



Republic of Botswana
European Community

Joint Report 2004

December 2005

Table of Contents

1.	EXECUTIVE SUMMARY.....	4
2.	UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION.....	5
2.1	Political Situation	5
2.2	Economic Situation.....	7
2.2.1	Economic situation, structure and performance.....	7
2.2.2	Integration in the world economy and trade arrangements.....	9
2.2.3	Public Financial Management and Budget execution.....	11
2.3	Social situation.....	13
2.3.1	Achievements in the social sectors.....	13
2.3.2	Education and Training.....	15
2.3.3	Health and fight against HIV/AIDS.....	17
2.3.4	Other challenges	19
2.3.5	Achievements in cross-cutting issues	21
3.	THE POLICY AGENDA OF THE PARTNER COUNTRY	23
3.1	The Long Term Vision (Vision 2016)	23
3.2	9th National Development Plan (NDP9)	23
3.3	Recent Policy Initiatives.....	24
4.	OVERVIEW OF PAST AND ON-GOING CO-OPERATION	26
4.1	Focal sector: Human Resources Development	26
4.2	Non Focal sectors.....	28
4.2.1	The Micro-Projects Programme (MPP)	28
4.2.2	Natural resource utilisation and conservation.....	28
4.2.3	Enhance government's implementation and absorption capacity	29
4.2.4	Support to Fiscal Reform in Botswana	29
4.3	Utilisation of resources for Non-State Actors (NSAs)	31
4.4	Utilisation of Envelope B	31
4.5	Other Instruments.....	31
4.5.1	YSMIN	32
4.5.2	FLEX.....	33
4.5.3	Regional co-operation	33
4.5.4	The European Investment Bank	35
4.5.5	The Centre for Development of Enterprises (CDE)	36
5.	PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS	37
5.1	EDF9 preparation and implementation	37

5.1.1	Status of utilisation of EDF8 and Envelopes A and B of EDF9	37
5.1.2	Focal sector	37
5.1.3	Non focal sectors.....	39
5.2	Speeding up of the use of EDF resources	39
5.2.1	Performance in 2004 and reduction of RAL/RAC.....	39
5.2.2	Forecasts for commitments and payments in 2005 and 2006	40
5.3	Programming of future support	40
6.	DIALOGUE IN COUNTRY WITH THE NAO AND NSAS AND DONOR CO-ORDINATION.....	40
6.1	Dialogue in country with the NAO and NSAs.....	40
6.2	Donor co-ordination	41
7.	CONCLUSIONS	42
7.1	Key political, economic and social developments in 2004.....	42
7.2	Progress achieved in poverty reduction.....	43
7.3	Results and activities in focal sectors and relevant programmes.....	44
7.4	Key perspectives for the future	46
7.5	Use of EDF resources, indicators of performance in the focal sector and dialogue with the NSAs	47

Annexes

Annex 1.	EDF9 intervention framework - Education Sector Policy Support Programme.....	49
Annex 2.	EDF 6, 7, 8 and 9 financial implementation by sector	53
Annex 3.	Project summaries	60
Annex 4.	Government commitments in Education and Training under 8th and 9th EDF NIPs	71
Annex 5.	EDF 6 - 9 (NIP+Sysmin) - Evolution in 2004 of the Remaining to Pay (RAP), Remain to Contract (RAC) and their sum (RAL).....	74
Annex 6.	Achievements of the 2004 forecasts & 2005 and 2006 forecasts	75
Annex 7.	EDF9 updated chronogramme of activities and indicative commitment and expenditure schedule.....	76
Annex 8.	Selected economic and social parameters and indicators of Botswana	77
Annex 9.	Donor matrix - an overview of donors' allocations to sectors	79
Annex 10.	Botswana Environmental Profile	81
Annex 11.	Botswana Migration Profile.....	88
Annex 12.	List of acronyms and abbreviations.....	90

1. Executive Summary

During the period 2004 in review, Botswana continued to enjoy peace, political stability, and unbroken democratic rule. The elections of October 2004 considered free and by large fair, renewed the mandate of the party ruling since independence, the Botswana Democratic Party (BDP), which won 44 of the 57 constituencies.

GDP stood at some 40 billion Pula in 2004. Real GDP growth was 5.7% in 2003/4 and is projected at 4-5% for 2004/5 and 2005/6. The economy remains driven by the mining sector, accounting for 34% of GDP in 2003/4, particularly diamonds. Botswana maintained in 2004 as in previous years, large foreign exchange reserves (22 months of imports), low public debt, and a strong currency. The Botswana Pula, which appreciated against major currencies in recent years, was devaluated by 7.5% in February 2004. The real effective exchange rate has, since, again appreciated, partially offsetting the effect of the devaluation. The Balance of Payments and Current Account are in larger surplus than in 2003, due mostly to an increase in mining export revenues. Inflation declined steadily from mid 2003 to 6.4% in December 2004, with an average of 7%, due to the phasing out of the VAT introduction impact, a decline in both domestic and external inflationary pressures and domestic competition. Public finances remain structurally healthy due to tight control of deficits, and in particular cuts in current as well as development expenditure.

Botswana has strong trading links with the EU which accounts for 80% of its exports and 9% of its imports. The new SACU Agreement came into force in July 2004. Negotiations for the future SACU-USA FTA were at year end still ongoing. Botswana benefits, until end 2007, from the status of “Lesser Developed Beneficiary Country” under the USA AGOA-III. Her performance in the implementation of the Kimberley diamond certification scheme has been praised. Negotiations for EPAs under the Cotonou Agreement were launched in July 2004. Countries negotiating an EPA as part of the “SADC configuration” are, besides Botswana, her BLNS partners, Angola, Mozambique, and Tanzania (with South Africa participating as observer).

The country maintains strong public finance management systems, characterised by a high level of predictability and transparency. Prudent macroeconomic policies have allowed budget surpluses in all but four years over the past two decades. The budget was in deficit by 1.4 billion Pula in 2002/03 but in surplus by 574 million Pula in 2004/05. The 2005/06 budget is essentially balanced, with development expenditure representing 24% of total expenditure, an increase by 12% over the revised 2004/05 estimate. Emphasis is placed on implementation of fiscal reforms, improvement in expenditure efficiency, targeting, monitoring, cost control and recovery. Privatisation however progresses at a slow pace.

Important challenges are to maintain the pace of social development, poverty reduction (30% of the population living below the Botswana poverty line, Gini coefficient of 0.573 in 2003), unemployment (national average of 23% in 2002/3) and roll out the HIV/AIDS anti-retroviral (ARV) therapy to those in need (overall HIV prevalence of 17.1% in the [18 months & above], over 35% in the [15-49 years old]). Expenditure in social sectors remains a very significant proportion of total expenditure (45.6% of in the 2004/5 revised estimate). ODA represents since 2000 some 0.6% of GDP only.

Important policy and legislation initiatives have been undertaken in 2004 and will be pursued in 2005, notably in the field of environmental.

Implementation of EDF 6 and 7 nears completion while the one of EDF 8 is well underway and run now mostly smoothly. The level of implementation of Government policies and plans in the focal sector of Education and Training is satisfactory, as well as the high level of financial commitment to joint projects. Monitoring of achievements at outcome and output levels remains difficult due to the lack of appropriate indicators.

The MTR of the CSP/IP for EDF9 was completed in November 2004, concluding to the appropriateness of orientations and allocations, and resulting in the transfer of 11 M€ from envelope B to envelope A to be allocated to the Education and Training Sector Policy Support Programme (E&T SPSP, 42.2 M€, 4 years from 2005/06). The latter will be requested for financing in 2005, after an agreement has been reached on a full matrix of process and output/outcome indicators for disbursement of budget support. Support to capacity building for the NSAs has been appraised (5.5 M€) and a programme for strengthening the capacity of the Ministry of Local Government for the implementation of its community-based programmes will be prepared in 2005.

Following losses in export in 2003/4, Botswana has, through the Flex mechanism, accessed 8.06 M€ of her Envelope B. The latter is now exhausted with the project Economic Diversification of the Mining Sector (30M€), ECHO's drawing rights and the Peace Facility.

The Commission maintains its close political dialogue with Government in line with the objectives of economic diversification, poverty reduction, equity and community development. Dialogue with NSAs also intensified in 2004 but meets various constraints related to the lack of organisation, representativeness and channels for communication.

2. Update on the political, economic and social situation

2.1 Political Situation

Botswana is one of Africa's success stories of sustained economic growth, anchored in good governance, peace, political stability and sound macroeconomic management. The country has a multiparty constitutional democracy and free and fair elections are contested every five years. The 9th general elections of October 2004 renewed the mandate of the party ruling since independence, the Botswana Democratic Party (BDP), which won 44 of the 57 constituencies (13 more than in the 1999 elections). His Excellency Mr. Festus Mogae was re-elected as President for a second term. Twelve constituencies went to the Botswana National Front (BNF) and one to the Botswana Congress Party (BCP), a splinter group of the BNF. Four specially elected MPs bring the total number of seats to 61. Twenty MPs of the BDP entered Parliament for the first time. Female representation is low among elected MPs (four women) but high in specially elected MPs (three).

The 2004 Botswana Parliamentary and Local Elections was the 3rd electoral process assessed on the "*Principles for Election Management, Monitoring and Observation in the SADC Region*" (PEMMO)¹. The elections were considered free and to a large

¹ These principles were recently adopted by the Electoral Commissions Forum of SADC countries (SADC ECF) and the Electoral Institute of Southern Africa (EISA).

extent fair. Recommendations have been made by the EISA for further improved fairness, in relation to PEMMO ².

The President nominates Cabinet and has executive powers. Draft National Assembly bills of tribal concern must be referred to the House of Chiefs, representing subgroups of the Botswana tribes, for advisory opinion. Other leaders preside over customary courts. All persons have the right to request that their case be considered under the formal British-based legal system. The roots of Botswana's democracy lie in Setswana traditions, exemplified by the *Kgotla*, or Village Council, in which the powers of traditional leaders are defined and limited by custom and law. Presented to the House of Chiefs in early 2004, the Constitution Amendment Bill No. 34 of 2004, published in December 2004, has a double thrust of (i) rendering the Constitution neutral with respect to tribe and gender and (ii) restructuring of the Attorney General's Office.³

Civil and political rights are entrenched under the Constitution. The latter has a code of fundamental human rights enforced by the courts. There is freedom of association, of worship and of expression. The country is party or signatory to core treaties on human rights, with the exception of the UN Convention on Economic, Social and Cultural Rights. The translation of the ratified Conventions into national laws and practice has been in some instances relatively slow, such as with the Convention on the Elimination of Racial Discrimination (CERD)⁴. Government has, in 2003, set up an Inter-Ministerial Committee on Treaties, Conventions and Protocols to strengthen compliance with reporting on their implementation⁵. Botswana signed in 2003 a bilateral agreement ("Article 98 Agreement") with the USA preventing the extradition of US citizens present on the national territory to the International Criminal Court⁶.

The Botswana Constitution is based on the separation between the legislative, executive and judiciary powers. The legal system functions well but lacks capacity to deal with the number of cases, resulting in overcrowding of prisons⁷. The Office of the Ombudsman demonstrates independence and effectiveness. Standards of conduct in political, civil and commercial life are high in Botswana. Allegations of corruption or misuse of position are not common and appear to be systematically pursued by the independent Directorate for Corruption and Economic Crime

² Interim Statement EISA Election Observer Mission to the 2004 Botswana Parliamentary and Local Government Elections, <http://www.eisa.org.za/WEP/bots2004is.htm>. These recommendations concerned (i) access to media and public resources; (ii) public funding of political parties; (iii) review of the electoral system to ensure a more balanced gender and political party representation; (iv) increase predictability through a constitutional provision for elections date; (v) revise appointment procedures of the Independent Electoral Commission (IEC) and its secretary to strengthen independence and impartiality, and re-inforce the All-Party Conference to build consensus and trust in the IEC; (vi) decentralisation of the counting process at polling station immediately after closure of the voting.

³ Transfer of prosecution powers from the Attorney General to the proposed office of the Director of Public Prosecutions (DPP).

⁴ While Botswana ratified the Convention in 1974, she did not submit a report to the Supervising Committee of the Convention before 2002 (next one is due in March 2005). The Committee considered the report weak which led i.a. to the Government setting up an interdepartmental committee with the aim of better complying with the various Conventions ratified.

⁵ Four reports to the UN are currently outstanding: two on the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), one on the Convention Against Torture (CAT) and one on the International Convention on Civil and Political Rights (ICCPR).

⁶ The Agreement (ICC Protocol) is subject to yearly renewal in July but is automatically renewed, on indefinite terms, if none of the parties wishes to revisit it.

⁷ Overcrowding by 75% over the 4,000 inmate capacity, with corresponding risks for health (particularly HIV/AIDS) and increased violence (rapes included) within the prison walls. The standard of prisons is relatively poor by international standards.

(DCEC). Some concerns are expressed concerning the independence of the DCEC and appointment procedures of its Director.

Concerns are expressed about the fact that homosexuality is illegal; about the dominant position of Government in relation to the media⁸; about the death penalty, applied in specific murder cases; and the practice of corporal punishment in schools. It is recognised that dialogue between Government and communities such as the San (or Basarwa) needs to be intensified on their aspirations for their own development, and on ways to enhance programmes that will empower them socio-economically. Basarwa groups have challenged Government in court over the constitutional basis of their resettlement from the Central Kgalahari and the way it was implemented. Hearings, interrupted in November 2004, will resume in January 2005.

The restructuring of the SADC⁹ has slowly progressed. The regional 15-year development plan "Regional Indicative Strategic Development Plan¹⁰" was launched in March 2004. Botswana signed the SADC Protocol on Forestry in 2004, while the Protocol on Politics, Defence and Security Co-operation came into force in March 2004. The Finance and Investment Protocol is expected to be signed in 2005. In August 2005, Botswana will take over Chairmanship of the SADC from Mauritius.

A migration profile is included in Annex 11. The resident population of Botswana consists of some 96.6% own nationals and 3.4% immigrants, mostly from neighbouring and other SADC countries. Most Botswana migrants (close to 3% of the population) go to South Africa (many are employed in mines, though to a decreasing extent, or study there), and other neighbouring countries. Cross-border traffic between South Africa and Botswana has increased tremendously over the past decade. Concerns are expressed over the large number of illegal immigrants from Zimbabwe (which has dramatically increased over the recent years, as the political and economic situation has deteriorated in the neighbouring country), without legal status and income, and potential consequences on crime and sanitary threats from uncontrolled movements of animals and their products across the border.

2.2 Economic Situation

2.2.1 Economic situation, structure and performance

Major economic parameters are presented in Table 2, p. 13. GDP stood at some 40 billion Pula in 2004. Four sectors accounted in 2003/04 for over 70% of GDP: mining (34%), government services (16%), trade/hospitality and financial/business services (11%), a structure quite stable over the past 10 years.

In spite of sustained efforts towards economic diversification, the economy remains largely driven by the mining sector, in particular diamonds. This sector, though

⁸ Principles of the mass media bill will be laid down early 2005 - involving stakeholders' consultation - before being proposed for approval to Parliament in the first half of 2005. The Attorney General's Chambers will then be requested to draft the bill on that basis. The draft document is a product of a task force that included representatives of the Press Council, the Media Institute of Southern Africa (MISA) and the Editors' Forum.

⁹ Southern Africa Development Community. SADC has currently 13 members: Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The Seychelles decided to withdraw from the SADC with effect from mid 2004.

¹⁰ The RISDP identifies strategies and programmes in various areas of intervention, major ones being poverty eradication, the fight against HIV/AIDS, gender equality and development, Science, Research & Technology (SRT), and Information Communication and Technology, ICT. The RISDP will guide both SADC Member States and Development Partners, and assist in the identification of regional projects.

main contributor to national wealth, is capital- rather than labour-intensive and accounts for only 3% of total employment in the formal sector. Diversification of the economy away from mining is regarded as critical to lessen economic vulnerability and promote employment.

In spite of Government plans for intensification of crop and livestock production, agriculture and agro-processing further shrank from some 5% in the early 1990s to 2.3% of GDP by 2003. The sector, however, represents a substantial proportion of the rural income (50% of the total population), accounts for some 20% of total employment, and is source of exports (beef). Constraints to agricultural expansion are the semi-arid climate, recurrent droughts, poor soils, low investment levels, low technology levels in traditional farming, and more recently a series of Foot and Mouth Disease outbreaks. An ostrich export abattoir has been approved for EU exports in 2004.

Manufacturing accounts for only 4 to 5% of GDP, but employs about 10% of the people active in the formal sector. Government supports the manufacturing industry through a concessionary company tax rate of 15%. The textile industry is seen as particularly promising in the context of trade arrangements such as AGOA-III (see 2.2.2). Tourism represents about 5% of GDP. Services, including financial services, represent close to 50% of GDP. Government has identified the development of international financial services as an area with great potential for economic diversification in Botswana.

Constraints to economic diversification are: inadequate levels of investment, small domestic market, mismatch between labour skills and the needs of the market, low productivity, non competitive production costs (landlocked situation, high utilities costs), remoteness from export markets, etc.

A strong economic growth has been recorded over the past decades. In recent years, it averaged 5.9% p.a., with minimum of 2.1% in 2002 and maximum of 8.6% in 2001. Real GDP growth was 5.7% in 2003/4 and projected at 4-5% for 2004/5 and 2005/6 (2005/6 Budget Speech). Main factors influencing GDP growth were (i) an increase in mining output and revenue (2002/3), (ii) slowdown in the diamond market (low market prices in 2001/2, appreciation of the Pula against the USD but depreciation against the Rand in recent years - hence increased import costs from South Africa), (iii) severe drought affecting the region in 2002/3, and successive outbreaks of Foot and Mouth Disease in 2002 and 2003. Mining sector outputs, however, are expected to increase. The extent to which this will compensate losses in relative terms is yet to be assessed.

Though their results for the past year are not yet known, some loss-making parastatals have in 2004 turned around, most notably the Botswana Telecommunications Corporation. The Botswana Meat Commission remains a serious concern for Government, in particular given its current role in beef exports to the EU. Privatisation progresses slowly.

