

**AFRICA RISK CONSULTING****Country briefing – Botswana****23 August 2014**

## Summary

*Opposition Umbrella for Democratic Change (UDC) vice president Gomolemo Motswaledi's death attracts assassination allegations in the run up to the 24 October election. President Ian Khama (2008-present) denies the accusations, but the death is likely to hit the ruling Botswana Democratic Party (BDP)'s performance in the October election. Galane Gold Company's launch of a new processor for sub-optimal ore will boost its gold production capacity and contribute to Botswana's economic diversification away from diamonds. Botswana and Zambia undertake to fund the Kazungula Bridge joint project which will improve regional road links and facilitate trade within the Southern African Development Community (SADC) and with external markets.*

### 1.1 UDC vice president's death sparks assassination fears

The death of prominent opposition politician **Gomolemo Motswaledi** has attracted allegations of political assassination ahead of the 24 October parliamentary elections. Motswaledi was vice president of the **Umbrella for Democratic Change (UDC)** and president of UDC coalition member party, the **Botswana Movement for Democracy (BMD)**. He died on the morning of 30 July when his car veered off the road, minutes after he had crossed the border into Botswana from **South Africa** where he had travelled to conduct BMD party business.<sup>1</sup> Police commissioner **Keabetswe Makgope** said police investigations revealed no evidence of foul play in the accident, but that Motswaledi had lost control of the vehicle instead.<sup>2</sup>

Motswaledi was formerly secretary general of the ruling **Botswana Democratic Party (BDP)** but left the party in 2010, complaining that president **Ian Khama's** (2008-present) leadership style was “*dictatorial*”.<sup>3</sup> He subsequently founded the opposition BMD party in 2010. The UDC was established in 2012 as a united front against the BDP's electoral and political dominance since Botswana's independence in 1966 with the aim of unseating Khama in the 2014 election.<sup>4</sup> The coalition of Botswana's leading opposition political

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<sup>1</sup> Botswana Guardian, 4 Aug 2014

<sup>2</sup> Times Live, 21 Aug 2013

<sup>3</sup> Botswana Guardian, 11 Aug 2014

<sup>4</sup> Southern Times Africa, 26 Nov 2012.

parties comprises the BMD, the **Botswana National Front (BNF)** and the **Botswana People's Party**. BNF leader **Duma Boko** has been UDC president since the outset.

UDC members allege the death is an assassination and say that it validates claims of a “*hit list*” against opposition political figures by Khama’s government, particularly against the UDC and the BMD elements of the coalition.<sup>5</sup>

*“That was not an ordinary accident... Motswaledi rubbed the BDP [up] the wrong way. The growth of his political [standing] since he defected from the BDP was a constant worry for the party.”<sup>6</sup>*

Boko was the first to go public about the existence of a hit list (see *ARC Botswana May 2014 Briefing*), accusing Khama of planning to assassinate UDC leaders in the run up to the election. Khama denied the assassination claims, accusing opposition leaders of smear campaign tactics.<sup>7</sup>

However, several facts surrounding Motswaledi’s death have fuelled suspicions of an unnatural death. Vehicles of the police service’s **Special Support Group (SSG)** were reportedly tailing Motswaledi’s vehicle and were the first on the accident scene.<sup>8</sup> They removed his body to the **Goodhope Primary Hospital**, less than 10km from the crash site, but the SSG reportedly took four hours to cover the distance in normal road conditions.<sup>9</sup>

The UDC has hired South African forensic investigator **Stan Bezuidenhout** to investigate the cause of the accident. Bezuidenhout has over 32 years’ experience in forensic crash investigations<sup>10</sup> and has handled several high profile accidents in South Africa.<sup>11</sup> He reported that the cause of the accident was most likely another car hitting Motswaledi’s car on the side, causing it to veer off the road and overturn.<sup>12</sup>

Bezuidenhout ruled out mechanical causes since the **Department of Transport** had certified the car roadworthy on 2 July.<sup>13</sup> He also ruled out speeding as a cause, since Motswaledi was travelling approximately 60 km per hr at the time of the accident.<sup>14</sup>

*“There was nothing unusual about Motswaledi travelling alone or using the ‘ordinary’ car that he used. He has done it many times before... In Botswana, opposition parties aren’t well funded, thus it*

<sup>5</sup> Botswana Guardian, 11 Aug 2014

<sup>6</sup> Source, researcher, University of Pretoria, South Africa

<sup>7</sup> Multiple sources: Sunday Standard, 16 May 2014; Echo Online, 15 Aug 2014.

