



# Government Power in Escaping the Resource Curse and Maximizing Foreign Aid: A Comparative Study of Botswana and the Democratic Republic of Congo

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**Abstract.** The economic development trajectories of Botswana and the Democratic Republic of the Congo (DRC) reveal the intricate interplay between natural resource endowments and foreign aid. While Botswana has effectively utilized its natural resource endowment and foreign aid based on a stable political environment and transparent management processes, the Democratic Republic of the Congo (DRC) continues to struggle to cope with the challenges posed by the "resource curse" and aid mismanagement. Botswana's government sector has not only achieved sustainable economic development through the effective exploitation of its abundant natural resources and international partnerships, but also made great strides in building its society with the support of international aid, such as its fruitful progress in combating AIDS. In sharp contrast, political instability and armed conflict in the DRC have hampered the government's effective use of resources and aid, and rampant corruption has further exacerbated these problems. This paper delves into the complexity of these dynamics, emphasizing the critical role of political stability, the rationality of the governance framework, and targeted policy interventions. The findings emphasize the importance of sustainable resource management, judicious aid allocation and cooperation among Governments, institutions and all sectors of society in achieving real economic upliftment in resource-rich developing countries.

**Keywords:** Resource curse, Foreign aid, Governance, Public health, Economic development, Political stability, Corruption, Education system, Aid management, Transparency, Human capital, Policy choices, International cooperation

## 1 Introduction

When we confront the economic development problems of countries head-on, there are two very contradictory themes. One is that some developing countries are very rich in primary resources, but adequate endowments often do not lead to healthy and stable economic growth, but rather to worse development outcomes - a phenomenon often referred to as the "resource curse." At the same time, foreign aid, despite its

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potential benefits, sometimes fails to deliver the expected economic development and can exacerbate economic problems if not managed well. Whereas globally, there are few countries that have no resource advantages at all, and most developing countries have unique natural resources on which their development depends, which are an important basis for their improved livelihoods, sometimes, natural resources being the only surviving sector in slow-growth countries[3]. and at the same time, providing direct foreign aid is a core initiative of international organizations such as the United Nations to help poor countries improve their economic conditions, so both occupy an extremely important place in development economics, and the next part of this paper attempts to explore How developing countries can prevent the resource curse and use foreign aid to promote economic growth. By examining the cases of Botswana and the Democratic Republic of Congo (DRC), this paper illustrates the different trajectories of government management of their natural resources and foreign aid and the different outcomes that result from the different core factors of their political stability contexts.

## **2 Resource Governance: Lessons from Botswana and Challenges in DRC**

When we talk about the natural resources a country has, Natural resources appear as a putatively exogenous feature that might be a blessing or a curse in terms of development[2]. the development timeline of any industrial country in this world has gone through a process of massive accumulation of resources, without the support of natural resources and raw materials, any novel products we are now proud of can not be produced out of thin air, it is no exaggeration to say that these resources are the mother of industry and invention. For the above reasons, I firmly believe that natural resources are not a curse and that the cause of bad results lies in the differences in the level of governance in different countries. As we all know, the use and allocation of natural resources depends heavily on government decisions, and wise politicians tend to be firm in their desire to use natural resources to maximize returns for the economic development of the country as a whole. For example, in Botswana, there are other countries where the government has less capacity, less governance and less scientific policy and law enforcement, such as DRC.

### **2.1 Botswana's Governance and Transparency: A Model for Overcoming the Resource Curse.**

First, based on our analysis of Botswana, we find that the government has a good governance performance and a high level of administrative transparency, and that Botswana has had a stable democratic system since its independence in 1966. According to the World Bank (WB), Botswana has long scored high on the Worldwide Governance Indicators (WGI), particularly in terms of government efficiency and control of corruption[8]. Good government image, stable social environment is only an important foundation to overcome the resource curse, is the

foundation of a tall building, is the first step to effectively use the advantages of resources, but we also need to pay attention to the policies made by the decision makers in the government of Botswana. A good image of government, a stable social environment is just an important foundation to overcome the resource curse, the foundation of a tall building, a previous step to effectively use the advantages of resources, and we also need to pay attention to the policies made by the decision makers in the government of Botswana. The economic value of diamonds as an important natural resource in Botswana is an important part of Botswana's national output, with revenues generating 22% of the Gross Domestic Product (GDP) and 38% of the state budget, accounting for 80% of exports and 23% of customs revenues[10]. However, as a developing country with a weak industrial and processing base, and with its inefficient and poor quality diamond mining, Botswana partnered with De Beers to create Debswana, a public-private partnership to manage Botswana's diamond resources. The Botswana government holds a 50% stake in the company and is able to effectively profit from diamond mining. Through years of wise resource management, Botswana's diamond industry has achieved great success, and according to the Kimberley Process Certification Scheme, Botswana is already the world's largest producer of diamonds by value. Then, The Botswana government has not fostered serious corruption after reaping the high returns from diamonds; instead, they have used the proceeds of the resource to reinvest in optimizing the living conditions of their citizens, and the Botswana government has used the diamond proceeds to invest in education, health and infrastructure, and has established a sovereign wealth fund (Pula Fund) to reserve future proceeds. According to the United Nations Development Programme (UNDP), Botswana has the third highest gross national income (GNI per capita) in Africa, after Seychelles and Mauritius[10].