Preliminary 2004 balance of payments estimates (Bank of Botswana) indicate an overall surplus of 727 million Pula and a current account surplus of 3.9 billion Pula. This larger surplus over 2003 is explained mainly by an increase in export revenues stemming from diamond, nickel and copper. Mineral prices in USD indeed rose in 2004 by 14%, 40% and 60% for diamonds, nickel and copper respectively. Diversification of the sector away from diamond will be further pursued, including into diamond cutting and polishing. Gold production started in 2004 at the Mupane Gold Mine near Francistown. The renewed Jwaneng mining lease in December 2004 also provides for the development of in-country diamond manufacturing. Employment capacity of the latter sector has grown by 210% in 2004 to 2,350

workers.

Foreign exchange reserves were estimated at 24.3 billion Pula at the end of 2004, providing for some 22 months of imports of goods and services (down from 26 months in 2003).

Inflation remained high in 2003 at 9.2% on average (Figure 8.2, Annex 8) while a decline was initiated mid year (8.7% in July) as the impact of the introduction of VAT a year before phased out. This downward trend was maintained to the end of the year (6.4% in December, close to the target of 4-6%). In addition to the phasing out of the VAT effect, a decline in domestic demand and in government expenditure, lower external inflationary pressures, in particular in South Africa, and domestic competition assisted in maintaining lower inflation levels. They limited the impact of the 7.5% devaluation of the Pula in February 2004 to an estimated additional 2-3 inflation percentage points in the first half of 2004. Average annual inflation in 2004 stood at 7%, compared to 9.2% in 2003.

The Botswana Pula¹¹ appreciated against major currencies (Rand, Euro and USD) in recent years (Figure 8.3, Annex 8). While, in a vow to control inflation, no devaluation of the Pula was effected in 2001, in spite of its significant appreciation against the Rand (+22%), a 7.5% devaluation was implemented in February 2004 to reverse the real effective appreciation trend. This was expected to contribute to boosting exports and domestic production in specific export sectors, such as textiles, mining, and tourism. The real effective exchange rate has since again appreciated, partially offsetting the effect of the devaluation.

2.2.2 Integration in the world economy and trade arrangements

The SADC average economic growth in 2003 of 3.2% in real terms hides important national disparities (range from -11% to +17%), and remains globally well below the 7% target needed to achieve the MDGs. It is currently estimated that 40% of the SADC population live in poverty. Following several years of drought and resulting low agricultural outputs, the SADC region has suffered food deficits in successive years, estimated at some 5.5, 3.0 and 1.1 million tons in 2002, 2003 and 2004.

Botswana, given its small population and landlocked situation, has opted for regional integration and open market policies in order to benefit from foreign investments, free trade and economies of scale. It is however acknowledged that quality products are a pre-requisite to penetrate well-established markets. The country is an active member of various regional, continental and world organisations and institutions such as the SADC, SACU¹², African Union, Africa Development Bank, United Nations, Commonwealth, and signatory to global partnership agreements such as the ACP-EU Cotonou Partnership Agreement and NEPAD.¹³

The new SACU Agreement, signed in October 2002, came into force in July 2004. The Agreement provides for the establishment of various institutions and results in more favourable terms for Botswana in terms of the determination of customs tariffs and formula for the share of customs revenue among SACU members. In spite of globalisation and specific agreements of other SACU partners (e.g. TDCA¹⁴

¹¹ Pegged to a basket of currencies composed of ZAR, USD, Euro, GBP and Japanese Yen.

¹² Southern Africa Customs Union, common customs area between South Africa, Botswana, Lesotho, Namibia and Swaziland.

¹³ New Partnership for Africa's Development.

¹⁴ Trade Development Co-operation Agreement

between the EU and South Africa), the market remains important, even more so in the context of the future SACU-USA Free Trade Area. Negotiations for the latter, launched mid-2003, are still ongoing. Botswana benefits, through a special dispensation, from the status of “Lesser Developed Beneficiary Country” under the USA Africa Growth and Opportunity Act (AGOA III ¹⁵) until end 2007.

Botswana pursues very actively the implementation of the Kimberley diamond certification scheme¹⁶, of particular importance to the national economy, since the publishing early January 2003 of its “Export and import of rough diamonds regulation - 2003”. The legislation in place, its enforcement and the quality of statistics and reports produced by Botswana have been praised and the country has been unanimously designated as Vice Chair of the Process for 2005 and Chair in 2006.

Botswana’s main trade partners are the SACU countries (85% of Botswana imports) and the EU (80% of its exports). The composition of imports reflects the country’s low agricultural outputs and high investments in development while the one of exports testifies of the high and increasing dependency on diamonds (Table 1). The latter accounted for 58% only of all exports in the period 1980-1984 (vs. 13% for animal products). The trade balance has been in structural surplus over the past 10 years.

Table 1. External trade partners and composition (1999-2001)

Country/region	SACU	Zimbabwe	EU	USA	Others
Exports	7.6%	2.5%	80.0%	0.4%	8.8%
Imports	85.1%	0.6%	9.1%	0.8%	4.3%
Commodity	Food/ beverages	Machinery / equipment	Vehicles / transport	Metal (products)	Others
Imports	14.0%	20.2%	13.2%	7.9%	44.7%
	Animal (products)	Diamonds	Copper/ Nickel / soda ash	Vehicles / parts	Others (incl. textiles)
Exports	1.8%	78.3%	10.0%	3.6%	6.3%

Source: CSO Statistics

Negotiations for Economic Partnership Agreements (EPAs) under the Cotonou Agreement were launched on July 8, 2004 in Windhoek. Countries negotiating an EPA as part of the “SADC configuration” are Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and Tanzania (with South Africa participating as observer)¹⁷. Botswana plays a very active and constructive role in the EPA negotiations through the appointment of her Minister of Trade and Industry (MTI) as Chief Coordinator of the group, her Ambassador in Brussels as coordinator at Brussels level, the secondment of the Director for International Trade, MTI, as Chief Technical Advisor to the EPA unit created in 2004 within the SADC Secretariat, and prompt financial contribution to the functioning of this unit.

¹⁵ AGOA III extends the Act’s expiry from 2008 to 2015 and reconfirms the waiver from the rules of origin for yarn and fabric for the “Lesser Developed Beneficiary Countries” (LDBCs) until December 2007.

¹⁶ Whose implementation in the EU is regulated by the EU Council Regulation EC 2368/2002 of 20.12.02

¹⁷ Other SADC members (DRC, Malawi, Mauritius, Zambia and Zimbabwe) are negotiating EPAs, with other countries as the “Eastern and Southern Africa” group - ESA.

The lack of public awareness about the EPA and the opportunities and challenges it creates is slowly changing. No strongly articulated anti-EPA position has so far emerged. The Delegation has initiated various information activities to raise public awareness.

The technical capacity in the Ministry of Trade and Industry (MTI) is limited. Below the level of Deputy Permanent Secretary, international trade issues are dealt with by six staff members (one of whom currently on secondment at SADC). Capacity is further stretched by Botswana's membership of two regional organisations, SACU and SADC. Important trade negotiations include the implementation of the SADC Trade Protocol, SACU-US FTA negotiations, the recently concluded Mercosur Preferential Trade Agreement (PTA), WTO Doha Development Agenda (DDA) and EPA negotiations. SACU negotiations on trade agreements with India and China will soon be added to this list.

A National Committee on Trade and Policy Negotiation, coordinated by the MTI and including representatives from public and private sectors, trade unions and NSAs, was created in March 2004, with tasks of advice to government on policy formulation and positions regarding bilateral and multilateral trade negotiations (including regional integration initiatives). It meets quarterly while specific technical sub-committees provide more regular inputs.

2.2.3 Public Financial Management and Budget execution

A participatory and transparent political system has, combined with good and disciplined political leadership, limited the incidence of corruption in Botswana. According to Transparency International's Corruption Index, Botswana has for many years been ranked among the least corrupt countries (30th rank worldwide in 2004) and the best in Africa. Botswana's public finance management (PFM) is characterised by a high level of predictability and transparency. It makes reference to the Constitution, based on the separation between legislative, executive and judiciary powers, and to the 1997 revised Finance and Audit Act. The latter fully specifies budget execution procedures and control mechanisms. The various operations (commitment, accountancy and liquidation) are independent; internal and external control functions are distinct responsibilities and the whole process is transparent. Internal control, the ex-ante and ex-post control of expenditure are responsibilities of the MFDP.

The annual budget (April to March, after debate and adoption by Parliament), is prepared by the MFDP, integrates the objectives and financial engagements projected by the NDP, taking into account budget constraints (macro-economic performance, including revenue), level of budget balance, and emerging spending priorities. The MFDP sets envelopes available to each Technical Ministry for recurrent and development expenditure (considered as residual). As a rule, expenditure reduction only concerns new projects. The budget is revised in September-October in view of the macro-economic context. Most of these documents are available to the public through various media, including Government website.

Botswana participates in the General Data Dissemination Standard of the IMF. Core statistics for economic surveillance are available monthly, including to the public, and of adequate quality. Central Statistics Office (CSO) enjoys appropriate legal and institutional framework, as well as resource endowment. Areas for improvement are the reduction of the time lag in compiling data and the

development of a unified accounting period for all statistics, allowing the preparation of an integrated set of economic data.

The Botswana Constitution provides for an Auditor General (AG), supreme audit authority, whose role and independence are laid down in the Finance and Audit Act. The AG Office audits all public accounts of Botswana. Its annual report is presented by the MFDP to the National Assembly. The prime objective of the AG Office is to enhance national socio-economic development through sound financial management and accountability for public funds and assets. Independence - in principle and practice - of the AG, and public availability of relevant documents testify of best international standards and practices. Main constraints are available resources, which have not increased in line with the volume of funds to audit, and staff retention.

The Public Procurement and Assets Disposal Bill, approved by Parliament in 2001, entered into force in July 2002 when the Public Procurement and Assets Disposal Board, created through the Act, started its operations. Current public procurement and assets disposal procedures are consistent with best international practices and with the WTO Government Procurement Agreement. Botswana maintains several areas of national reservation or preference for public procurement. The Director of the Directorate on Corruption and Economic Crime (DCEC) enjoys, under the Corruption and Economic Crime Act (1997), extensive powers for the delivery of his mandate and can be granted prosecution mandate by the Attorney General's Chamber. Botswana is a full member of the Anti-Money Laundering Group (ESAAMLG) and the Memorandum of Understanding signed in this context addresses, beyond money laundering, issues pertaining to the financing of terrorism.

- **Budgets**

The Government of Botswana has pursued prudent macroeconomic policies that have allowed budget surpluses in all but four years since 1982/83. Expenditure and net lending are adjusted to projected revenue and grants at the beginning and half way of the financial year, due to a strong commitment to keep budgets in balance or in limited deficit. Over the past four years, budget outturns ranged from a deficit of 1.40 billion (2002/03) to a surplus of 574 million Pula (2004/05). The 2005/06 budget is based on the assumption of a 4-5% GDP growth rate and essentially balanced. Revenue and grants (20.6 billion Pula) are derived mostly from mineral (48%), Customs and Excise (17%), as well as Non-Mineral Income Tax (13%) and VAT (10%). Development expenditure represents 23.6% of total expenditure and grows by 12% over the revised 2004/05 estimate.

Government has defined a "sustainability ratio" as the ratio of non-investment recurrent expenditure to non-mineral domestic revenue. This ratio ideally should be less than 1, and not greater than 1 for any extended period of time. It is based on the principle that revenue derived from non-renewable resources (mineral) should be used only for development purposes. Health and education are considered as investment in human capital and therefore recurrent expenditure in these sectors are not taken into account in the calculation of the ratio. In the absence of an explicit reference to expenditure for the fight against HIV/AIDS, it seems logical to treat it as education and health related expenditure, whatever its sectoral allocation.

Enhancement of budgetary discipline is addressed through further implementation of fiscal reforms (introduction of VAT in July 2002, creation of the Botswana Unified Revenue Services in 2004, full enforcement of the VAT legislation and enhanced VAT auditing), better targeting and improved efficiency in budget expenditure, improved monitoring of programmes implementation and control of

development expenditure, performance of public services, efficiency gains, cost savings, and cost recovery mechanisms in some sectors, including transport and education and training.

Taking into account Botswana's economic structure and the uncertainty as to external factors, the 9th National Development Plan, NDP9 (2003/4-2008/9) considers three medium-term economic scenarios, with as main variable the diamond prices in USD in real terms. In the base case scenario, assuming an annual growth rate of 5.5%, budgets will be in slight surplus in each of the five years covered by the plan (0.08 to 0.3 billion Pula according to the year). The International Monetary Fund (IMF 2003 Article IV Consultation) expenditure estimates are substantially higher in each of the four years from 2005/06, leading to an overall deficit in each year (about -0.1 to -0.5 billion Pula). They anticipate a lower GDP growth of 3.5% during the plan due to the plateauing of diamond production and the HIV/AIDS pandemic. It is difficult to appreciate these different scenarios particularly because of the uncertain impact of the HIV/AIDS epidemic on the economy as a whole and in terms of public expenditure. In the medium term, the situation is expected to be relatively comfortably managed in economic terms. The main challenges are to maintain the pace of social development and poverty reduction and roll out the HIV/AIDS anti-retroviral (ARV) therapy to those in need.

Expenditure in social sectors (Table 8.4, Annex 8) consistently represents a very significant proportion of the successive budgets (45.6% of total expenditure in the 2004/5 revised estimate, health 10.9% and education 25.2%), confirming the country commitment to social development.

The evolution of external assistance to Botswana followed a downward trend over the last decade and represents since 2000 some 0.6% of GDP only.

Table 2. Key Macro-Economic Indicators

	2000/01	2001/02	2002/03	2003/04
GDP/capita, €	3,641	3,624	3,470	3,981
(exchange rate ¹)	(4.6614)	(5.0985)	(5.9800)	(5.5289)
Foreign Trade:				
share of exports, % GDP	61.3	48.8	43.9	39.3
Trade balance, % GDP	23.6	12.0	10.4	7.1
Exports: diamonds/total, %	85.0	84.5	85.7	82.9
Imports, % GDP	37.7	36.8	33.5	32.2
Government budget:				
value, % GDP	40.3	42.8	42.8	40.8
surplus/deficit, % GDP	9.0	-3.0	-3.8	-0.2
Share of Public Spending on:				
health/education, %	30.3	30.9	29.6	33.4
Military, %	8.7	9.6	9.2	9.0

Source: Budget Speech 2005/6; all in current prices; ¹ As per InforEuro rates

2.3 Social situation

2.3.1 Achievements in the social sectors

The 2001 census estimated Botswana population at 1.7 million, growing at a rate of 2.4% p.a. The population is highly urbanised (49% of the population in 2000) and has a high dependency ratio of 105 % (48% of the population are less than 10 years

old¹⁸ and 3% are 64 years old and above¹⁹). The actual dependency ratio is probably much higher in the context of high unemployment.

Table 3 below shows the evolution between 1993 and 2004 of the ten indicators selected among those of the Millennium Development Goals (MDGs) to reflect achievements towards development. At the time of formulation of the present report, the 2003 and 2004 values are still missing for many indicators. Botswana has developed from one of the 10 least developed countries worldwide at independence in 1966 into a middle-income country. Outstanding achievements, exemplified by a number of Millennium Development Goals (MDGs) indicators have been recorded in the delivery and outcomes of social services such as health care (over 90% of births attended by skilled health personnel), access to safe water (over 90% of the population), education (net enrolment in primary education [7-13 years] of over 95%), and impressive progress towards gender parity in most formal education. With respect to NER in primary education, CSO has referred to the age group [7-13] until 1999 and to the age group [6-12] from 2000 onwards, to reflect the Government's policy to encourage enrolment at the age of six. Table 3 therefore indicates both.

The country currently belongs to the "Medium Human Development" group of countries. The Human Development Index, HDI, steadily increased between 1975 (0.494) and 1990 (0.653), declining thereafter to the 1980 level in 2000 (0.572) (Figure 8.6, Annex 8) due mostly to the dramatic shortening of life expectancy²⁰ due to HIV/AIDS as the other variables composing the HDI remained stable or improved (Figure 8.7, Annex 8). The devastating effect of HIV/AIDS is also reflected in the under-five mortality rate which, according to CSO, increased from 63 to 74 ‰ live births between 1991 and 2001²¹. Indicators other than population below 1USD/day, life expectancy and under-five mortality are either improving or fluctuating at high levels.

Indices for 2001 showed an encouraging trend with a HDI value of 0.614 and seemingly life expectancy recovery, hopefully to be confirmed in the coming years.

Figures reported by UNDP and CSO are discrepant for some parameters (notably life expectancy and under five-mortality rate).

¹⁸ Botswana Education For All National Action Plan, 2002.

¹⁹ Human Development Report, 2002, UNDP

²⁰ 44.4 years in 1995-2000, from 53.2 years in 1970-75 (HDR 2002, UNDP)

²¹ Botswana Child Monitor: a Bulletin of Recent Events, Statistics and Acquisitions About Children, January-June 2005 - consolidated by UNICEF.

Table 3. Evolution of the 10 selected MDGs indicators between 1994 and 2003

Type	Indicator (in %, except otherwise)	1994	1996	1998	2000	2001	2002	2003
Impact	Proportion of population below USD 1 per day.	20.2			n/a	33.3 ⁽¹⁾		23.4
	Prevalence of underweight children (under five years of age)	12.5	12.8	18.0	13	8.7	7.7	7.1
	Under-five mortality rate, ‰	56	45	67	75	74		
Outcome	Net enrolment ratio in primary education [7 - 13 years] [6 - 12 years]	95.9 n/a	97.9 88.5	98.7 89.6	100.1 ⁽²⁾ 90.1	95.3 87.2	100.2 89.0	97.8 86.9
	Primary completion rate	75	78	81	94.3	94.0	94	92
	Ratio of girls to boys in: - Primary education - Secondary education - Tertiary education	102 111 71	100 114 76	98 112 77	98.7 108.4 96.2	98.5 108.1 94.9	98.0 109 84	97.6 ⁽²⁾ 108 85
	Proportion of births attended by skilled health personnel	92.7	96.6	94.6	97.3	92		
	Proportion of 1 year old children immunised against measles		74		83	77	79	90
	HIV prevalence - Among 15-19 year old pregnant - Among 20-24 year old pregnant	20.7 31.5	27.2 40.9	28.6 42.8	22.9 39.1	24.1 39.5	21.0 37.4	22.8 38.6
	Proportion of population with sustainable access to an improved water source				96.5	96		

Central Statistics Office (CSO) for all data, except (1) UN Human Development Report, period 1983-2000 for indicator 1;

Empty cells = data not available (none for 2004); ⁽²⁾ Values above 100% to be checked.

