.M. (2005). Autonomous recovery and international intervention in comparative perspective. *Centre for Global Development Working Paper no. 57*. Washington DC: Center for Global Development. Retrieved from
http://www.cgdev.org/files/2731_file_WP57.pdf.
- Woodward, S.L. (2010). Soft intervention and the puzzling neglect of economic actors. In Hoodie, M., Hartzell, C.A. (Eds.). *Strengthening Peace in Post-Civil War States: Transforming Spoilers into Stakeholders*. Chicago: University of Chicago Press.
- World Bank. (2009) Poverty reduction and economic management unit, Sudan: the road toward sustainable and broad-based growth. Washington, DC: World Bank. Retrieved from
<http://go.worldbank.org/PX5WQB69MO>.
- World Bank. (2010). World bank indicators [Database]. Retrieved from
<http://data.worldbank.org/indicator/>
- World Bank. (2012). *Africa's Pulse, Volume 6*. Washington, DC: World Bank. Retrieved from
http://siteresources.worldbank.org/INTAFRICA/Resources/Africas-Pulse-brochure_Vol6.pdf.
- World Trade Organization. (2010). *World Trade Report: Trade in Natural Resources*. Geneva, World Trade Organization.
- World Trade Organization. (2012). *International Trade in Natural Resources: Practices and Policy*. Geneva: Switzerland.
- Yohannes, R. (2004). Water crisis looms in Africa. *Addis Tribune*. Retrieved from
<http://www.energybulletin.net/node/2177>