After that, we have to perform a comparative analysis, and the country we chose is DRC, who seems to be gradually falling into the resource curse. DRC's history of political instability and conflict has made effective resource management difficult. Conflict has destroyed infrastructure, weakened government management capacity, and made investors hesitant.

## **2.2 Transparency and Accountability Deficit: Misuse and Waste in DRC's Natural Resource Management**

DRC's history of political instability and conflict has made effective resource management difficult[4]. The heart of the resource curse is that resource rents make democracy malfunction[1]. Conflict has destroyed infrastructure, weakened government management capacity, and made investors hesitant. At the same time, the hostile political environment has bred corruption and illicit transactions: the World Bank reports that corruption levels in the DRC are quite high[8]. Illegal deals and embezzlement allow the proceeds of resources to often go into individual pockets rather than being used for social development. The lack of transparency and accountability in natural resource management in the DRC has led to misuse and waste of resources. The World Bank's Global Governance Index also scores low in the areas of "government efficiency" and "control of corruption"[8]. In the absence of

effective regulation, resource extraction activities often lead to environmental damage. This not only threatens the health of the ecosystem, but can also undermine the sustainable development of the DRC, and ultimately, resource exploitation efforts can lead to the depletion of the resource's original advantages and the complete loss of the opportunities it brings to economic development.

### **2.3 Summary**

The cases of Botswana and DRC clearly reveal the importance of transparency, stability and appropriate policies in the effective management of natural resources. The cases provide two distinct stories: one about how to avoid the resource curse and successfully use natural resources, and the other reveals how a lack of effective policy and management can lead to the ill effects of the resource curse. Both stories offer important lessons for other resource-rich developing countries, demonstrating the critical role of wise resource management policies for economic and social development.

## **3 Foreign Aid: A Catalyst for Development in Botswana, A Challenge in DRC?**

### **3.1 Beginning the Discussion: The Dual Faces of Foreign Aid Outcomes**

As described in the endless news, direct aid from the world's leading industrialized countries to developing countries such as Africa has become a major means of addressing global development imbalances and bridging the North-South divide, including investment, health care, education, and even some degree of military assistance. After years of practice, many studies have found that such foreign aid does not seem to have the desired effect on all countries receiving it. Some countries receiving foreign aid have rapidly improved their infrastructure in various fields, optimized the quality of their economic development, improved their economic efficiency, and gradually freed themselves from dependence on foreign capital[7], such as Botswana. While other countries, such as DRC and Haiti, not only did not rely on such aid to get rid of the economic development decline, but even became more and more dependent on foreign aid and lost the ability of their economies to develop independently. The most important reason for these two different results is the difference in the level of government management of foreign aid and the stability of the national political environment.

### **3.2 A Strategic Shift: Moving from Aid Dependency to Sustainable Development**

In the case of Botswana, the country has been able to make effective use of foreign aid, and the funds, talent, technology and facilities provided by these aid programs have been used wisely and effectively to play a key role in Botswana's development

