



## **Annual Democracy Forum 2014**

### ***Fostering Democracy and Development through Sound Management of Natural Resources***

Gaborone International Convention Centre  
Gaborone, Botswana  
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#### **Welcome Remarks by International IDEA Secretary-General Yves Leterme**

Her Excellency Dr. Ponomi Venson-Moitoi, Minister of Foreign Affairs and International Cooperation of the Republic of Botswana, Ministers, Representatives of Member States of International IDEA, Panelists, Guests, Ladies and Gentlemen, Good Morning.

It gives me great pleasure to welcome all of you to the 2014 Annual Democracy Forum. I would like to take this opportunity to thank the Government of Botswana for the exemplary hospitality that we are enjoying. Allow me, as well, to adopt your slogan, "Botswana: our pride, your destination" and slightly rephrase it to "Botswana, your pride, our destination."

I also would like to take this opportunity to congratulate the Government of Botswana for the successful conduct of the recently held elections. According to our database, by the end of 2014, people will have voted in more than 60 countries around the world. Additionally, The Economist calculated that by the end of 2014, 42 per cent of the world population will have voted.

This has been an important year for elections, not only in Botswana but also worldwide. This is a testament that democracy is alive and remains a universal aspiration as articulated in the Universal Declaration of Human Rights.

In the past few decades, significant progress has been made in the articulation of international norms and standards, national constitutions and laws on participatory and inclusive democratic processes.

With this progress it has become more clear than ever that the issue of *representation* is critical. Women and men from all the diverse social and economic parts of a society need to be empowered. Policy making cannot be limited to a special class of society. Democracies are for all parts of a society – something we are seeing here in Botswana.

Let me, as well, thank Botswana for its leadership of International IDEA in 2014 and its vision in choosing the theme of their chairmanship and our Forum. The importance of our theme “*Fostering Democracy and Development through Sound Management of Natural Resources*” cannot be overemphasized. Democracy is not only an end in itself but also instrumental for change and for development processes. Democracy and Development are interdependent: the outcome of a democratic system is linked to development, equitable economic growth and the observance of rule of law.

There is an emerging and growing consensus that inclusive politics *matter* for sustained growth and development. Increasing inequalities represent a fundamental threat to democratic governance, to social stability and to economic growth. Non-inclusive development is neither sustainable, nor desirable and from a human point of view not justifiable.

Inclusion is not limited to tackling inequality. Being inclusive also means building consensus among actors and stakeholders at the national, as well as at the local level. This requires active dialogue with popular representation, including local communities, as well as political parties. All stakeholders should have a say and be made aware of the establishment of national and local development priorities. This is true also for natural resources and the extractive industries sector. International IDEA’s research indicates that when all stakeholders are involved and where consensus is built at all levels, countries show stronger measures of economic growth and effectiveness. They also have improved regulatory capacity, stronger rule of law and improved gender and minority empowerment. Moreover, they also improve their fight against corruption. These issues are all underlying prerequisites for human development.

For development to be inclusive, it needs to be democratized. Inclusive democratic institutions are the building blocks of sustainable development. Through fully democratic systems, inclusive institutions are created. Inclusion means creating spaces for citizens to participate and define the development agenda. This allows democratic systems to gain further legitimacy as they deliver on the social pact with citizens.

A fundamental driving force behind recent economic growth in several low and middle income countries has been the rising price of commodities and the discovery of subsoil natural wealth. In many of these countries natural resources have the potential to be a key driving force not only for economic development but also for social, human and political development.

As an example, I would like to cite the experience of Botswana, as was recently pointed out by the IMF, “Botswana is a country where the sound management of natural resource wealth over many years has yielded tangible benefits for the country. Diamond production accounts for about a third of Botswana's economy. Through proper planning and management, Botswana has created an effective regime for handling diamond production revenues that is also conducive to business and investment. The government also has in place medium-term plans to channel diamond revenues into capital investments. These decisions have played a large role in Botswana's economic and social development over the last 20 years and impressive gains were also made with respect to many social indicators and the Millennium Development Goals; for example, the achievement of gender equality in primary education. These are truly impressive successes.”

Building on the Botswana experience, I would like to highlight the importance of managing key development-creating sectors, such as extractives industries, by drawing on democratic principles espoused by International IDEA. In particular, I will focus on 5 principles that make popular control and political equality possible in the transformation of natural resources' governance into inclusive development.

These 5 Principles are: Participation, Accountability, Representation, Transparency and Solidarity, or **P.A.R.T.S** in short, indicating the importance of the role that relevant *parts* play in the entire natural resources' governance system.

Please allow me to present these principles in some depth and to explain why they could contribute to inclusive natural resources' democratic governance:

**Participation.** The natural resources of any country belong to its' citizens. Natural resources define the cultural, environmental and infrastructure attributes of a place and they are part of the public domain. This makes participation in the decision-making process of what to do with these resources very important. Participation is a fundamental marker for good democratic governance of natural resources.

**Accountability.** Too often a countries' revenues are spent in highly visible projects that may not be environmentally sustainable or in the long term best interest of citizens. In order to ensure that natural resources are managed responsibly there has to be accountability. Having a built-in system for accountability means decision-makers know they are responsible for the impact of their choices. A clear line of accountability in governance most often means the best interest of citizens (and the environment) are taken into consideration; which makes it a vital element in good democratic governance of revenues from natural resources.

**Representation.** Societies are heterogeneous. Those representing society in democratic governance structures should truly be a mirror of societies' diversity. Those in charge of the decision making process on how to use and manage revenues generated by natural resources should be representative of the society. They are mandated and authorized by citizens to make decisions on their behalf.

**Transparency.** Only fully transparent sharing of information pertaining to natural resources industries management can create the basis for democratic governance of natural resources. The Extractives Industries Transparency Initiative (EITI) is a relevant example of a concrete commitment to transparency by states and private sector. Launched in September 2002, the EITI encourages governments, companies, international organizations, and other interested parties to work together to develop a framework to promote transparency in payments and revenues arising from extractive natural resources.

**Solidarity.** Equality is better and perhaps only achieved if the revenues from natural resources are transformed into development across the country. This will have a

wide-ranging impact on the country as a whole and creating a sense of solidarity among citizens.

I would like to highlight that International IDEA is working on all these P.A.R.T.S. We will elaborate on this further throughout the Forum. I will also talk more about our future endeavours as follow-up to this Forum during my closing remarks.

Allow me now to introduce our Keynote Speaker, Professor James A. Robinson, David Florence Professor of Government at Harvard University and co-author of the best-selling book “Why Nations Fail”. This book was described by the New York Times as an “ambitious work that hopscotches through history and around the world to answer the very big question of why some countries get rich and others do not.”

Professor James A. Robinson also is a faculty associate at the Institute for Quantitative Social Science and the Weathered Center for International Affairs. He studied economics at the London School of Economics, the University of Warwick and Yale University. He previously taught in the Department of Economics at the University of Melbourne, the University of Southern California and before moving to Harvard was a Professor in the Departments of Economics and Political Science at the University of California at Berkeley. His main research interests are in comparative economic and political development with a focus on the long-run with a particular interest in Latin America and Sub-Saharan Africa. He is currently conducting research in the Democratic Republic of the Congo, Sierra Leone, Haiti and Colombia, where he has taught for many years.

I am looking forward to the engaging and important discussions that we will have in the Forum in the next two days.

Thank you.