2.3.2 Education and Training

Education and Training (E&T) is identified as a critical area for economic development and technological change. Over the last 35 years, the education system has expanded tremendously to accommodate the population growth and needs of the country, as reflected in outstanding achievements in enrolment at both primary and secondary levels. In 2001, the Net Enrolment Ratio at primary level (6-12) was 87.2% in 2001, and the transition rate from primary to Junior Secondary level was 96%. Girls represented 49.4% and 51.9% of total enrolment at primary and secondary levels respectively.

The limited number of places in the senior secondary levels, however, is a major constraint to increasing transition rates to Senior Secondary school (currently 50%). Fifteen percent of the junior secondary school leavers enter vocational institutions and the remainder (35%) become unemployed, which compounds poverty. Furthermore, achievements of secondary school leavers do not match the needs of the labour market or requirements for progressing to higher education, hence the bridging programmes established by UB. Dropout rates remain high in Botswana,

with as main reason “desertion” (86 and 45% at primary and secondary levels in 2001). The high frequency of pregnancies at secondary level (38% of drop-outs), but also at primary level (1.8%), may however testify of a gap in achieving the objective of the education system of informing and changing behaviour with respect to HIV/AIDS. The MoE implements a policy of re-admission to school of girls after delivery.

Vocational Education and Training (VET) exists under two forms, institution-based and work-based. Total enrolment in public and private institutions was estimated at some 21,500 students in 2001, 35% of which were female. The Botswana Technical Education Programme (BTEP) is a modular programme in selected areas of VET with curricula delivered at international standards. Apprenticeship schemes are hampered by the limited capacity of the industry to provide on-the-job training. Tertiary education is available at University of Botswana (UB, 11,700 students in 2001) and other institutions. A second university is planned under NDP9, focusing on science and technology. There is a severe shortage of skilled and experienced teachers in the VET system and of university lecturers. Close to 25,000 students benefited in 2002 from scholarships for tertiary education, specialised colleges and VET institutions, in and outside the country. The management of the scheme, which amounted some 1 billion in 2002, needs strengthening.

In terms of *financing* of the sector, the period of NDP8 has seen a contraction of the development budget for education (-0.9% p.a. vs. an increase of 11% p.a. globally ²²) while education recurrent expenditure grew slightly faster (20.2% p.a.) than total recurrent expenditure (19.5% p.a.). The declining trend recorded under NDP8 is being reversed in the first years of NDP9 ²³ and the sector received the largest budget allocation in 2005/6 (5.1 billion Pula, i.e. +8% over the 2004/5 revised estimate), i.e. 25% of total expenditure and net lending. Current financial constraints and the uncertainty of medium-term perspectives, however, are likely to hamper sectoral allocations allowing for the same growth rate recorded in the latest years.

While NDP9 clearly indicates the sector’s needs and programmes to be implemented (without prioritising them), budget execution reveals difficulties in project implementation and a lack of clearly set priorities for expenditure. The impact of cuts in education development expenditure - along with all other sectors - during several difficult years has accumulated over successive years and has impeded implementation of National Development Plans. Emphasis appears to be placed on junior and senior secondary schools, to address the bottlenecks in terms of places. Infrastructure planning in the MoE to reduce drop-out rates and ensure full enrolment needs strengthening. Maintenance of school infrastructure seems problematic due to the inefficient utilisation of maintenance funds and complex and time-consuming procedures for servicing. The pattern of education expenditure needs to be revised and prioritised, and the national plans for E&T must include plans for establishing public/private partnerships based on joint responsibility and cost-sharing.

Many challenges remain to be addressed within a context of declining resources due to macro-economic constraints, including:

- Gearing education more towards the country’s needs and job market;
- Increasing and making more equitable the access to pre-school education;

²² Mainly in health, economic services and housing, urban and regional development.

²³ NDP9 allocates 10.4% and 26.7 % of the total government development and recurrent budget to E&T.

- Optimising pupil/teacher ratio, and improving teacher training and education infrastructure;
- Making more effective use of learning resources and improving the use of ICT;
- Enhancing awareness on HIV/AIDS and promoting behavioural change;
- Decreasing the dropout rates, improving the transition rates from junior to senior secondary; and
- Improving retention and gender balance in Vocational Education and Training

Major objectives of the sector have been prioritised as follows:

- Maintain the trends in Net Enrolment Rate of children 6-12 years while simultaneously improving the quality of basic education and training in the country;
- Improve the quality of learning;
- Minimise and cope with the impact of HIV/AIDS on the education sector;
- Maintain support policies, programmes and related budget;
- Track progress towards the targets set in the MoE Strategic Plan; and
- Provide the pre-requisites/enabling environment for establishing an effective and demand-oriented education system.

Progress has been made in reducing the backlog in statistical analysis by CSO following the 2001 population census. Education statistics for 2002 were available at the end of 2004, and 2003 statistics were due for mid 2005. The time lag in the availability of statistics is of concern for an efficient and responsive monitoring of the sector. Specific sample surveys may assist in more timely progress monitoring.

2.3.3 Health and fight against HIV/AIDS

Similarly to education, remarkable achievements are recorded in the provision of health and water/sanitation services (Table 8.5, Annex 8) compared to developing countries, and in particular Sub-Saharan Africa. Priorities for improving the delivery of health services under NDP9 are efficiency, cost effectiveness, equity in access, quality, retention of skilled personnel, focus on primary level, health promotion and disease prevention, infrastructure and technology development.

Access remains a challenge in rural areas where 81% of the population was, in 1995, within eight kilometres of a health facility as compared to 94% of the urban population, and where availability and cost of transport are constraints.

Public expenditure on health has dramatically increased from 5-5.5% of total expenditure until 2001 to 12.2% in 2005/6, as a result of the scaling up of the fight against HIV/AIDS.

User fees represent a very marginal proportion²⁴ of the financing of public health services, though full cost recovery is implemented for foreigners since 2002 and will be extended to Botswana²⁵.

HIV/AIDS contributes to aggravating poverty, unemployment and inequality, and is also one of their consequences. It invariably draws resources away from other priority areas. Botswana has indeed one of the highest HIV/AIDS prevalence rates in the world with, in 2004, a reported overall prevalence in the population aged 18 months and older of 17.1% and average rates of 25.3% in the population aged 15-49

²⁴ 0.1% in 1993 vs. 7% in the 1970s - NDP9

²⁵ Currently, citizens are charged 2 Pula for a medical visit at public hospitals while medicines are free. Non-citizens are charged 20 Pula for visits and full costs for medicines. Identification as citizen or resident is required before admission to hospital.

(2nd Botswana AIDS Impact Survey)²⁶. Prevalence is the highest in age group 30-34 (40.2%). Women are more infected than men in most age groups, particularly at younger ages. Prevalence is higher in towns (22.0%) than in cities (19.9%) and rural areas (15.8%). Areas close to the eastern border are more affected (E.g. Chobe 29.4%, followed by Francistown 24.6% and Selebi-Phikwe 23.3%).

The pandemic shows so far no consistent signs of being checked. Sentinel surveys in 2001, 2002, and 2003 among pregnant women show a fairly stable HIV seroprevalence of 35.4-37.4%. The disease is currently reversing Botswana's achievements in the economic and social spheres. It erodes gains in health (under-five mortality rate, life expectancy at birth, eradication of tuberculosis, etc.). A sharp drop is being observed in life expectancy at birth, though of varying severity according to the sources. CSO estimated the number of orphans to 78,000 at the end of 2003; some 50,200 were registered with the Department of Social Services by mid June 2005. HIV/AIDS places the health system under considerable stress in terms of physical, financial and human resources. HIV/AIDS-related illnesses accounts for 50-70% of hospital bed occupancy rates. Home-based care (HBC) is common but additional support is required to ease the burden on care givers. There were, by mid 2005, 10,300 HBC clients registered, of which 92% were assisted with the food basket ²⁷.

There is great concern over the possible loss to HIV/AIDS of much of the country's skilled and experienced labour over the next two decades, and a significant reduction in labour supply, productivity, foreign direct investment, and economic growth, unless and until current trends are reverted through the successful implementation of HIV/AIDS programmes.

The Botswana National HIV/AIDS Strategic Framework - NSF - 2003-09" takes a holistic approach, emphasising management, monitoring defined indicators and targets through a specific information system, and defining basic packages for different levels that address the most immediate needs. Indicative costs are to be met by Government, development partners and the private sector. Prevention of infection is the first priority and would, if successful, over the next 10 years, save at least 10 billion Pula in treatment and care. The five key areas are: (i) prevention of HIV infection (9.8% of the funding), (ii) provision of care and support (53%), (iii) management of the national response (5%), (iv) psycho-social and economic impact mitigation (16.5%), (v) supportive environment. The total costs including ARV (1.95 billion P) are 12.62 billion P (increasing from 1 in Year 1 to 4 billion Pula in Year 6).

Government implements, since 2002, an Anti-Retroviral (ARV) drug programme currently being rolled out as part of the National HIV/AIDS Strategic Framework 2003-09. In spite of various constraints which initially slowed down its implementation (lack of human resources in terms of numbers and specific skills, reluctance of the population to behaviour change, and persistence of a strong social stigma attached to the disease), the number of patients enrolled has, in 2004, tremendously increased to 30,600 at year end²⁷, i.e. some 67% of the 45,000 meeting criteria for treatment. Infants represent close to 10% of those on therapy. Gaborone and Francistown accounted for 33 and 15% of the patients on therapy at 29 sites²⁷. The capacity of some sites is in large deficit compared to the needs.

Other programmes geared mostly at prevention of infection include Voluntary Counselling and Testing (VCT), Prevention of Mother To Child Transmission (PMTCT), Condom Procurement and Distribution, and National Blood Safety Programme.

²⁶ Various documents from Government and UNDP report average rates of over 35%.

²⁷ Botswana HIV/AIDS Response Information Management System (BHRIMS), April-June 2005 Report.

Some 60,000 people were tested for the first time between July 2004 and June 2005, 47% of them in the age class [20-29] and 57% women. This calls for intensification of efforts targeting men to know their HIV status.

Over the same period, the proportion of women who tested for HIV at the antenatal clinic (ANC) increased from 74 to 83%, probably as a result of the new policy of systematic testing unless explicit opposition to it. Between April and June 2005, 32% of the deliveries recorded were HIV positive and 16% of HIV positive mothers were neither on prophylaxis or therapy. Additional efforts should be directed at public education on PMTCT benefits.

The use of condoms appears to have dramatically increased over the past years, in particular among the youth²⁸, and is more common in urban than rural areas. The evolution in the protection pattern of people with multiple partners seems encouraging. Distribution through specific channels such as district health teams and civil society, accounting for only 4% together, should be strengthened²⁷.

The fight against HIV/AIDS was the main area of ODA in Botswana, with close to 18 M€ per year in 2003, i.e. 62% of donor resources²⁹. Large funding also originates from the private sector, notably the USA³⁰. It is not easy to capture all financing from all sources while avoiding double counting³¹. An allocation of Government funds equivalent to 1.5 % GDP has been made in the 2005/6 budget for HIV/AIDS programmes³².

2.3.4 Other challenges

Botswana faces, in improving the living standards of its citizens, two main challenges in addition to HIV/AIDS (see 2.3.3):

- *Poverty*

Besides income poverty, Government recognises two other dimensions to poverty: capability^{33 34} and participation.

Successive Household Income and Expenditure Surveys show a decline in poverty as measured by the percentage of the population living below the Botswana poverty line (BWP 100 per person per month in 1997 prices), from 59% in 1985 to 30.3 % in 2002.

Poverty remains however a structural problem and large income disparities are reflected in a Gini coefficient of 0.573 in 2003, hardly reduced for the past two decades. Poverty largely results from high un- and under-employment and limited capacity for sustainable employment creation. These are the consequences of a narrow economic base, which is also capital- rather than labour-intensive, very low agricultural potential due to climatic and soil conditions, low level of skills for the labour market needs, small and sparsely distributed population and the resulting

²⁸ From 16% in 2000 to 72% in 2004 for the age group [15-24] - BAIS II - 2004.

²⁹ Excluding allocations from the Global Fund (18 MUSD over 2 years), not yet disbursed in 2003.

³⁰ E.g. ACHAP (African Comprehensive HIV/AIDS Partnership), public-private partnership between the Government of Botswana, the Bill and Melinda Gates Foundation and the Merck Company Foundation, has dedicated 20 MUSD / year over 5 years. Merck also donates ARV for the ARV programme of Government, MASA. The Baylor University International Paediatric HIV/AIDS Initiative, financed from various grants, operates since 2003 and focuses on research for children with HIV/AIDS and their families, advocacy for children and training of professionals.

³¹ Financing as Trust Funds through the UN may appear both under UN contribution and the Trust Fund donor.

³² Art. IV Consultation IMF, 2005.

³³ Using UNDP capability poverty measure, which includes under-5 mortality rate, female illiteracy and rate of unattended birth.

³⁴ Study of poverty and poverty alleviation in Botswana - MFDP - Vol. 1 - BIDPA 02/1997.

small internal market. Foreign Direct Investment, required to boost the strategy of using private sector as engine of growth and employment, fails to show any consistent increasing trend.

Factors of vulnerability include remoteness, gender, ill health, lack of access to physical assets, financial resources, and to markets. Remoteness in particular appears to play a major role. For a national average of 23.4% of people living below USD 1/day, values of 5.1, 19.3 and 36.1% in cities/towns, urban villages and rural areas respectively³⁵. Income disparities have been slightly reduced in cities and towns over the last 10 years while they have increased in urban villages and rural areas. Weakening of traditional solidarity mechanisms exacerbates the impact of vulnerability factors³⁶.

Botswana has made remarkable progress in reducing capability poverty through education and training, health and nutrition. However, capability remains still quite low for some groups and some geographic areas. For example, illiteracy rates are higher in the western region and the pass rates (grades A to C) at primary school leaving examination in 2002 were much below the national average (79%) in two districts (Ghanzi - 69% and Kgalagadi - 66%). In a review of the Remote Areas Development Programme (BIDPA, 2003), communities identified access to education, in particular at secondary level, and sensitivity of the system to their needs, as remaining constraints. Health matters were not reported as a major problem, though HIV/AIDS could spread very rapidly.

While Botswana has a tradition of popular participation through the Kgotla system and decentralisation to local authorities, further decentralisation to communities is needed and education and training will aim at enhancing the ability of the poor to truly participate in development processes.

In spite of being drought prone and of a high incidence of poverty, Botswana have been mostly protected from hunger through the implementation of specific feeding programmes and adequate social safety nets financed by government budget. The results from a comprehensive review of previous anti-poverty schemes in 2002 were fed back in the 2003 National Strategy for Poverty Reduction.

Prospects at year end about the rainfall 2004/5 are worrying and Botswana may, in 2005, be facing the worst drought in 20 years. The drought would mainly affect the poorest population segments and rural areas.

- *Unemployment*

Employment is influenced by a multitude of factors, including economic growth, demographics, and education enrolment. Economic growth is mostly based on the capital-intensive mining sector while the agricultural sector, highly labour-intensive, has shrunk over the years (to less than 3% in 2001/2002)³⁷. Retrenchment in some sections of the economy may have contributed to unemployment. The majority of new jobs are created in the private sector and more are created in the informal than the formal sector. Employment is increasingly skill-intensive and many of the unemployed are relatively young people with low education and no skills. One of the priorities of Government remains, as in the past, heavy

³⁵ 2002/3 Household Income and Expenditure Survey (HIES)

³⁶ Botswana MDG report 2004 (final draft)

³⁷ The country's agricultural development programme, NAMPAAAD, could however boost jobs in agro-processing industry and manufacturing.

investment in Education and Training (E&T) to address the problem of lack of skills³⁸.

With a national average unemployment rate of 23% in 2002/3, women were more affected (26.3%) than men (21.4%), and urban villages (29.6%) more than cities/towns (18.5%). Unemployment was very high amongst young people (e.g. close to 50% in [20-24] age group) and did fall below 20% for age category [30-34]³⁵.

2.3.5 Achievements in cross-cutting issues

- *Gender*

In general, disaggregated indicators show good achievements for gender equity. The disparity in income remains nonetheless important (Table 4).

Table 4. Selected indicators disaggregated by gender

	Life expectancy at birth (years)	Adult literacy (%)	Combined primary, secondary and tertiary gross enrolment ratio (%)	Estimated earned income (PPP USD)	Gender related development index - rank
HDR 1999 ⁽¹⁾ (year)	48.4 F 46.2 M (1997)	76.9 F 71.7 M (1997)	72 F 69 M (1997)	5,990 F 9,460 M (1997)	0.606 - 102 nd
HDR 2004 ⁽¹⁾ (year)	42.3 F 40.4 M (2002)	81.5 F 76.1 M (2002)	71 F 70 M (2001/2)	5,353 F 10,550 M (2002)	0.581 - 102 nd
CSO ⁽²⁾ (year)	57.4 F 52.0 M (2000)	82.0 F 80.0 M (2000)			

Sources: ⁽¹⁾ Human Development Reports 1999 and 2004, UNDP; ⁽²⁾ Central Statistics Office; F= female; M = male

- *Environment*

Botswana's environmental profile (Annex 10) reviews the major environmental constraints of the country: (semi-) arid climate, increase in temperatures and decline in annual rainfall over the past decades, meagre ground and surface water resources, indiscriminate dumping of waste and widespread littering, rapid population growth and resulting pressure on natural resources. The elephant population is more than twice the national carrying capacity, resulting in increasing human-elephant conflicts and alteration to the vegetation cover in some areas. Land use conflicts between wildlife and livestock reflect the tension between the two competing sectors and represent a major concern. Poverty is identified as a major cause and consequence of environmental degradation and natural resources depletion. Community-based Natural Resources Management is one of the strategies adopted to address poverty reduction through sustainable use of natural resources, although at present diverging approaches are being discussed in view of the finalisation of the CBNRM policy.

³⁸ However, the number of university graduates unemployed is also on the increase. This may reflect a mismatch between qualifications acquired and the need of the economy.

This environmental profile also lists major legislation and plans, as well as key-ministries and institutions involved, alongside with the Ministry of Environment, Wildlife and Tourism, as well as NGOs, CBOs and private sector operators, involved in environmental matters, and schemes, international, African and regional conventions and protocols to which Botswana is a party.