<sup>8</sup> Botswana Guardian, 11 Aug 2014

<sup>9</sup> Botswana Guardian, 11 Aug 2014

<sup>10</sup> Aarto Facts, 1 Nov 2011

<sup>11</sup> IBF South Africa Website

<sup>12</sup> Sunday Standard, 4 Aug 2014

<sup>13</sup> Sunday Standard, 4 Aug 2014

<sup>14</sup> Sunday Standard, 4 Aug 2014

*was necessary that Motswaledi travelled alone to conduct important party business in South Africa. That also shows that the assignment was an important one since they could have delegated someone junior to do it instead.”<sup>15</sup>*

There has been noticeable public anxiety surrounding the manner of Motswaledi’s death and the government’s reaction. BDP MPs hoped that cabinet’s request for an official inquest into the crash would calm anger against the party ahead of the October elections. However, Khama vetoed cabinet’s request for an inquest.<sup>16</sup> In addition, Khama has placed Botswana’s security services on high alert, with the **Botswana Defence Forces (BDF)** and **Directorate of Intelligence Services (DIS)** patrolling key strategic areas such as the **Gaborone Dam** as the popular rumour mill creates fears of the water being poisoned.<sup>17</sup>

Motswaledi’s death is likely to increase support for the UDC, particularly in urban areas. Khama’s veto of BDP MPs’ motion for an inquest indicates growing insecurity and division in party ranks, with the MPs fearing that they will bear the brunt of any public anger at Motswaledi’s death. Extrajudicial politically-motivated killings and violence have been rare in Botswana since independence. The exceptional powers given to security services under Khama – eldest son of Sir **Seretse Khama** (1966-1980), Botswana’s first president at independence – coupled with his reportedly authoritarian style have led to growing criticism of the BDP’s rule. Before Motswaledi’s death, the BDP was on course to lose a significant number of parliamentary seats in the October elections, particularly in urban areas. However, given its dominant current majority in parliament, it will still likely retain overall control.

## *1.2 New gold processing plant commissioned*

**Galane Gold Company** has commissioned a new screening plant at its **Mupane Gold Mine** in Botswana. The plant will screen low-grade ore, which will increase the company’s gold production rate by 20%.<sup>18</sup> Company chairman **Ravi Sood** said that the launch of the screening plant was a critical step in Galane’s five-year plan to decrease production costs and maintain optimum production.<sup>19</sup>

Galane Gold is headquartered in **Canada** but has large-scale operations in Botswana and is seen as something of an industry bellwether. Listed locally on the **Botswana Stock Exchange**, it owns and operates the Mupane gold mine which produces 50,000 ounces (oz) of gold per year at approximately \$1,280 per oz<sup>20</sup>

<sup>15</sup> Source, researcher, University of Pretoria, South Africa

<sup>16</sup> Sunday Standard, 14 Aug 2014

<sup>17</sup> Botswana Gazette, 14 Aug 2014

<sup>18</sup> Mining Connection, 7 Aug 2014

<sup>19</sup> Gold Investing News, 5 Aug 2014

<sup>20</sup> Spot price on 25 Aug 2014.

at current market prices.<sup>21</sup> Galane also owns **Signal Hill, Golden Eagle** and **Tholo** gold mines in Botswana.<sup>22</sup>

Although Botswana is not a major gold producer, its annual domestic production is potentially lucrative. Gold mining operations are mostly concentrated around the city of **Francistown**. Mupane mine is the largest and most promising for Galane, with a reported five-year lifespan and currently providing over 300 jobs.<sup>23</sup>

Botswana is mineral rich and relatively underexploited other than the established diamond sector. It has gold, nickel, copper, platinum and uranium deposits, although in comparatively lower quantities than diamonds.<sup>24</sup> The expansion of Galane's gold mining operations will facilitate the economy's diversification away from dependence on diamonds and send a signal to investors about the market's wider potential. Other potentially profitable minerals yet to be fully exploited include manganese, asbestos, chromite, feldspar, graphite, gypsum and iron.<sup>25</sup> However, most deposits are located in remote areas and/or located deep underground, which increases exploration and mining costs.