strategy, for example, in the area of public health, Botswana's AIDS response has been strongly supported by international aid. Botswana was one of the first countries in the world to provide free universal access to antiretroviral treatment. This program is supported by the Global Fund and the U.S. President's Emergency Plan for AIDS Relief (PEPFAR)[9]. According to the World Health Organization, by 2018, about 84 percent of people living with HIV received treatment through the Botswana government's policy[10], a figure much higher than other African countries. The improvement of national health is known to be important for economic development, allowing the people of Botswana to focus on work and study, increasing productivity and protection from infectious diseases. In addition, Botswana's education system has received significant support from international aid. For example, the African Development Bank (AfDB) has committed to fund science and technology education and technical training programs in Botswana[9]. China is also providing various training programs for Botswana's professionals in a wide range of fields such as agriculture, health and education[5]. This will help Botswana enhance its human capital, improve the education of its population, improve the quality of its output, optimize exports, and support economic development. First, this relies on Botswana's stable political environment, which provides a good backdrop for aid implementation; second, the government of Botswana emphasizes openness and transparency in the receipt and use of aid. The government has clear budgetary procedures and audit mechanisms in place to ensure that funds are spent in the right places, such as the AIDS response. This not only makes the use of aid more effective, but also increases public trust in the government. Third, Botswana uses aid as a tool to improve the country's economic development capacity. For example, Botswana has used aid to build infrastructure and upgrade education and health services, while also using aid funds to support private sector development. These aid projects not only address short-term needs, but also enhance Botswana's long-term development capacity. Finally, Botswana has gradually reduced its dependence on foreign aid. As Botswana's economy has grown and revenues have increased, the government has begun to rely more on internal resources to support development projects. At the same time, the government has actively sought and leveraged other forms of international cooperation, such as reciprocal trade and investment. Thus, Botswana's example shows that through a stable political environment, open and transparent policies, and accountable governance, developing countries can effectively use foreign aid to improve their economic development and enhance their own independent development capacity, gradually moving away from dependence on foreign aid.

### **3.3 Mismanagement and Imbalance: Discrepancies in Aid Allocation and Execution**

In contrast, the core reason why foreign aid is not fully and rationally utilized in DRC due to government policies is the long term political instability and armed conflict, which makes the socio-economic environment in DRC complex and poses a great challenge to the effective use and implementation of foreign aid, as found in many foreign aid cases, the conflict often destroys infrastructure and hinders the

implementation of aid projects; while government instability affects the long-term planning of aid. On top of this, the poor political environment breeds additional problems, such as misuse and corruption of aid by government agents, and in the DRC, some of the foreign aid funds have been reported as corrupt and misused. According to a UN report, millions of dollars of aid money went to private accounts of the military[6]. Such situations not only undermine the effectiveness of aid, but also undermine trust in the government by aid agencies and the public. On the other hand, the government's level of management of aid is inefficient and duplicative, with some areas and fields having more aid programs than are actually needed, while others are severely lacking. This makes aid much less effective. Finally, the DRC is now extremely dependent on international aid and lacks sustainability, even as external aid has interfered with the government's independent decision-making, and has not been effective in enhancing its economic development capacity over time. For example, some news shows that despite receiving large amounts of education aid, the DRC's education levels remain extremely low. This suggests that aid has failed to truly address DRC's development problems, but has only temporarily alleviated some short-term needs. These examples show that the main problem of not using foreign aid effectively lies in the government's governance capacity and policy choices. For DRC, improving this situation must start with strengthening anti-corruption and integrity, improving aid management capacity, and nurturing economic development capacity.

## 4 Conclusion

Based on the above discussion and the analysis of two cases, Botswana and the Democratic Republic of Congo (DRC), we find that the resource curse and foreign aid are two important factors that affect economic development in developing countries. In these two areas, the role of government policies is particularly important. First, as mentioned above, the central aspect is to have a stable political environment, which is fundamental to the effective functioning of all government policies, and the disruption caused by a volatile political situation is a serious blow to both the internal dynamics of natural resource endowment and the activation of the external dynamics of foreign aid. Second, and separately, in terms of the resource curse, the government should take measures to protect and manage natural resources to ensure their continued use and prevent overdependence. In addition, the government also needs to improve transparency to prevent corruption and misuse of resource revenues, and when government revenues and expenditures are reasonably monitored, it can accumulate resource revenues for reinvestment, and at the same time, the government should be well aware that natural resources are not endless and that the revenues from natural resource outputs cannot be squandered, and that it needs to rely on these revenues to incubate its own industries for sustainable economic development, combining the above arguments, Botswana The successful experience in this regard is worth learning from other developing countries, and the example of DRC shows that without good governance initiatives by the government, economic development cannot be achieved

even with abundant resources. With regard to foreign aid, international aid as an external driver of economic development is far more complex than resource endowments and even involves the diplomatic sphere. The government needs to coordinate and manage aid effectively to ensure that aid funds are used in the right places and have real impact, and also to boost the confidence of foreign donors. In addition, the government also needs to use aid to enhance its own economic development capacity, build its own independent industries while receiving aid, reduce its dependence on aid, and prevent its economy from losing its independence and becoming a vassal of other countries[5]. In general, to avoid the resource curse and maximize the use of foreign aid, developing countries need to adopt responsible resource management strategies, build strong public management systems, formulate and implement effective aid allocation policies, and also gradually enhance their own independent development capacity. This requires the joint efforts of governments, institutions, and all parties in society.

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