Government has expressed the need for financial and technical assistance to build its capacity to consistently and effectively address environmental issues, in particular Multilateral Environmental Agreements. Community financing could provide support in these areas, as well as contribute to the development of a Country Environmental Profile, ideally coupled with a comprehensive strategy and action plan. Support to the formulation of such documents could be considered, notably under the Technical Cooperation Facility.

- *Capacity building and institutional development*

Main strengths of Botswana public services lie in the discipline, predictability, accountability and transparency of the procedures as implemented; in the institutions set up to ensure adequate control of the use of public resources (PPADB, AG, DCEC) and their independence; and in transparency vis-à-vis the public, as exemplified by the availability of documents to the latter. Government officials usually have a high level of formal qualifications. Budgetary restrictions are translated in a tight control of recruitment for public services. Hence the importance of a successful implementation of the Performance Management Systems which should improve the efficiency of public services in the delivery of their mandate with a given level of means, in particular human resources.

The creation of new institutions and restructuring of existing ones often initially result, as one may expect, in certain delays (e.g. the creation of the PPADB (set up of the Board, adaptation of procuring entities to new standards and practices) while transparency has improved) and/or uncertainties, grey zones as to the roles and responsibilities, which must be addressed at managerial level.

Capacity building needs in the focal sector, education and training, have been identified in the following priority areas:

- Two important inter-related processes require strengthening monitoring and evaluation and planning. Of particular importance in this context are:
 - A weak quality assurance of data collection, analysis and presentation statistics, resulting in unreliability and lack of confidence of stakeholders in using available data for planning purposes;
 - Absence of accurate key baseline data;
 - Weak sector wide development planning;
 - Inadequate mechanisms for monitoring performance against objectives and targets;
- Increasing cost-effectiveness of the E&T system, once weaknesses are evidenced through a comprehensive information system and sectoral expenditure review.
- Adoption of a National Qualifications Framework: in its absence, the multitude of non-transparent and poorly co-coordinated E&T products, of varying quality results in time and cost-inefficiency for the users of the training.
- One of the major constraints to capacity building is the absence of a comprehensive, coherent and integrated human resource development strategy. This currently results in a large number of parallel of E&T initiatives, in both the

public and private sectors, leaving room to overlaps, duplications, occasionally conflicts, as well as gaps.

These findings concur with two key development challenges recognised by the Botswana MDGs Status Report of 2004:

- *“Empowering Batswana everywhere to be viable agents of their own development”*, through successful human resource development producing “functionally global workers and citizens” and deliberate measures to increase sense of responsibility by individuals and communities for own development, with Government acting as facilitator and engaging in a truly consultative dialogue;
- *“Ensuring that policies and programmes are fully implemented”*, in particular strengthening of Monitoring and Evaluation capacities. Data should be disaggregated for key-factors, time series available for basic indicators, and the capacity for analysis and feed back into policy-making and planning strengthened.

3. The policy agenda of the partner country

3.1 The Long Term Vision (Vision 2016)

Botswana’s long-term development plan, “Vision 2016”, “Prosperity for All”, adopted in 1996, is a multi-dimensional perspective of where the country should be by 2016, socially, economically, politically and spiritually. It re-affirms the country’s four development objectives of sustained development, rapid economic growth, economic independence, and social justice. Although Botswana has achieved, over the past decades, rapid economic growth through mining and in particular diamonds, economic diversification is critical to secure sustainable development and to address persistent high unemployment and poverty levels. Strategies to achieve these objectives are articulated around private sector development as the new engine of growth. Vision 2016’s emphasis is on Human Resource Development (HRD), productivity and innovation, as well as the fight against HIV/AIDS.

Vision 2016 provides the framework for all future plans, and particularly National Development Plans (NDPs). The possibility of merging or streamlining common goals and targets of Vision 2016 and the MDGs 2015 is currently discussed. Vision 2016 Council is responsible for monitoring and evaluation of progress in achieving the objectives of the Vision.

3.2 9th National Development Plan (NDP9)

The theme of NDP9 (April 2003 to March 2009), *“Towards Realisation of Vision 2016: Sustainable and Diversified Development through Competitiveness in Global Markets”*, acknowledges that global competitiveness and trade are critical for a small-sized country such as Botswana. The policy thrust of NDP9 includes:

- Economic diversification, employment creation and poverty alleviation;
- Macro-economic stability, financial discipline and public sector reforms;
- Environmental protection, rural development, HRD, the fight against HIV/AIDS, Science & Technology development, and disaster management.

3.3 Recent Policy Initiatives

The theme of the Budget Speech 2005/6 « Meeting the Millennium Development Goals and Vision 2016 through a self-reliant Approach to Development », reflects Government current concern of ensuring cost-effectiveness and sustainability of NDP spending and in the provision of services, as well as improved revenue collection. The need to re-examine and re-focus spending to ensure good value for money is identified, as well as cost savings, cost sharing and cost recovery. After the introduction of the VAT and the launch of the BURS, revenue collection will be addressed at Ministries' level (5 in the first « wave »). With reference to the spirit of self-reliance, the Minister of Finance reminded « values of hard work, paying one's bills and a sense of responsibility », as well as individuals creating employment for themselves and others. The emphasis on self-reliance and increased productivity is rooted in the fact that, achievements of MDGs and Vision 2016 require respectively a growth of 7 and 8%, NDP9 projects an average annual growth of 5.5%.

Various key policy and plans have been recently adopted, addressing critical challenges in the social spheres: Revised National Policy for Rural Development (2002), National Strategy for Poverty Reduction³⁹ (2003), National HIV/AIDS Strategic Framework - NSF - 2003-09" (2003).

In recognition of the ability of a growing number of Batswana to pay substantial amounts for their children's education, specific cost recovery schemes are being put in place for different levels⁴⁰, together with equity schemes. Priorities in education are increasing access to senior secondary school (currently 50% only) and tertiary education facilities and opportunities, including the Faculty of medicine and Allied Sciences, a second University focusing on Science and Technology, as well as expansion of colleges of VET. The development of a tertiary education policy and review of the Education Act of 1967 will be undertaken in 2005.

The « Women in Development Policy » will be revised in a « National Gender Policy » with new strategies for promoting gender equality.

Cabinet approved in 2004 the National Policy for Non-Governmental- Organisations, which singles out the roles and relationships of Government and NGOs in addressing the country development challenges. As part of its right-sizing strategy, Government plans to outsource projects and services, which have traditionally been implemented by local authorities.

As a further step towards environmental protection, which was given a prominent place under NDP 9, the Environmental Impact Assessment legislation has been recently gazetted and will render EIA compulsory for major projects. A number of policies are being prepared or reviewed⁴¹. A draft National Energy Policy is being developed to increase efficiency and effectiveness in the sector. A decision will be made on how best to meet local electricity demand, based on a study into the expansion of the Morupule Power Station while export potential will be explored. The review of the National Water Master Plan, started in September 2004, will further ensure increased access of the population to safe drinking water (currently

³⁹ It is not a "Poverty Reduction Strategy Paper" (PRSP) in its usual meaning and bearing; the reference development plan and expenditure framework remains the one of NDP9.

⁴⁰ School fees (including boarding fees), in particular in secondary schools; loan / grant system at tertiary level. The proportion of grant/loan ranges from 100% for those study subjects considered necessary for the economy to 0% which are considered of importance for individuals rather than the nation.

⁴¹ Review of the Community-Based Natural Resources Management, Fisheries and Tourism Policies, and of the Agricultural Resources Conservation Act; Completion of the Game Ranching policy regulations.

98%, far beyond the target of the MDG). Water conservation & recycling awareness / techniques, and a water affordability and tariff study will also be addressed⁴². In 2005 the Government should finalise a key piece of legislation, the Environmental Management Act, which will ensure a global and coherent approach to environmental conservation by grouping the various pieces of environmental acts. Plans and strategies are also being prepared for wastewater and sanitation, Okavango Management, bio-diversity and National Parks Management Plans. The Predator Management Strategy and the Elephant Management Plan have been finalised. The Forestry Act needs to be amended to be fully compliant with the provision of the CITES regarding flora.

Botswana's development, as the one of every single country, is guided by a "policy mix", requiring careful attention to the balance between various policies, such as environmental protection and management, tourism and agriculture development (in particular, livestock development and beef exports). A comprehensive study on the long-term viability of the Livestock sub-sector will be undertaken in 2005, leading to the formulation of a long term development strategy to promote a viable, affordable, competitive and sustainable livestock sub-sector. The revised national land policy will be tabled to Parliament in this year.

In terms of economic diversification, the Government of Botswana sees its role as limited to that of creating an environment conducive for private initiative and innovation. Various institutions and schemes have been recently created to promote the development of citizen-owned SMEs, joint ventures between citizens and foreign investors (Citizen Entrepreneurial Development Agency - CEDA (2001), CEDA Venture Capital Fund (2003), etc.). CEDA's poor performance is being addressed through a revamped training and mentoring programme⁴³. After having introduced a 10% Value Added Tax (VAT) in July 2002, the Botswana Unified Revenue Services (BURS) Bill was enacted in May 2004. The BURS merges the Department of Excise and Customs and Department of Taxes with the objective of increasing cost-efficiency of revenue collection. A whole range of complementary measures and policies are prepared to facilitate domestic and foreign investment and support the development of financial markets. The privatisation plan proposed by the Ministry of Finance includes, for 2005/6, renewed efforts to privatise Air Botswana, and the Botswana Telecommunications Corporation.

ICT are given a prominent position, with the consideration of a draft ICT policy and action plan, cable link between Botswana and Namibia, feasibility study on international connectivity, expansion of ICT in rural areas and at community level. A national research, science and technology plan will be developed in 2005 and an investment agency established to co-ordinate and monitor government funding to research.

Reforms in 2005 will encompass modifications to current legislation to enable local authorities to introduce cost recovery measures and collect revenue arrears, clearing the backlog of audited accounts at local level, approval of the privatisation master plan, privatisation, roll-out of the Performance Monitoring System (PMS) to local authorities, speeding up tendering processes through ministerial and district committees.

⁴² Two dams will be constructed and one designed in the year (total costs of 1 billion P).

⁴³ CEDA has so far approved 1,211 applications, each averaging some 576,000 P, with a proportion of 24-76% of small and medium scale projects, creating altogether 7,300 jobs, i.e. 71% of the target

4. Overview of past and on-going co-operation

The Country Strategy Paper / Indicative Programme (CSP/IP) for the 9th EDF singled out Human Resources Development (HRD) as the sole *focal sector*, aiming at private sector development and enhancing labour skills needed to sustain economic growth. Potential candidates for the *non focal sectors* were:

- . Community development through the successive Micro-Project Programmes;
- . Natural resources (wildlife and forestry) conservation and management, including community-based initiatives;
- . Capacity building in the Ministry of Finance and Development Planning, fiscal reform, tourism and trade promotion, HIV/AIDS.

Programmable resources under the 9th EDF (Envelope A) amounted 39 M€ while Envelope B, covering unforeseen needs, amounted 52 M€. The process of the Mid-Term Review of the CSP/IP was completed with the Commission decision in November 2004. It confirmed the validity of the orientations of the CSP as agreed in 2002, the appropriateness of allocations, globally and across focal and non focal sectors. It resulted in the transfer of 11 M€ from Envelope B to Envelope A, to be utilised in the single focal sector, Human Resources Development.

Botswana received grants totalling 70 M€ in development financing under the National Indicative Programmes (NIPs) from the 7th and 8th European Development Fund (EDF). The 8th EDF strategy for Botswana had two focal sectors: Private Sector Development and Training, and Natural Resources Utilisation and Conservation, aiming at sustainable development and poverty reduction by supporting economic diversification and regional/international economic integration; employment creation and the reduction of inequalities; and the protection and sustainable use of (renewable) natural resources.

Botswana also benefited, and still does, from SYSMIN support and loans from the European Investment Bank (EIB). The EC has directly financed interventions in the field of natural resources, from environment conservation in developing countries and Non-Governmental Organisation (NGO) co-financing Commission's budget lines. In addition, Botswana has benefited from some of the EDF regional funding for Southern Africa, channelled mostly via SADC.

The distribution across sectors of projects financed under the Botswana NIPs of EDF 6 to 9, and under non-programmable resources is shown in Annex 2 (p. 53). Progress with implementation for major EDF projects, which were, as of December 2004, just completed, on going and about to be launched is summarised in Annex 3 (p. 60).

4.1 Focal sector: Human Resources Development

The Commission's policy is, whenever possible and in particular in the social sectors, to shift support from project-type interventions towards Sector-Wide Approach (SWAp) and to channel resources through budget support. While all EDF-financed interventions in Botswana had so far been on a project mode, these options have been agreed for support to HRD under EDF9.

Successive Vocational Training Programmes were designed to address the severe shortage of sufficient numbers of skilled technical and vocational teachers required

for the Vocational Education and Training Expansion Programme, and of college places in areas relevant to the economy, with particular emphasis on equity of access. Launched in February 1997, the first programme ⁴⁴ was completed in February 2003, with the end of the technical assistance component, at a final total cost of some 25 M€. EDF 8 supports to the tune of 15 M€ the construction and operationalisation through technical assistance of a Vocational Teachers Training Centre and a Vocational Training Centre in Francistown ⁴⁵, as well as an augmentation of the GTC/ATTC facilities with 3.9 M€ ⁴⁶ to increase training places from 900 to 1500, allowing for larger quotas of disadvantaged groups, and of students with learning difficulties and/or disabilities (Details on implementation in Annex 3, p. 61 and 63 respectively).

Government's commitments, sectoral policies and their level of achievement, under the 8th and 9th EDF NIPs, as well as indicators and targets under EDF9 are reviewed in details in Annex 4. Government's commitment in terms of policy, financing and implementation indicates good prospects for sustainability. Important experience acquired recently (VTP 6-7th EDF) has been fed back into project design and implementation. EDF support to TVET is still too recent to allow for an appropriate impact evaluation. Relevance of the GTC and success of the 6-7th VTP in terms of infrastructures have been confirmed. Efficiency, effectiveness, impact and sustainability will be assessed through evaluations to be carried out in 2005/6, notably through tracer studies.

Relevant stakeholders, including the private sector, are involved in the development, quality and expansion of the tertiary education / E&T through their participation in various fora and Councils (Botswana Examination Council since 2002, Tertiary Education Council and Technical and Vocational Education Consultative Forum since 2003).

c) Cross-cutting issues

Cross-cutting issues are deeply rooted in vocational training programmes. *HIV/AIDS* education is an integral component of all TVET learning programmes, and focuses on an active learning approach. Results are internalisation of the dangers of risk behaviours, freer discussions on subjects such as sexuality, prevention, risk and exposure. One of the indicators for disbursement under the E&T SPSP is related to HIV/AIDS.

Under both the 7th and 8th EDF Vocational Training Programmes, increased access to vocational education and training for *women and disadvantaged persons* are explicit results, specifically monitored. The E&T SPSP under EDF9 has an even stronger focus on equitable access.

Capacity building is an essential component, addressed through the provision of technical assistance.

⁴⁴ Construction of Gaborone Technical College, GTC and expansion of the Automotive Trades Training College, ATTC, co-financed by Government and a 15 MEUR grant from EDF - 6 ACP BT 047, 7 ACP BT 048 and 049.

⁴⁵ 8 ACP BT 003

⁴⁶ To which should be added GoB contribution of 7.9 M€ - 8 ACP BT 014

4.2 Non Focal sectors

4.2.1 The Micro-Projects Programme (MPP)⁴⁷

Three MPPs have been successively funded since 1993 for a cumulative amount of 4 M€, with as purpose to improve communities' livelihoods, particularly in rural areas. The emphasis progressively shifted from the provision of basic services, infrastructure and community development, towards greater social and economic integration and self-reliance. Income generation and education were the main sectors of intervention under MPP3, which came to an end on 31.10.04 - after a one year extension. MPPs have proven successful schemes, in high demand from communities and NGOs. While preparation of a 4th MPP was at an advanced stage in 2004, it was felt that EDF resources would more efficiently be used to build the capacity of the Ministry of Local Government in better implementing its community development policies and own community-based programme (LG1109). Communities will continue to benefit directly from EDF resources in terms of capacity building and financial support, through the Non State Actors support programme (see 4.3). The latter is being appraised and builds on previous MPP experience. This approach will strengthen existing structures and programmes, and increase cost-efficiency of inputs provided under both programmes (Details on implementation in Annex 3, p. 64).

4.2.2 Natural resource utilisation and conservation

Support from EDF 7 and 8 focuses on conservation, management and sustainable utilisation of rangelands, forests and wildlife, and maximisation of benefits accruing to the rural communities in areas of the country with limited alternative sources of employment and income. Under EDF8 two major interventions have been planned, one in support to wildlife and the other in support of forestry. The *Community Forestry Development Project (8 ACP BT 002)* however was discontinued in 2002 due to serious under-performance, with little hope for improvement, and is due for closure early 2005.

Review and evaluations concluded that support from the EDF and other donors to wildlife has had an added value and a real impact on wildlife conservation. Concerns expressed on over-dependence on foreign technical expertise, and to an extent on foreign management, justified the focus of EDF8 on capacity-building. The *Wildlife Conservation and Utilisation in Central & Southern Botswana Project (7 ACP BT 022, EDF funding of 6.4 M€)* is now completed, having achieved most of its anticipated results⁴⁸. Tourist and management facilities in the Khutse and Central Kalahari Game Reserves are currently being improved under the Domestic Development Fund (DDF) as per the Financing Agreement and are expected to be completed by April 2005.

Support to wildlife conservation and management has been supplemented through a *Botswana Tourism Development Programme (6 ACP BT 44 and 7 ACP BT 46, closed in 2003)* which has assisted in the development of the Botswana Tourism

⁴⁷ 7 ACP BT 007 and 051, 8 ACP BT 004

⁴⁸ Drafting management plans (those for Chobe, Central Kalahari and Khutse Game Reserves are yet to be formally approved), establishing the Kgalagadi Transfrontier Park, improving park facilities, enhancing tourism capacity and opportunities, strengthened research base within the Department of Wildlife and National Parks (DWNP), and opportunities for economic and social benefits of local communities.

Master Plan and of the Eco-Tourism Strategy, launched in 2002. The latter, aiming at diversifying tourism activities from the current nearly exclusive focus on wildlife, and promoting community participation.