### *1.3 Kazungula Bridge to facilitate regional trade growth*

Botswana and **Zambia** have undertaken to fund the construction of the **Kazungula Bridge** that is expected to improve the movement of goods between the two countries and other regional economies. This was announced at a stakeholder meeting held on 26 July in **Kasane**, north of Botswana between **African Development Bank (AfDB)**, and Zambian and Botswana officials.<sup>26</sup> Originally conceived in 2008, the bridge project will also entail construction of a one-stop border post and resettlement of families inhabiting the area adjacent to the construction area.<sup>27</sup> The bridge, at the confluence of **Zimbabwe, Zambia, Botswana** and **Namibia**, is a key transit point with an average of 100 trucks on either side taking over two weeks to be cleared at the border post.<sup>28</sup>

African Development Bank (AfDB) president **Donald Kaberuka** toured the site on 26 July, following concerns that delays in the project's construction were causing loss of trade in the region.<sup>29</sup> The project is expected to take four years to complete and is being funded by loans from the AfDB and the Botswana and

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<sup>21</sup> African Manager, 14 May 2014

<sup>22</sup> Mining Connection, 5 Aug 2014

<sup>23</sup> Mbendi Information Services

<sup>24</sup> Galane Gold Website

<sup>25</sup> African Mining Website

<sup>26</sup> AfDB Website, 30 Jul 2014

<sup>27</sup> African Development Bank, 30 Jul 2014

<sup>28</sup> Lusaka Times, 28 Jul 2014

<sup>29</sup> African Development Bank, 30 Jul 2014

Zambia governments. It will cost approximately \$259m.<sup>30</sup> The **Japan International Cooperation Agency (JICA)** had also planned to fund the project but later pulled out due to a tender valuation dispute.<sup>31</sup> The bridge construction tender was eventually awarded to **South Korea's Daewoo**, over **China's Major Bridge Corporation** and the **Japanese-South African Shimizu-Stefanutti** joint venture.<sup>32</sup>

The funding disagreement has delayed the start of construction, which was originally set for July 2014. It may now begin towards the end of the year. Botswana will fund the \$81m deficit in the project budget from its **Domestic Development Fund**, while Zambia will also have to secure alternative funding to meet its commitment of approximately \$60m.<sup>33</sup>

Transport and logistics infrastructure have become increasingly important for **Southern African Development Community (SADC)** countries due to the growth of trade opportunities within the region and with world markets. Mining and retail products constitute the bulk of goods moved in and from the region. Linkages with strategic port areas in coastal countries like South Africa and Namibia also make intra-SADC road and rail networks crucial to the movement of goods.

## Implications

Motswaledi's death – plus the circumstances and the government's handling of it - is likely to mar Botswana's relatively impressive record of political stability since independence in the 1960s. Although not yet confirmed as an assassination, his death comes against a background of political polarisation and public anxiety (especially in urban areas) ahead of the October general election, which will likely be much more competitive than the BDP and Khama have been used to.

The expansion of gold processing by Galane will increase Botswana's mining revenues and highlight the unmet potential of Botswana's mining sector. Although relatively lower than diamond revenues, gold has strong development, employment and economic potential, given the location of known deposits.

The Kazungula Bridge project has the potential to make landlocked Botswana a transport hub for the southern Africa region. Funding issues aside, if the project engineers are able to break ground by the end of 2014, it could act as a model for similar joint projects aimed at integrating the region's transport networks and its latent economic potential.

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<sup>30</sup> Mmegi, 14 Aug 2014

<sup>31</sup> Mmegi, 14 Aug 2014

<sup>32</sup> Mmegi, 14 Aug 2014

<sup>33</sup> Lusaka Times, 28 Jul 2014