- ***Wildlife Conservation and Management Project - EDF 8*** ⁴⁹

Redesign of the project in 2001 gave a prominent position to institutional strengthening of the DWNP ⁵⁰ and to community-based initiatives through a financing window of € 1 million. The technical assistance was fielded from September 2002 onwards while equipment was procured. A slow start and persistent constraints in management necessitated in 2003 a reshuffle of the technical assistance team and change in senior staff. The program had, at the end of 2004, achieved very modest results and was significantly behind schedule. The MTR, fielded in November 2004, made various recommendations at institutional and operational levels to enhance the project potential for successful implementation. The way forward will be decided early 2005 through intensive dialogue and reflection between the stakeholders (Details in Annex 3, p. 65).

4.2.3 Enhance government's implementation and absorption capacity

- ***Support to the Ministry of Finance and Development Planning - EDF 8*** ⁵¹

The project aims at improving the capacity of Government of Botswana (GoB) to manage and co-ordinate external assistance, through support to programming (CSP/IP development for EDF9), aid management (preparation, implementation and monitoring of EDF-financed projects), and training in various areas of the project cycle. The mid-term review, fielded mid 2003, recommended to undertake a comprehensive training need assessment and to improve Government's Monitoring and Evaluation systems. These recommendations are now considered under different funding. The program is due to an end on 30.09.2005 (Details on implementation in Annex 3, p. 67).

- ***EDF9 preparatory activities - EDF 8*** ⁵²

The project has financed from July 2003 to 30.12.2004 various sectoral studies in key-areas relevant to Human Resources Development under NDP9, the preparation of the financing proposal for the E&T SPSP (see 4.1) to be approved in 2005, identification and preparation studies for support to Non-State Actors in implementing the Cotonou Agreement, workshops and study tours in specific areas under a 18-month work programme (Details on implementation in Annex 3, p. 68).

4.2.4 Support to Fiscal Reform in Botswana

Preparatory and legislation work for the launch of the VAT in Botswana was undertaken from late 2000 onwards, marked by the enactment of the VAT Act early 2001, the passing of the VAT Amendment Bill in May 2002 and the launch of the VAT in July 2002. A major reform of tax administration and management through

⁴⁹ 8 ACP BT 010

⁵⁰ Initially identified for financing by the Department for International Development (DFID, UK)

⁵¹ 8 ACP BT 009

⁵² 8 ACP BT 012

the establishment of the Botswana Unified Revenue Services (BURS) is being implemented, with the enactment of the BURS legislation in May, appointment of the Board in June and launching of the BURS in August 2004.

Substantial EDF support has been directed at fiscal reform and VAT introduction and administration in Botswana (details in Annex 3, p. 69). A consultancy to facilitate tax administration reform (8 ACP BT 008) and the provision of a VAT Administration Expert (8 ACP BT 011) for 11 months to February 2003 to assist the Department of Customs & Excise in VAT implementation, administration and auditing.

- An “*Adviser to the Secretary for Financial Affairs*”⁵³ has also assisted the MFDP from December 2000 to February 2004 with the preparation for introducing VAT and, since July 2002, with its implementation and monitoring, as well as a progressive shift in focus on tax administration reform, preparatory work for the BURS, fiscal policy issues and related capacity-building.
- Further assistance under EDF9 has been agreed⁵⁴ to “*Support tax administration reform*”, and facilitate the launch and implementation of the BURS through the provision of mostly long-term expertise for a period of 2 to 3 years from mid 2004 onwards.

Cross-cutting issues relevant to the various projects currently implemented under non-focal sectors are briefly summarised in Table below.

Cross-cutting issue	Capacity-building	Environment	Gender	HIV/Aids
Projects				
Wildlife conservation projects	★	★		
Support to the MFDP	★	★		
EDF9 preparatory activities	★		★	★
Support to Fiscal Reform	★			
NSA capacity building	★	★	★	★
Support to MLG	★	★	★	★

All EDF9 interventions include an explicit reference to HIV/AIDS as an important crosscutting issue, contrary to EDF8 support (with the exception of the project supporting the fight against HIV/AIDS). Equity (including gender) and capacity building have a prominent place in the same. Training of selected Ministries staff in environmental matters is planned as part of the current support to the MFDP.

⁵³ 8 ACP BT 006

⁵⁴ 9 ACP BT 002

4.3 Utilisation of resources for Non-State Actors (NSAs)

Community-based initiatives under the Micro-Projects Programmes and the 7th EDF wildlife programme till 2004 have largely focused on tourism-related activities or small-scale commercial activities using locally available natural products. Projects, of a value ranging from € 4,000 to € 80,000, are implemented by communities, often with support from a local NGO. Experience highlighted the need for close monitoring and technical support, particularly where specialised skills are required. Due to implementation constraints experienced by the project 8 ACP BT 010 in 2003 & 2004, only limited progress has been made for the use of its 1 M€ window for community-based interventions. Strategy, guidelines and eligibility criteria have been developed. The MTR has however suggested various options, including the transfer of the 1 M€ window into the existing Community Conservation Fund managed by the DWNP, and focus of this component of the programme only on capacity building for the communities.

A scoping study was launched in August 2004 to explore avenues for increasing the involvement of NSAs, in particular civil society, in the implementation of the Cotonou Agreement as partners, implementers and/or beneficiaries, and strengthening their capacity. It was followed by the appraisal of support and drafting of a proposal, which will be requested for financing in the first half of 2005. The proposed intervention (€ 5.5 million) would provide the NSAs with skills in a variety of areas, from technical to organisational. Civil-society initiatives would be supported in the short term through a grant scheme, while a financial sustainability strategy for these organisations would be developed with the support of the programme. This intervention aims at empowering NSAs to fully participate and contribute to the development process and be involved in the implementation of the Cotonou Agreement, not only as beneficiaries, but also as partners and implementers.

4.4 Utilisation of Envelope B

A financing agreement has been signed for 30 M€ (8 ACP BT 013, see 4.5.1) to support “Economic Diversification of the Mining Sector”, and 1.4 M€ have been allocated to the Africa Peace Facility. The mid-term review of the CSP in 2004 resulted in the transfer of 11 M€ from Envelope B to A, to be pooled with the 31.2 M€ of Envelope A allocated to Human Resources Development under the Education and Training Sector Policy Support Programme - E&T SPSP. A further € 8.06 million have been mobilised through the Flex mechanism (see 4.5.2). Considering the drawing rights of ECHO of 1.54 M€, Botswana’s Envelope B is now exhausted.

4.5 Other Instruments

Financial implementation of projects financed in Botswana under other EDF instruments, such as the European Investment Bank (EIB), SYSMIN, Emergency Aid, and others is found in Annex 2 (p. 53). Regional co-operation is dealt under a separate report; only highlights are presented here.

4.5.1 SYSMIN

Botswana twice accessed the SYSMIN facility⁵⁵, following a major depression of world metal prices, posing a serious threat to the viability of BCL Ltd, which operates the nickel/copper mine in Selebi-Phikwe, and its ability to continue production in the longer term. SYSMIN operations were aimed at supporting production at BCL together with efforts for economic diversification. Repayment of the interest and loan principal by BCL to Government will provide funds for investment in economic diversification of the region.

The 2nd *Sysmin programme*, completed during 2001, resulted in:

- An extension of the ore reserve from 40 to 170 million tonnes at Tati Mine near Francistown, through drilling campaigns, providing a basis for a successful mine expansion.
- Continued employment of close to 5,000 mine staff and economic spin-off effects⁵⁶;
- The BCL pays⁵⁷ interest on the loan at six-monthly intervals into the Re-Employment Account (REA). The latter has to date funded a study into economic diversification of the Selebi-Phikwe region, a BWP 7 million loan to the Botswana Development Corporation for the construction of a factory shell for leasing (with however disappointing results); and a BWP 30 million loan (already repaid) to Tati Nickel Mining Company to finance water infrastructure at Phoenix Mine. A request has been made by the Ministry of Education to MFDP to consider the building a College of Applied Arts and Technology (CAAT) in Selebi-Phikwe for co-financing by the Domestic Development Fund and the REA. The report of a financial and economic analysis, commissioned in 2004 to assess the benefits of the proposed CAAT on the local economy, is expected early 2005.

The project *Economic Diversification of the Mining Sector*⁵⁸ (30 M€) follows the confirmation of eligibility of Botswana's third application for SYSMIN assistance in 1998. The project aims at ensuring that the operation of the BCL (and hence Tati) continues long enough to permit further diversification of the economy of Selebi-Phikwe, the proving of further ore reserves by Tati up to 300 million tonnes, and the eventual phasing out of the BCL mine operation in an environmentally acceptable manner. The project was effectively launched in 2004 with successively the fielding of the technical assistance, signature of the 20 M€ on-lending agreement with the BCL, and undertaking of procurement of equipment (Details on the project and its implementation in Annex 3, p. 70).

Environment is a critical *crosscutting issue* and has a prominent position in the 3rd SYSMIN intervention. Studies and short-term expertise will contribute to capacity building.

⁵⁵ 6 ACP BT 030, closed, and 7 ACP BT 044, now due for closure after final reconciliation of accounts.

⁵⁶ The BCL Mine is of significant importance to Selebi-Phikwe's economy, the 3rd largest town in Botswana, as well as to national (dependence of Botswana Railways, Botswana Power Corporation and Morupule Colliery on BCL operations) and regional levels (Empress Nickel refinery in Zimbabwe relies on the supply of metals in matte from the BCL smelter). The financial situation of the BCL, however, remains precarious.

⁵⁷ Repayment of the capital is so far in the form of loan notes to Government.

⁵⁸ 8 ACP BT 013.

4.5.2 FLEX

On the basis of statistics presented by Botswana, the value of total export goods for the year 2003 was 95.1 % of the arithmetical average of total export goods in years 1999 to 2001. Botswana qualified for both criterion (a) with a loss of export earning higher than 2% for landlocked ACP States, and criterion (b) with a worsening in the programmed deficit superior to 2%. The amount of support has been determined as € 8.06 million from the country's Envelope B. In accordance with the Flex Guidelines, this additional support will be provided as budgetary support. It will be disbursed in the framework of the "Education and Training Sector Policy Support Programme", as a special tranche upon realisation of conditions for budgetary support but independently of education sector indicators.

4.5.3 Regional co-operation

2004 has been a proactive year for SADC with the launch of the two road maps, the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ (SIPO), the adoption of the Dar-Es-Salaam Declaration on Agriculture and Food Security and the adoption of the Principles and Guidelines Governing Democratic Elections. On the political front the year will be noted for the continuing consolidation of the democratic process in the region through the stepping down of three Presidents (Malawi, Mozambique and Namibia) at the conclusion of their terms-of-office, the holding of presidential and parliamentary elections in five Member States and the preparation for elections in 2005 for a further four States.

The interaction between the Government and SADC is mainly through the SADC meetings (Integrated Committee of Ministers, Senior Officials, SADC Summit) and through the Botswana SADC National Committee (SNC).

- ***Technical co-operation***

The overall objective of the regional cooperation programmes is to raise the standard of living and improve the quality of life in the region through sustained economic development and growth, which, in the long term, should eradicate poverty and secure peace and structural stability throughout the SADC region.

The Regional Strategy Paper / Indicative Programme for the SADC was signed on 7th November 2002, for an amount of € 101 million increased to some € 170 million with the transfer of uncommitted funds from previous EDFs. Its specific objective is that all SADC countries will become members of a regional Free Trade Area and/or a Customs Union and will to this end improve the implementation of the WTO provisions and have embarked on the EPA negotiations. Consequently, two main focal sectors were selected since they address the major constraints to economic development and poverty alleviation in the region. These are:

- . *Regional Integration and Trade* (35%-45%), which allows SADC member countries to continue pursuing economic liberalisation policies at a regional level, within the framework of WTO, which should in turn help the region's producers to improve market access and attract investment into the productive sectors, and
- . *Transport and Communications* (35%-45%), which aims to reduce the costs of transport and communications, mainly through better utilisation of existing infrastructure and services.

The *non-focal areas* (up to 20%) may include, *inter alia*, programmes in the area of peace and security and capacity building. The involvement of non-state actors will be encouraged in all areas while crosscutting issues, such as HIV/AIDS, environment and gender, will be mainstreamed in all programmes.

Programming has been hampered by the major structural reform process of the Secretariat undertaken in 2001⁵⁹. The latter resulted in a lack of qualified staff and properly functioning institutional structures. Concomitant understaffing at the EC Delegation prevented the latter to provide sufficient back-up support. Implementation is some 2 years behind the schedule set out in the RIP. With the fielding in April 2004 of a Technical Adviser to the RAO and the reinforcement of the Delegation following devolution in 2004, a realistic project pipeline and timetable for global commitments was established at the end of 2004. Co-operation between SADC Secretariat and South Africa on the use of EPRD⁶⁰ funds for regional projects needs to be strengthened considerably. Major progress were made in the ICP⁶¹/SADC Joint Task Force established in 2003 to assist SADC i.a. in donor co-ordination and in the preparation of the SADC Consultative Conference including the drafting of a SADC/ICP “New Partnership”, in line with the recent “Paris Declaration on Aid Effectiveness”. Possibilities for further NSA involvement in policy development and SADC-EC co-operation will need to be explored⁶². Experience gained in programming regional EDF resources points synergy and complementarity between EDF regional (RIP) and national (NIPs) should be strengthened. For example, Botswana’s NIP resources could be utilised to strengthen the country’s SNC to address linkages between regional and national policies, and monitor the implementation of the RISDP at a national level. This would complement the capacity building of SNCs, a component of the planned Capacity Building Programme for Regional Integration.

- **Trade negotiations**

In view of the overlapping memberships of regional integration initiatives, co-ordination between in particular the SADC and the ESA EPAs needs to be strengthened. The recent SADC Council of Ministers noted that there is a need to address a number of concerns on the negotiation process and other related substantive issues. These include the existence of parallel trade arrangements involving SACU, EAC, and the South African/EU TDCA, and “Everything But Arms” (EBA) for LDCs. The Council requested that the Chief Co-ordinator of the SADC EPA should invite the ESA counterpart to discuss progress and harmonisation of negotiating positions. SADC/SACU overlap will emerge as an issue when SADC moves forward with the regional integration agenda. Overlapping memberships are not an issue for Botswana as regards the EPA negotiations given that the country is not a member of COMESA contrary to several of the other SADC Member States.

At regional level, the “EPA support facility” under the 9th EDF RIP to be launched in 2005 will provide for capacity building such as technical seminars for public and private participants in the region, studies and training, etc.

⁵⁹ i.a. the creation of four technical Directorates in the SADC Secretariat by bringing together the 21 Sector Co-ordinating Units which had been shared among the Member States (see para 2.5)

⁶⁰ European Programme for Reconstruction and Development for South Africa

⁶¹ International Co-operating Partners

⁶² In particular, the involvement of NSA in SADC National Committees (SNC) needs to be operationalised and NSA capacities strengthened in order to achieve a more effective participation of NSA in these structures.

Support to Botswana for country-specific issues in respect of trade negotiations, including a preliminary need assessment, could be envisaged from the Technical Cooperation Facility (TCF).

- ***Political co-operation***

In the spirit and principles of the Berlin Initiative, SADC and EU continued their political dialogue. An EU/SADC Ministerial Troika meeting was held in October 2004 in The Hague. Although frank and open discussions were held on a range of technical issues, some constraints were experienced in the political dialogue, notably as regards the situation in Zimbabwe and the forthcoming elections. SADC has confirmed that the Principles and Guidelines for Democratic Elections will be strictly adhered to, also in case of Zimbabwe. It may also be necessary to give a clearer mandate to the dialogue at Heads of Mission level, both in Brussels and in the region.

4.5.4 *The European Investment Bank*

The Bank's objective is to contribute to the long-term sustainable development of Botswana by providing funding, at very attractive terms, to private or public sector borrowers for economically, financially, technically and environmentally viable projects in all key sectors of the economy.

Loan amounts to be made available for viable investment projects can be substantial: during the 10-year period of the Lomé IV Convention (1st and 2nd Protocols), total commitments in Botswana amounted to EUR 86.4 million (details in Annex 2).

EIB activity during that period has been focused on two main areas, public sector infrastructure and support to small and medium-scale private enterprises. In the area of infrastructure investments, two loans for a total of € 13.6 million were made available to the Botswana Power Corporation (BPC) for the reinforcement of Botswana's interconnections with its neighbouring countries and BPC's high voltage network, and three loans for a total of € 62.9 million to the Water Utilities Corporation (WUC), for the expansion of water supply facilities to the country's major urban centres, including a € 12.5 million loan agreement signed with the WUC in February 2003 for the Francistown Water Supply project.

In the area of private sector support, three lines of credit for a total of € 6.5 million were signed with the Botswana Development Corporation (BDC) for the provision of long-term funding to private sector SMEs. A renewed facility could be put in place as and when demand for such funds materialises.

The first operation under the Cotonou Agreement *Investment Facility* in Botswana was signed in October 2004: the EIB signed an agreement for a EUR 2 million subordinated loan from Investment Facility resources for the construction of the first 5 ha pilot phase of a 20 ha greenhouse project for the production and export of roses, located inside the Glen Valley Scheme on the northern outskirts of Gaborone. The project will develop a new agro-industrial, export-oriented activity in Botswana and is thus fully in line with the Government's economic diversification strategy. It will increase the country's foreign exchange earnings and contribute significantly to skill development and employment creation. The project is EIB's first directly financed private-sector operation in Botswana and

thus exemplifies the private-sector orientation of the Investment Facility, in particular through support to small and medium-sized enterprises. By providing appropriately structured, long-term funding at fixed interest rates, EIB's contribution has been instrumental in mobilising other funding to complete the financing plan for this start-up project.

- **Outlook**

Further viable investment projects can be supported through a wide range of financial instruments, from straight equity to ordinary loans and guarantees, provided for under the Cotonou Agreement/Investment Facility. In line with the focus of the Investment Facility, particular attention will be given to possible projects in the private sector. However, the Bank's approach in supporting investments in Botswana will be demand driven and the extent to which it will be able to commit resources to private sector operations will depend on the macro-economic framework and the continued provision of a business environment which is conducive to private sector initiatives, including the successful implementation of the Government's privatisation policy.

4.5.5 The Centre for Development of Enterprises (CDE)

The Centre for Development of Enterprises (CDE) supports the creation, expansion, diversification and rehabilitation of industrial companies by providing its own expertise or making a non-reimbursable financial contribution, and helping to mobilise financial resources for investments. The CDE supported ten companies (twelve interventions) in 2004, for a total amount of € 307,196, mostly in the mining (48%) and textiles (26% - towels and garments) sector. The other interventions were related to glass, flower, dairy and medical industries.

A CDE Regional Field Office for Southern Africa Region was opened in March 2004 in Gaborone. It organised three important workshops in 2004: national workshop on Private Sector Co-operation under the Cotonou Agreement, organised with the EIB in May; regional seminar on "Strengthening the capacities of the SADC private sector to fully participate in SADC/EU - EPA negotiations", organised with TRINNEX in August; and regional workshop on "Capacity Building in Environment of African Consultants and Correspondents in the mining sector" (September).

5. Programming perspectives for the following years

5.1 EDF9 preparation and implementation

5.1.1 Status of utilisation of EDF8 and Envelopes A and B of EDF9

		Allocation	Decisions	Pipeline	Remarks
EDF8	Lomé IVbis	37,867,769	37,867,769	-	
	A-Cotonou	3,880,000	3,880,000	-	8 BT 14
	B-Cotonou	30,000,000	30,000,000	-	8 BT 13
EDF9	Envelope A				
	Initial	39,000,000			
	Transfers	2,620,000			
	Closures '04	62,692			
	Decisions		2,168,000		9 BT 1,2,3
	<u>At 31.12.04</u>	<u>39,514,692</u>			
	Transfer B->A	11,000,000			
	E&T SPSP			42,200,000	
	Support NSAs			5,500,000	
	Support MLG			2,000,000	
	Closures '05	2,723,492			
	<u>Balance</u>	<u>3,538,584</u>			<u>To program</u>
		Envelope B	Allocation	Mobilisation	
	Initial	22,000,000			Less 8 BT13
	Peace Facility		1,400,000		
	Transfer B->A		11,000,000		
	Flex '03		8,060,000		
	ECHO drawing rights		1,540,000		
	<u>Balance</u>	<u>0</u>			

Given the fact that EIB loan support is demand-driven in nature and responds to market opportunities, there is very little scope for programming EIB resources. It is however anticipated that EIB support could finance (i) infrastructure projects in water, wastewater, power, transport, telecommunications, and municipal infrastructures, (ii) development of SMEs through Global Loans, and (iii) large individual projects.

Botswana's envelope B is at the end of 2004 exhausted (see also 4.4).

5.1.2 Focal sector

It has been agreed that the Education and Training Sector Policy Support Programme (E&T SPSP, 42.2 M€) under EDF9⁶³ would have as specific objective to support Government in:

⁶³ Draft Financing Proposal for an Education and Training Sector Policy Support Programme in Botswana, 2005.

- i) *adequate financing and effective management of the E&T sector:*
- Better targeting of national needs and priorities and more effective allocation of financial resources: An Education Public Expenditure Review (EPER) will be undertaken, highlighting areas of financial inefficiencies, following which appropriate measures will be implemented;
 - More efficient management of resources: A review of organisation structures and management processes within the Ministry of Education will be undertaken. Following review and adoption of appropriate recommendations, changes will be implemented;
 - Government will adopt a Human Resources Development (HRD) Strategy, reflecting equal opportunities.
 - The effectiveness of the Education Management Information System (EMIS) will be improved to produce relevant, good quality and timely information, allowing closer monitoring of progress in the sector against targets and appropriate planning and decision making.
- ii) *expanding equitable access to quality education and training, with special - though not exclusive - emphasis on primary and secondary levels.*
- Planning, regulation, and implementation of E&T provision will be improved through the development and implementation of a National Qualification Framework (NQF);
 - Access and equity in the E&T sector are improved in accordance with the key targets set in the MoE Strategic Plan: amongst others, the apparent lack of physical (infrastructure and equipment) and human resources for primary and secondary education will be redressed in accordance with an action plan prioritised to address inequities;
 - Quality of education improved: Quality of education provided at primary and secondary levels will be evaluated against standards, defined in a first step, and measures will be introduced to correct inadequacies;
 - HIV/AIDS awareness is effectively integrated in curricula and provided at primary and secondary levels: New HIV/AIDS materials and curricula will be developed, availed and effectively used by teachers at primary and secondary levels.

Sectoral support will foster a more holistic approach to the development of Human Resources in Botswana, which has been identified as an essential element for economic diversification and growth, increased employment and thereby reduction of poverty and inequity. This support will be provided in the form of non-targeted budget support, disbursed in 4 annual tranches on the basis of progress in the sector performance as assessed through targets set for process and output/outcome indicators in the key-areas of the programme. These indicators now replace the indicators and targets measuring progress in relevance, quality and efficiency mentioned in the CSP (see Annex 1).

No targets for financial allocations to the sector have been set as the focus is on the added value of EDF intervention (as opposed to value) in terms of sectoral dialogue, shift of focus from inputs/activities to outcomes, and increased cost-effectiveness of education expenditure.

Arrangements for sectoral dialogue and joint monitoring of progress under the sector programme, by GoB and the Commission, will be detailed in a Memorandum of Understanding.

5.1.3 Non focal sectors

The CSP document identified as potential non-focal sectors: sustainable rural livelihoods; micro-projects; HIV/AIDS; trade development; capacity building for civil society; complementary funding towards regional (SADC) programmes. In particular, the importance of HIV/AIDS was acknowledged as a crucial crosscutting issue under each and every aspect of EC support in Botswana. Indicators for disbursement under the E&T SPSP include progress in the fight against HIV/AIDS. It is unlikely at this stage that resources are allocated to a specific intervention under the non-focal sectors.

In the non-focal sectors, identification work has led to the earmarking of about 5.5 M€ for the NSA support programme, including a small grant window. A capacity building programme is planned for the Ministry of Local Government of a tentative amount of 2 M€.

HIV/AIDS is included both as an area of intervention under the grant scheme and a crosscutting issue in the NSAs support programme. Capacity building of the MLG will improve its service delivery to HIV/AIDS affected people; training in how to mainstream cross-cutting issues is also planned under the programme.

It is proposed to allocate some of the remaining 3.5 M€ (see 5.1.1), which include 2.7 M€ to decommit from project closures in 2005, to a second Technical Co-operation Facility to be decided in 2007 and implemented during the transition to EDF10, after completion of the first one.

An updated chronogramme of intervention and indicative commitment and expenditure schedule is found in Annex 7, p. 76.

5.2 Speeding up of the use of EDF resources

5.2.1 Performance in 2004 and reduction of RAL/RAC

Forecasts in terms of individual commitments have been achieved at 97.5%. Payments only represented one third of the targets⁶⁴, as shown in Annex 6, which also indicates reasons for gaps. Most of the latter are of circumstantial nature. The persistent under-performance of the project 8 BT 10 is the exception, for which improvement is expected following the MTR and implementation of its recommendations.

The global “RAL” (“Reste à Liquider”) has marginally decreased from 52 to 49% between end 2003 and end 2004. Analysis of the RAL (Annex 5) leads to the following observations:

- The “old” RAL represents only 2.72 M€, i.e. 4% of total RAL and is to be entirely absorbed through projects closure in 2005;
- The vast majority of the RAL is therefore recent. Its structure has dramatically changed in 2004, with a reduction by 31.85 M€ of amounts decided and to be contracted (RAC), and corresponding increase by 29.7 M€ of amounts contracted and to be paid (RAP);

⁶⁴ Forecasts weighted by risk factor (see Annex 6)

- The recent RAL result from various factors:
 - Programmes recently launched and/or of a long duration ⁶⁵ (92% recent RAL).
 - Programmes with past or current difficulties in implementation ⁶⁶.

5.2.2 Forecasts for commitments and payments in 2005 and 2006

The expected individual commitments forecasts in 2005 are 20.1 M€ (target 16.2 M€), 70% of which consisting of budget support (FLEX and sectoral). Payments forecasts are 29.9 M€ (target 24.0 M€), 48% of which in budget support. Similar levels of commitments and payments are forecasted in 2006 (22.2 and 28.0 M€ respectively) (Annex 6, p. 75).

5.3 Programming of future support

It is proposed that the Commission takes stock of recent experience and analyses in the various sectors - including the strategic livestock study which will be completed towards the end of 2005 or early 2006 and links to a range of other sectors. Should the need arise, additional assessment could be undertaken to complete the findings of the sub-study on the interactions of livestock and the environment. These may be supplemented in 2006 with studies aiming at defining orientations of future development co-operation beyond EDF9 while extensive consultation will be undertaken with all relevant stakeholders. A particular attention will be given to any support to the fight against HIV/AIDS in which the EC could bring added value.

Programming will take full cognisance of the main thrust of the National Poverty Reduction Strategy (2003), to provide opportunities for sustainable livelihoods by expanding employment opportunities through broad-based growth in terms of sectoral and geographical spread, enhancing accessibility of the poor to social investment, their participation, and strengthen national and local government capacity for planning and facilitation of poverty reduction. The Government plans to operationalise this strategy from 2005 onwards. Programming will take place after concluding the MTR of NDP9 and will benefit from its conclusions.

6. Dialogue in country with the NAO and NSAs and donor co-ordination

6.1 Dialogue in country with the NAO and NSAs

A close and fruitful dialogue in the field has, as in previous years, been maintained in 2004, though in a less structured and formal but more intense manner. It has not been possible to hold quarterly co-ordination meetings between Line Ministries, the NAO's Office and the Delegation. Frequent and informal meetings took place instead. Dialogue has been particularly intense with the MoE and MFDP - shifting to more strategic and policy issues in the framework of the formulation of the E&T SPSP -, with MLG (preparation of specific support) and MEWT (Mid-Term Review).

⁶⁵ This is the case of 8 BT 03 (2000-08, RAL 13.65 M€), 8 BT 013 (2003-09, RAL 29.64 M€), 8 BT 010 (2002-07, 11.80 M€), 8 BT 014 (2003-09, GoB bears most of the initial costs, RAL 3.86 M€), 9 BT 002 (2004-07, TA recruitment early 2005, RAL 0.75 M€), 9 BT 03 (2004-07, FA signed September 2004, RAL 1.39 M€).

⁶⁶ 8 ACP BT 010 (see above 65) and 8 ACP BT 012 (RAL 1.28 M€).

Constraints have been experienced in the devolution process due to late fielding of additional staff in 2004. The Delegation has organised the provision of substantial training for Government officials outside the context of projects, focusing in 2004 on sectoral budget support, while additional training is planned for early 2005 (EDF9 procedures, ECOFIN, Gender Mainstreaming).

Non-State actors have been extensively consulted in 2004 and their deep involvement sought during the 2004 MTR of EDF9 CSP and the identification and preparation of specific support. Involvement of NSAs in the implementation of Cotonou, as partners, implementers and/or beneficiaries, was extensively discussed during a national workshop organised, in January 2004 in Gaborone, by the F. Ebert Foundation and the Botswana NGO umbrella organisation, BOCONGO. The latter was appointed as Chair of the Interim Reference Group for the identification and preparation of support to NSAs under EDF9 funding. Constraints to efficient and structured dialogue with NSAs are their lack of organisation, appropriate representation and weak information dissemination. Umbrella organisations are utilised to channel information and consult civil society. It is anticipated that their effectiveness will be strengthened through the programme of support to NSAs in preparation.

NSAs are represented in the National Committee on Trade and Policy Negotiation (see 2.2.2), which advise government on policy formulation and positions regarding all trade negotiations, including EPA.

6.2 Donor co-ordination

Botswana development achievements have prompted the main donors to phase out their co-operation programmes and to concentrate on regional co-operation with the Southern African Development Community (SADC). The scope for formal donor co-ordination is therefore limited. Monthly meetings are held between resident Heads' of Mission of the EU Member States and the EC Delegation. UNDP also plays a limited co-ordination role, especially in emergency situations or in reviews of particular thematic issues. The EC participates in the meetings, convened by the Ministry of Finance and Development Planning (MFDP), of the "International Development Partners Forum", often dominated by HIV/AIDS. Finally, ad hoc co-ordination takes place between the EC Delegation and the large regional office of USAID in Gaborone.

Even though the number of donors supporting the E&T sector has declined and may decline further, it is desirable that Government set up a co-ordination mechanism involving donors active in E&T, to promote an open and transparent policy dialogue, and strengthen co-ordination in the crucial areas in which the different donors operate, in particular HIV/AIDS, given its importance for the sustainability of the education system.

The donor matrix (Annex 9) indicates that in 2003, some 30 M€ were disbursed in ODA, the vast majority (64%) of the resources are allocated to the fight against HIV/AIDS, while education and environment attract each 8%. The USA, the UN agencies and the EU (EC and Member States) disbursed respectively 52, 27 and 21 % of these resources.

7. Conclusions

7.1 Key political, economic and social developments in 2004

During the period 2004 in review, Botswana continued to enjoy peace, political stability, and unbroken democratic rule. The Parliamentary and Local elections of October 2004, considered free and by large fair, renewed the mandate of the party ruling since independence, the Botswana Democratic Party (BDP). These elections were the 3rd electoral process assessed on the “Principles for Election Management, Monitoring and Observation in the SADC Region” (PEMMO). The Constitution Amendment Bill No. 34 of 2004 was published in December 2004, with a double thrust of (i) rendering the Constitution neutral with respect to tribe and gender and ii) transfer of prosecution power from the Attorney General’s Office to the propose Directorate of Public Prosecution. Basarwa (San) groups have challenged Government in Court over the constitutional basis of their resettlement from the Central Khalahari and the way it was implemented. Hearings, interrupted in November 2004, will resume early 2005. The restructuring of the SADC has slowly progressed. The regional 15-year development plan “Regional Indicative Strategic Development Plan” was launched in March 2004. In August 2005, Botswana will take over from Mauritius Chairmanship of the SADC. While migrations from Botswana are very limited, the large number of illegal immigrants from Zimbabwe remain concerning for Government.

In spite of sustained efforts towards economic diversification, the economy remains largely driven by the mining sector (34% GDP), in particular diamonds, and has a stable structure over the past decade. Government plans for intensification of crop and livestock production have not yielded the expected results. Botswana started however exporting ostrich meat to the EU in 2004. The textile industry is seen as particularly promising in the context of trade arrangements such as AGOA-III under which Botswana benefits, until end 2007, from the status of “Lesser Developed Beneficiary Country”. The economic growth is projected at 4-5% for 2004/5 and 2005/6, slowing down from the average of 5.9% p.a. recorded in recent years. Growth is mainly influenced by mining output and revenue, the diamond market, exchange rates of the Pula against main currencies for exports (USD) and imports (Rand), climatic (drought) and other conditions (e.g. Foot and Mouth Disease outbreaks). The year 2004 has seen larger surpluses over 2003 in the balance of payments and current account, due to increase in market prices in, hence in export revenues from, the mining sector (diamond, nickel and copper). Diversification of the sector also targets diamond cutting and polishing. Gold production started in 2004 at the Mupane Gold Mine near Francistown. Botswana maintained in 2004 as in previous years, large foreign exchange reserves (22 months of imports), low public debt, and a strong currency, in spite of the 7.5% devaluation of the Pula effected in February 2004. Inflation declined steadily from mid 2003 to 6.4% in December 2004, with an average of 7%.

Public finances remain structurally healthy due to strong, predictable and transparent public finance management systems, prudent macro-economic policies and tight control of deficits, which entail in some years cuts in current as well as development expenditure. The theme of the Budget Speech 2005/6 « Meeting the Millennium Development Goals and Vision 2016 through a self-reliant Approach to Development », reflects current concerns of ensuring cost-effectiveness and sustainability of public expenditure and improved revenue collection. Re-focusing expenditure to ensure good value for money, cost savings, cost sharing and cost recovery (including in education with however equity schemes), are high on the

agenda. After the introduction of the VAT and the launch in 2004 of the Botswana Unified Revenue Services (BURS) as a semiautonomous organisation merging the Department of Taxes and Department of Customs and Excise, revenue collection will be addressed at Ministries' level. Government sees its role in economic diversification as that of creating an environment conducive for private initiative and innovation. Schemes aiming at the promotion of citizen-owned SMEs and joint ventures between citizens and foreign investors however have so far performed rather poorly. Privatisation progresses at a slow pace. The 2005/06 budget is essentially balanced, with development expenditure representing 24% of total expenditure, an increase by 12% over the revised 2004/05 estimate. Expenditure in social sectors remains a very significant proportion of total expenditure (45.6% of in the 2004/05 revised estimate). ODA represents since 2000 some 0.6% of GDP only.

At regional level, while the new SACU Agreement came into force in July 2004, negotiations for the future SACU-USA FTA were at year-end still ongoing. The country has opted for the "SADC configuration" for the EPAs negotiations, launched in July 2004.

Recent policy initiatives include the approval by Cabinet in 2004 of the National Policy for NGOs, the gazetting of the Environmental Impact Assessment legislation which renders EIA compulsory for major projects;

Important initiatives undertaken, or that will be undertaken in 2005, include: development of a tertiary education policy, review of the Education Act of 1967; revision of the Women in Development Policy in a National Gender Policy; approval of the privatisation master plan, renewed efforts to privatise Air Botswana, and the Botswana Telecommunications Corporation; revision of legislation to strengthen local authorities (financial powers, financial and performance management); revised National Land Policy; finalisation of the Environmental Management Act, draft National Energy Policy, study into expansion of electricity production, review of the National Water Master, Review of the CBNRM policy, Fisheries and Tourism Policies, plans and strategies for wastewater and sanitation, Okavango management, bio-diversity and National Parks Management Plans. The Forestry Act needs to be amended to be fully compliant with the provision of the CITES regarding flora. The comprehensive study on the long-term viability of the Livestock sub-sector will be undertaken in 2005, looking into economic, technical, environmental and social aspects of livestock production. It will lead to the formulation of a long-term development strategy to promote a viable, affordable, competitive and sustainable livestock sub-sector. Complementary measures and policies are prepared to facilitate domestic and foreign investment and support financial markets development. ICTs and research, science and technology plan are also given a prominent position in policies and plans for 2005.

7.2 Progress achieved in poverty reduction

Botswana, which belongs to the group of "Medium Human Development" countries, maintains her outstanding achievements in the delivery and outcomes of social services such as health care, access to safe water, education, and her impressive progress towards gender parity in most formal education. The Human Development Index, HDI, has steadily increased between 1975 (0.494) and 1990 (0.653), declining thereafter to the 1980 level in 2000 (0.572) as a result of the dramatic shortening of life expectancy due to HIV/AIDS. Indices for 2001 showed encouraging trend with a HDI value of 0.614 and seemingly life expectancy recovery, to be hopefully confirmed in the coming years.

Important challenges are to maintain the pace of social development, in particular:

- *poverty reduction and increase in employment.* While poverty declined as measured by the percentage of the population living below the Botswana poverty line from 59% in 1985 to 30% in 2002, it remains a structural problem, with large income disparities reflected in a Gini coefficient of 0.573 in 2003, which has hardly been reduced for the past two decades. Poverty largely results from high un- and under-employment and limited capacity for sustainable employment creation, due to the narrow and mostly capital-intensive economic base, low level of skills for the labour market needs, and small internal market. Remoteness plays an important factor of vulnerability. Unemployment was 23% in 2002/3. One of the priorities of Government remains, as in the past, heavy investment in Education and Training (E&T) to address the problem of lack of skills; and
- *the fight against HIV/AIDS.* The overall HIV prevalence is 17.1% in the [18 months & above], and 25.3% in the [15-49] years old. The Botswana National HIV/AIDS Strategic Framework - NSF - 2003-09 has been finalised in 2003. The roll out of the HIV/AIDS anti-retroviral (ARV) therapy to those in need met initially various constraints after its launch in 2002, but has taken off with over 30,000 patients enrolled at year-end, i.e. some 67% of those qualifying for treatment. The implementation of other programmes revealed the need for intensifying efforts targeting men to know their HIV status, strengthening public education on PMCT, condom distribution and support to care givers under Home Based Care programmes.

In general, disaggregated indicators show good achievements for *gender* equity. The disparity in income remains however important.

In the field of *environment*, major constraints are (semi-) arid climate with little (and declining) rainfall and water resources, waste disposal, land use conflicts between wildlife and livestock, elephant overpopulation, increasing population pressure on natural resources, and poverty. Community financing could provide support to build Government's capacity to consistently and effectively address environmental issues, in particular Multilateral Environmental Agreements, and to develop a Country Environmental Profile, and corresponding strategy / action plan.

Main strengths of Botswana public services lie in the discipline, predictability, accountability and transparency of the procedures as implemented. While the level of formal qualifications of civil servants is high, budgetary restrictions are translated in a tight control of recruitment for public services. Hence the importance of a successful implementation of the Performance Management Systems to improve cost-efficiency in public services delivery. Capacity building needs in the focal sector, Education and Training, have been identified in the areas of Monitoring/evaluation and Planning, Increasing cost-effectiveness of the E&T system; a National Qualifications Framework; a comprehensive, coherent and integrated human resource development strategy.

7.3 Results and activities in focal sectors and relevant programmes

The Country Strategy Paper / Indicative Programme (CSP/IP) for the 9th EDF, signed in April 2002, singled out Human Resources Development (HRD) as the sole *focal sector*, aiming at private sector development and enhancing labour skills needed to sustain economic growth. Programmable resources (Envelope A) amounted to 39 M€ and Envelope B, covering unforeseen needs, totalled 52 M€. The Mid Term Review of the CSP/IP was completed with the Commission decision in November 2004, confirming the orientations of the CSP, and the appropriateness of

allocations, globally and across focal and non-focal sectors. It resulted in the transfer of 11 M€ from Envelope B to Envelope A, to be utilised in the focal sector of HRD.

In the *focal sector*, Vocational Training Programmes (VTPs) under EDF7 and 8 aimed at addressing the severe shortage of sufficient numbers of skilled technical and vocational teachers required for the Vocational Education and Training Expansion Programme, and of college places in areas relevant to the economy, with particular emphasis on equity of access.

Relative budget allocations to education are fairly stable since 2001 and reflect the high priority given to E&T, even more so if allocations to Ministry of Local Government for primary schools are considered. Government's substantial financial contribution (over 50%) to projects co-financed with the EDF also testifies of this commitment. Relevant stakeholders, including the private sector, are involved in the development, quality and expansion of the tertiary education / E&T through their participation in various fora and Councils. A constraint in reviewing progress in the sector is the time gap in obtaining official education statistics.

Targets were exceeded in terms of enrolment under the EDF7 VTP. Further increase in places will be achieved through the expansion of GTC/ATTC, and several projects for large colleges (at least 1,000 students) at Francistown, Oodi and Selebi-Phikwe. Equity in access is enhanced in terms of gender, geographical balance, and disadvantaged groups. Training projections in 2001 concluded to the need for annual outputs of some 40,000 trained citizens in various priority areas. Programmes developed under the Botswana Technical Education Programme (BTEP) address several of these areas. BTEP programmes are currently expanded, geographically (available in all colleges by the end of 2005), and to higher levels to address the shortage of technicians. Training needs at craft level will be addressed by the development of a National Skills Development Strategy during NDP9. The "Francistown College of Technical and Vocational Education and Technical College Programme" (8 ACP BT 003) now progresses well with works completion and the fielding of technical assistance anticipated for Q2/2006 and Q4/2005 respectively. The project "Augmentation of GTC/ATTC facilities" (8 ACP BT 014) was launched in July 2003 and is now at construction design stage. It will allow for an increase in training places from 900 to 1500, larger quotas of disadvantaged groups and of students with learning difficulties and/or disabilities. Government's commitment in terms of policy, financing and implementation indicates good prospects for sustainability. Important experience acquired recently (VTP 6-7th EDF) has been fed back into project design and implementation. EDF support to TVET is still too recent to allow for an appropriate impact evaluation. Tracer studies will be undertaken in 2005.

In the *non-focal sectors*, the 3rd Micro-Projects Programme (8 ACP BT 004) was completed in October 2004. The MPP proved a successful scheme, in high demand from communities and NGOs. While preparation of a 4th MPP was at an advanced stage in 2004, it was felt that EDF resources would more efficiently be used to build the capacity of the Ministry of Local Government in better implementing its community development policies and own community-based programme (LG1109). Communities will continue to benefit directly from EDF resources in terms of capacity building and financial support, through the Non State Actors support programme. This approach will strengthen existing structures and programmes, and increase cost-efficiency of inputs provided under both programmes. The "Wildlife Conservation and Management Programme" (8 ACP BT 010) has so far achieved very

modest results and is significantly behind schedule. The MTR, fielded in November 2004, made various recommendations at institutional and operational levels to enhance the project potential for successful implementation. The way forward will be decided early 2005 through intensive dialogue and reflection between the stakeholders. The project "Support to the Ministry of Finance and Development Planning" (8 ACP BT 009) which provides technical assistance and training to the Ministry, essentially its Division of Economic Affairs, and focuses on external assistance management and co-ordination, will end in September 2005. The project "EDF9 preparatory activities" (8 ACP BT 012) has financed various sectoral studies in HRD, the preparation of the financing proposal for the E&T SPSP for EDF9 financing and the identification and preparation of support to Non State Actors.

Besides earlier technical assistance for the launch and administration of the VAT in Botswana, preparation, launch and implementation of the BURS has benefited from support and will further benefit from support under EDF9.

The scope for donor coordination is quite limited due to the very much reduced ODA in Botswana (30 M€ disbursed in 2003, 21% from the EU). Fora include the EU Heads of Missions' monthly meetings, UNDP meetings, the International Development Partners Forum convened by the MFDP, and *ad hoc* meetings with USAID.

7.4 Key perspectives for the future

The Education & Training Sector Policy Support Programme (E&T SPSP, 42.2 M€, 4 years) under EDF 9 will support through sectoral budget support Government efforts in:

- i) *adequate financing and effective management of the E&T sector*, through increased efficiency of education expenditure; more efficient management of resources; adoption of a Human Resources Development strategy, reflecting equal opportunities; and closer monitoring of progress in the sector against targets and appropriate planning and decision making;
- ii) *expanding equitable access to quality education and training*, with special emphasis on primary and secondary levels, through improved planning, regulation, and implementation of E&T provision (development and implementation of a National Qualification Framework); redressing the apparent lack of physical and human resources for primary and secondary education and addressing inequities; improved quality of education to achieve set standards and effective integration of HIV/AIDS awareness at these levels.

This will foster sectoral dialogue, shift of focus from inputs/activities to outcomes, and increased cost-effectiveness of education expenditure.

The proposed project Capacity building of Non State Actors (NSAs) of some € 5.5 million) which will be requested for financing in the first half of 2005. It aims at empowering NSAs to fully participate and contribute to the development process and be involved in the implementation of the Cotonou Agreement, not only as beneficiaries, but also as partners and implementers. It will provide the NSAs with skills in a variety of areas, from technical to organisational, a grant scheme for civil society initiatives. A financial sustainability strategy for NSAs will be developed.

A capacity building programme is planned for the Ministry of Local Government of a tentative amount of 2 M€.

It is proposed to allocate some 3.5 M€ (see 5.1.1), which include 2.72 M€ to decommit from project closures in 2005, to a second Technical Co-operation Facility to be decided in 2007 and implemented during the transition to EDF10.

Botswana's envelope B (52 M€) is at the end of 2004 exhausted, through the:

- project "Economic Diversification of the Mining Sector" (8 ACP BT 013, 30M€), effectively started in February 2004;
- Allocation of 1.4 M€ to the Africa Peace Facility;
- Transfer of 11 M€ to Envelope A, as a result of the 2004 CSP MTR process, to be allocated to the E&T SPSP;
- Mobilisation of 8.06 M€ through the FLEX mechanism to compensate for export losses in 2003/4;
- ECHO drawing rights of 1.54 M€.

It is proposed that the Commission takes stock of recent experience and analyses in the various sectors - including the strategic livestock study which links to a range of other sectors. Additional assessment work may be undertaken should there be a need for more information on the environmental impact of livestock policies. These analyses will be supplemented in 2006 with studies aiming at defining orientations of future development co-operation beyond EDF9 while extensive consultation will be undertaken with relevant stakeholders.

7.5 Use of EDF resources, indicators of performance in the focal sector and dialogue with the NSAs

Forecasts for 2004 in terms of individual commitments (contracts) have been achieved at 97.5%. Payments only represented one third of the targets, due to mostly circumstantial reasons. The expected individual commitments forecasts in 2005 are 20.1 M€ (target 16.2 M€), 70% of which consisting of budget support (FLEX and sectoral). Payments forecasts are 29.9 M€ (target 24.0 M€), 48% of which in budget support.

Process indicators - with milestones - and output/outcome indicators - with baseline and time-bound target values - measuring progress and triggering disbursement of the various sector budget support tranches under the E&T SPSP have been included in the EDF9 intervention framework of the CSP.

Non-State actors have been extensively consulted in 2004 and their deep involvement sought during a national workshop organised, in January 2004 in Gaborone, by the F. Ebert Foundation and the Botswana NGO umbrella organisation - BOCONGO, the 2004 MTR of EDF9 CSP and the identification and preparation of specific support. Constraints to efficient and structured dialogue with NSAs are their lack of organisation, appropriate representation and weak information dissemination.

Signatures

(Stamp)

(Stamp)

.....

.....

National Authorising Officer

Head of Delegation

Ministry of Finance and Development Planning

European Commission in Botswana

Annex 1. EDF9 intervention framework - Education Sector Policy Support Programme

	<i>Intervention Logic</i>	<i>Indicators</i>	Verification source	Assumptions & Risks
Overall Objectives	To ensure access of all Batswana to high quality lifelong education and training (E&T)			
Project Purpose	To support Government in its efforts for: adequate and effective financing of the whole E&T sector and, improving the quality, relevance of, and access to, education and training, with special - though not exclusive - emphasis on primary and secondary levels	To be defined (TBD)	TBD	Favourable macro-economic prospects Continuous commitment of GoB to E&T
Results	<p>A. Adequate financing and effective management of the E&T sector</p> <ul style="list-style-type: none"> • Better targeting of needs and priorities and more effective allocations of financial resources 	An EPER has been carried out and an action plan is implemented on the basis of its recommendations	MoE/MFDP reports	<p>Revenue allocated to E&T, along with other priority areas (e.g. HIV/AIDS), allows for the implementation of planned education expenditure under EDF9</p> <p>Government committed to implementing new budgeting/planning systems</p>

	<ul style="list-style-type: none"> • More efficient management of resources 	<p>An action plan is developed and implemented to improve the management of resources by MoE through review of structures and procedures</p>	MoE reports	<p>Government commitment to implement necessary reforms. Need for reform internalised by Government staff</p>
	<ul style="list-style-type: none"> • Cost-efficient Human Resources Development (HRD), reflecting equal opportunities 	<p>Following the development of a HRD strategy avoiding fragmentation, duplication and gaps, an action plan is being implemented</p>	MoE/MLHA/MFDP reports	<p>Collaboration of all concerned institutions to the implementation of the HRD strategy</p>
	<ul style="list-style-type: none"> • Informed policy formulation, planning and steering of E&T delivery 	<p>Education Management Information System (EMIS) produces timely and quality statistics.</p>	MoE reports	<p>Government commitment to thorough review of monitoring / evaluation system</p>
	<p>B. Expanded equitable access to quality E&T</p> <ul style="list-style-type: none"> • Improved planning, regulation, and implementation of E&T provision 	<p>An action plan is implemented for the National Qualification Framework (NQF)</p>	MoE/MLHA reports	<p>Collaboration of all concerned institutions to the implementation of the NQF</p>

	<ul style="list-style-type: none"> Improvement of access and equity in the E&T sector: 	<p>Implementation of a plan to redress lack of resources (infrastructures / supplies) addressing inequities and related procurement</p> <p>Increase in NER6-12 by 1% p.a. from 89% in 2002</p> <p>Increase in TVET enrolment by 2% p.a. from 10,882 in 2002</p> <p>Basic skills programme piloted with enrolment of 30 students in Q3/2007</p> <p>Net dropout rate at primary level of maximum 1% in each year from 2002</p> <p>Net dropout rate at secondary level of maximum 2% in each year from 2002</p> <p>Increased proportion of female students in TVET by 2 % p.a.</p> <p>Blue print and training modules in two VET areas by end 2007</p>	<p>MoE reports</p> <p>CSO</p> <p>CSO</p> <p>MoE reports</p> <p>CSO</p> <p>CSO</p> <p>CSO</p> <p>MoE reports</p>	<p>Availability of funds for construction/ maintenance and timely procurement processes.</p>
--	---	---	---	--

Annex 2. EDF 6, 7, 8 and 9 financial implementation by sector

2.a. National Indicative Programmes (NIPs)

Sector	Capacity-building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP	
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development					
EDF 6											EDF4	EDF6-NIP	
Project Nos	20,33,35	13,44,46	19,39,45	14	1,3,6,7,9,11,15,17,18,23,24,27,28,29,30,31,32,34,36,37,38,40,42,49	47, 48	-	-	5, 26, 41		33,34,35,39,44,48	All others	
Beginning 2004	D	132,344	714,058	6,002,498	87,640	18,716,395	1,835,449	0	0	93,083	27,581,467	481,932	27,099,535
	C	132,344	714,058	6,002,498	87,640	17,922,225	1,835,449	0	0	93,083	26,787,297	481,932	26,305,365
	P	132,344	714,058	6,002,498	87,640	17,922,225	1,820,054	0	0	93,083	26,771,903	481,932	26,289,971
In 2004	D	0	0	0	0	0	0	0	0	0	0	0	0
	C	0	0	0	0	0	0	0	0	0	0	0	0
	P	0	0	0	0	0	15,395	0	0	0	15,395	0	15,395
End 2004	D	132,344	714,058	6,002,498	87,640	18,716,395	1,835,449	0	0	93,083	27,581,467	481,932	27,099,535
	C	132,344	714,058	6,002,498	87,640	17,922,225	1,835,449	0	0	93,083	26,787,297	481,932	26,305,365
	P	132,344	714,058	6,002,498	87,640	17,922,225	1,835,449	0	0	93,083	26,787,297	481,932	26,305,365
D (end 2004) % total	0.5	2.6	21.8	0.3	67.9	6.7	0.0	0.0	0.3	100	1.7	98.3	

¹ Capacity-building of Ministry of Finance and Development Planning; ² Food, Agriculture and Natural Resources, incl. Wildlife, Environment, Water, and Minerals; ³ Including equity, gender, poverty, culture, etc.

D = decisions; C = Commitments; P = payments, All in €. "Decisions end of 2002 % total" represents the amount of funds decided at the end of 2002 for a particular sector in the total amounts decided end of 2002.

Annex 2.a. (ct'd)

Sector	Capacity- building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP	
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development					
EDF 7										EDF5	EDF7-NIP		
Project Nos	13,39,59	1,14,23,24,27,37,43,46,5	-	-	1,4,5,15,16,17,19,22,3 1,38,42,56,58	3,18,25,26,35,40,48, 49,52,55,60,61	34	7,21,51,57	45		14,15,16,17,18,19,46, 49,54	All others	
Beginning 2004	D	882,789	1,704,332	0	0	13,727,469	14,161,893	800,000	1,849,454	50,096	33,176,033	2,365,632	30,810,400
	C	882,789	1,704,332	0	0	13,307,548	14,161,893	620,534	1,849,454	50,096	32,576,645	2,365,632	30,211,013
	P	882,789	1,704,332	0	0	13,183,092	13,839,453	527,376	1,844,016	50,096	32,031,154	2,112,978	29,918,176
In 2004	D	0	0	0	0	0	0	0	0	0	0	0	0
	C	0	0	0	0	-6,988	0	0	0	0	-6,988	0	-6,988
	P	0	0	0	0	-6,849	300,095	0	0	0	293,245	224,871	68,374
End 2004	D	882,789	1,704,332	0	0	13,727,469	14,161,893	800,000	1,849,454	50,096	33,176,033	2,365,632	30,810,400
	C	882,789	1,704,332	0	0	13,300,560	14,161,893	620,534	1,849,454	50,096	32,569,657	2,365,632	30,204,025
	P	882,789	1,704,332	0	0	13,176,242	14,139,548	527,376	1,844,016	50,096	32,324,399	2,337,849	29,986,550
D (end 2004) % total	2.7	5.1	0.0	0.0	41.4	42.7	2.4	5.6	0.2	100	7.1	92.9	

Annex 2.a. (ct'd)

Sector	Capacity-building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP	
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development					
EDF 8												EDF8-NIP	
Project Nos	1,6,8,9,11, 12	-	-	-	2,5,10	3, 14	-	4	-			All others	
Beginning 2004	D	4,399,145	0	0	0	15,995,000	18,880,000	0	2,500,000	0	41,774,145	0	41,774,145
	C	3,739,082	0	0	0	5,165,255	187,656	0	2,340,700	0	11,432,693	0	11,432,693
	P	1,869,828	0	0	0	2,546,608	176,968	0	1,740,027	0	6,333,431	0	6,333,431
In 2004	D	-26,466	0	0	0	0	0	0	0	0	-26,466	0	-26,466
	C	-29,211	0	0	0	926,067	10,771,000	0	64,326	0	11,732,182	0	11,732,182
	P	711,114	0	0	0	581,844	1,194,429	0	306,214	0	2,793,601	0	2,793,601
End 2004	D	4,372,679	0	0	0	15,995,000	18,880,000	0	2,500,000	0	41,747,679	0	41,747,679
	C	3,709,870	0	0	0	6,091,322	10,958,656	0	2,405,026	0	23,164,875	0	23,164,875
	P	2,580,942	0	0	0	3,128,452	1,371,397	0	2,046,240	0	9,127,032	0	9,127,032
D (end 2004) % total	10.5	0.0	0.0	0.0	38.3	45.2	0.0	6.0	0.0	100		100.0	

Annex 2.a. (ct'd)

Sector	Capacity-building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development				
EDF 9												EDF8-NIP
Project Nos	1, 2, 3	-	-	-	-	-	-	-	-	-		All others
Beginning 2004	D	783,000	0	0	0	0	0	0	0	783,000	0	783,000
	C	0	0	0	0	0	0	0	0	0	0	0
	P	0	0	0	0	0	0	0	0	0	0	0
In 2004	D	1,385,000	0	0	0	0	0	0	0	1,385,000	0	1,385,000
	C	0	0	0	0	0	0	0	0	0	0	0
	P	0	0	0	0	0	0	0	0	0	0	0
End 2004	D	2,168,000	0	0	0	0	0	0	0	2,168,000	0	2,168,000
	C	0	0	0	0	0	0	0	0	0	0	0
	P	0	0	0	0	0	0	0	0	0	0	0
D (end 2004) % total	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100	0.0	100.0

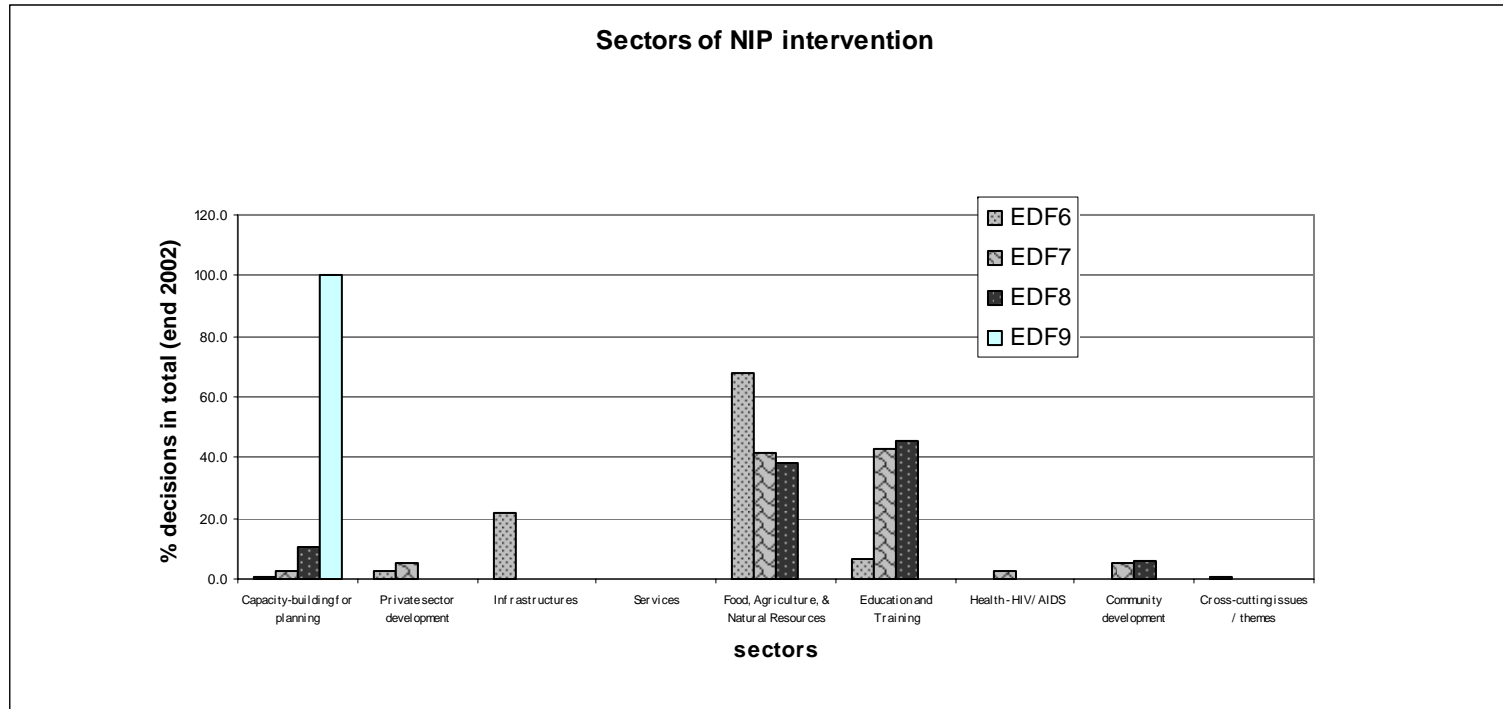
¹ Ministry of Finance and Development Planning

² Incl. Wildlife, Forestry, Water, Mining

³ Incl. poverty, equity, gender, governance, culture, etc.

D= Decisions, C= Commitments, P = Paid

Annex 2.a. (ct'd)



NB: EDF 9 data are currently skewed due to the low level of decisions at the end of 2004.

Annex 2.b. Non-programmable resources in Botswana under EDF 6, 7, 8 and 9

		Beginning 2004			In 2004			End 2004			
EDF		D	C	P	D	C	P	D	C	P	
Sysmin	6	21,650,000	21,650,000	21,650,000	0	0	0	21,650,000	21,650,000	21,650,000	
	7	33,700,000	33,700,000	33,693,017	0	0	0	33,700,000	33,700,000	33,693,017	
	8	108,091	108,091	108,091	0	0	0	108,091	108,091	108,091	
	8	30,000,000	0	0	0	21,484,000	359,938	30,000,000	21,484,000	359,938	
	Sub-total SYSMIN		85,458,091	55,458,091	55,451,107	0	21,484,000	359,938	85,458,091	76,942,091	55,811,046
EIB	6	6,630,659	6,630,659	6,630,659	0	0	0	6,630,659	6,630,659	6,630,659	
	7	18,978,807	18,978,807	18,978,807	0	0	0	18,978,807	18,978,807	18,978,807	
	8	0	0	0	0	0	0	0	0	0	
		National Development Bank	0	0	0	0	0	0	0	0	
		Botswana Dev. Corpor.	4,223,085	4,223,085	4,223,085	0	0	0	4,223,085	4,223,085	4,223,085
		Hotel	335,160	335,160	335,160	0	0	0	335,160	335,160	335,160
		Meat sector	1,887,786	1,887,786	1,887,786	0	0	0	1,887,786	1,887,786	1,887,786
		Water sector	18,951,516	18,951,516	16,851,516	0	0	0	18,951,516	18,951,516	16,851,516
		Electricity sector	2,311,920	2,311,920	2,311,920	0	0	0	2,311,920	2,311,920	2,311,920
Sub-total EIB		27,709,466	27,709,466	25,609,466	0	0	0	27,709,466	27,709,466	25,609,466	
Emergency	6	802,863	802,863	802,863	0	0	0	802,863	802,863	802,863	
	7	231,679	231,679	231,679	0	0	0	231,679	231,679	231,679	
	8	0	0	0	0	0	0	0	0	0	
	Sub-total Emergency		1,034,542	1,034,542	1,034,542	0	0	0	1,034,542	1,034,542	1,034,542
Others	6	0	0	0	0	0	0	0	0	0	
	7	0	0	0	0	0	0	0	0	0	
	8 (1)	2,340,000	2,340,000	1,991,630	0	0	0	2,340,000	2,340,000	1,991,630	
	Sub-total Others		2,340,000	2,340,000	1,991,630	0	0	0	2,340,000	2,340,000	1,991,630
6 Sub-total		29,083,522	29,083,522	29,083,522	0	0	0	29,083,522	29,083,522	29,083,522	
7 Sub-total		52,910,486	52,910,486	52,903,502	0	0	0	52,910,486	52,910,486	52,903,502	
8 Sub-total		32,448,091	2,448,091	2,099,721	0	21,484,000	359,938	32,448,091	23,932,091	2,459,659	
Grand total		114,442,098	84,442,098	84,086,745	0	21,484,000	359,938	114,442,098	105,926,098	84,446,683	

(1) Intercongolese dialogue

D= Decisions, C= Commitments, P = Paid

Annex 2.b (ct'd). Details of EIB support

LOME IV CONVENTION								
Loans from EIB's own resources								
Loan No.	Signed on	Name of contract	Amount signed in EUR	Amount disbursed in EUR	Amount cancelled in EUR	Date of first repayment	Date of last repayment	Amount outstanding in EUR
16330	4/12/1992	BDC GL III	2.500.000.00	2.500.000.00	0.00	31/05/1997	30/11/2004	0.00
16705	9/07/1993	BOTSWANA POWER CORPORATION IV	7.000.000.00	3.823.644.00	3.176.356.00	31/12/1996	30/06/2008	1.303.541.08
17063	20/12/1993	BOTSWANA LOBATSE WATER SUPPLY	7.400.000.00	2.927.256.00	4.472.744.00	5/06/1998	5/12/2013	1.778.755.31
17210	14/04/1994	BDC GL IV	2.500.000.00	2.500.000.00	0.00	10/10/1998	10/04/2006	506.839.20
17467	10/10/1994	LOBATSE ABATTOIR	3.400.000.00	0.00	3.400.000.00	n/a	n/a	0.00
18177	23/10/1995	NORTH SOUTH CARRIER WATER	40.000.000.00	40.000.000.00	0.00	20/04/2001	20/10/2015	28.884.590.85
18785	17/06/1996	BOTSWANA POWER CORPORATION V	6.600.000.00	6.176.271.98	423.728.02	20/05/2000	20/05/2011	4.175.815.08
21942	14/02/2003	FRANCISTOWN WATER SUPPLY	12.500.000.00	0.00	0.00	15/09/2008	15/03/2023	0.00
TOTAL			81.900.000.00	57.927.171.98	11.472.828.02			36.649.541.52
Loans from risk capital resources								
Loan No.	Signed on	Name of contract	Amount signed in EUR	Amount disbursed in EUR	Amount cancelled in EUR	Date of first repayment	Date of last repayment	Amount outstanding in EUR
70948	14/04/1994	BDC GL IV	1.500.000.00	269.000.00	1.231.000.00	10/04/2000	10/04/2009	189.500.00
70954	28/04/1994	LOBATSE WATER SUPPLY	3.000.000.00	2.263.632.00	736.368.00	20/04/1999	20/04/2014	1.456.873.56
TOTAL			4.500.000.00	2.532.632.00	1.967.368.00			1.646.373.56
COTONOU AGREEMENT								
Loans from Investment Facility resources								
Loan No.	Signed on	Name of contract	Amount signed in EUR	Amount disbursed in EUR	Amount cancelled in EUR	Date of first repayment	Date of last repayment	Amount outstanding in EUR
22712	4/10/2004	FABULOUS FLOWERS	2.000.000.00	0.00	0.00	n/a	n/a	0.00
TOTAL			2.000.000.00	0.00	0.00			0.00
GRAND TOTAL			88.400.000.00	60.459.803.98	13.440.196.02			38.295.915.08

Annex 3

Projects summaries

A. Focal Sector

A.1 *Human Resources Development*

- Francistown CTVE/VTC Vocational Training Programme - 8 ACP BT 003
- Augmentation of GTC / ATTC - 8 ACP BT 014

B. Non Focal Sectors:

B.1 *Micro-Projects Programme: 8 ACP BT 004*

B.2 *Natural Resources*

- Wildlife Conservation and Management Programme - 8 ACP BT 010

B.3 *Capacity Building*

- Support to the Ministry of Finance and Development Planning - 8 ACP BT 009
- EDF9 preparatory activities - 8 ACP BT 012
- Support to Fiscal Reform in Botswana - 8 ACP BT 006 and 9 BT 002

C. Non programmable resources:

- Economic Diversification of the Mining Sector - 8 ACP BT 013

Francistown CTVE/VTC Vocational Training Programme

Project No: 8 ACP BT 003 Financing Agreement: 6224/BT of 28/03/00		Project Amount: 15 M€EDF + 16.2 M€GoB (up from 12.3 M€)	
Dead line for the start-up event: 01.10.2000 (met with the recruitment of the Technical Advisor - Design)		Expiry date: 31.12.2008 (extended from 30.09.2004 through Rider No 1)	
Project description			
<p>The project's <i>overall objective</i> is to improve the standard of living of school leavers and the unemployed (poverty alleviation). Its <i>purpose</i> is to increase the effectiveness and capacity of the TVET system in Francistown and outreach centres. <i>Results</i> are expected in three areas:</p> <ol style="list-style-type: none"> 1. Effective and competent management and operation system of the new TVET is ensured 2. Relevant competencies matching the current needs of industry and the informal sector acquired by TVET graduates; 3. Increased opportunities and equal access to vocational training established. <p>A combined College of Technical and Vocational Education (CTVE) and a Vocational training Centre (VTC)⁶⁷ will be established in Francistown, with four outreach centres for the CTVE in Gaborone, Maun, Palapye and Kanye. Technical assistance will strengthen planning, management and teaching functions. Awareness of opportunities will be raised among women and disadvantaged groups.</p>			
Financial implementation			
EDF funds(in €)	31/12/2003	2004	31/12/2004
Decisions	15,000,000	0	15,000,000
Commitments	164,556	+10,771,000	10,935,556
Disbursements	164,556	+1,185,591	1,350,148
Progress with implementation			
<p>Services of a Technical Advisor - Design were initially financed under EDF funds for an initial period of 18 months from January 2001, and retained under DDF from September 2002 for a period of three years to assist in works tender evaluation and the supervision of the works contract⁶⁸. All stages of design were completed by June 2002.</p> <p>Based on lessons learned from the 6-7th EDF VTP, Government increased the original size of the Francistown Technical College from 500 to 1000 training places in an effort to match the unprecedented demand of 100 applications per training place. This resulted in an extra cost of some € 3.9 million, which will be met by Government. The dimensions of the CTVE remained unchanged. Government also approved an additional 8.6 M€ for staff housing, giving a total cost of 39.8 M€ for the two Colleges ⁶⁹.</p> <p>Delays were encountered at various stages of the mobilisation of the CTVE/VTC works tender: tender strategy and recruitment of the Design Team (3 months), increase in the scope of works design due to the doubling of college size (4 months), and a total of 10 months to obtain the approval by the Commission of the tender dossier and of Rider No 1 (in February 2003). The latter extends the programme to 31.12.2008 and allows for the phasing in of technical assistance from mid 2005 (six months prior to works completion) for a period of four years.</p> <p>Following tendering mid March, a works contract was awarded in October to the joint venture John Sisk and</p>			

⁶⁷ CTVE is also referred to as Teacher Training College and the VTC as Technical College (TC)

⁶⁸ As well as mobilising the design stage of the project 8 ACP BT 014 (augmentation of GTC/ATTC facilities)

⁶⁹ In 2002, Government spent BWP 6 million in 2002 in recurrent costs and 2 million for equipment and supplies to establish the interim CTVE in Gaborone. See special conditions paragraph 3.5 of the Financing Agreement

Son (Africa) Ltd and C&H Builders (Botswana) for an amount of some 131 million Pula. The Commissioning meeting took place on 03.02.04. The works contract commenced on 08.03.04, for a period of 24 months to March 2006. Progress as of 31st December 2004 reflects a 28% completion based on funds claimed for work done at that date. Prospects to make up for the 7 weeks or so behind schedule are good.

Needs in technical assistance in terms of profiles, inputs and budget have been updated in 2004. The pre-qualification will be launched early in 2005. It is proposed to field the team leader in November 2005.

Equipment and supplies will be procured at an appropriate time to ensure that delivery and commissioning coincide with the handover of facilities at the end of the construction phase.

Augmentation of GTC / ATTC

Project No: 8 ACP BT 014 Financing Agreement: 6618/BT of 26/05/03	Project Amount: 3.880 M€EDF + 7.924 M€GoB		
Dead line for the start-up event: 01.09.03 (met with the endorsement of the start-up WP on 25.07.03)	Expiry date: 31.08.2009		
Project description			
<p>The project's <i>overall objective</i> is to contribute to the national development objectives of sufficient and equitable access to education, improved opportunities for wage- and self-employment, and improved productivity, competitiveness and innovativeness of the labour force. Its <i>purpose</i> to increase access to, and opportunities for, technical education and training in conducive living and learning environments generally, and for students with disabilities and special learning needs in particular. <i>Results</i> are expected in six areas:</p> <ol style="list-style-type: none"> 1. Functional Science and Technology Training facilities, for the implementation of foundation courses across all vocational areas and of new programmes in science and technology and the BTE certificate and advanced certificate courses; 2. Hospitality and Tourism Training facilities for the provision of foundation courses; 3. Facilities and opportunities established for people with disabilities or special learning needs; 4. Improved standards and safety of ATTC workshop facilities for a more effective utilisation; 5. Improved recreational facilities at both the GTC and ATTC avoiding thereby that teaching facilities are utilised for recreational purposes; 6. Effective curriculum development and BTEP implementation across the six technical colleges of the country. <p>The project envisages the construction/upgrading and equipment of relevant training facilities, curriculum development and staff skills upgrading, networking and co-ordination with the industry and stakeholder, improvement of recreational / hostel facilities, and provision of technical assistance focusing on facilitating the nationalisation of the BTEP.</p>			
Financial implementation			
EDF funds(in €)	31/12/2003	2004	31/12/2004
Decisions	3,880,000	0	3,880,000
Commitments	23,100	0	23,100
Disbursements	12,412	8,837	21,249
Progress with implementation			
<p>A start-up Work Programme (WP) was approved, running from 1st August 2003 to 31st January 2004. Planning workshops and essential computer equipment was procured. The design contracts (under GoB funding) were tendered between June and August 2004. Approval by the Public Procurement and Assets Disposal Board of the financial evaluation and recommendations for contract award in all disciplines is expected in January 2005. Mobilisation of the Design team is scheduled for February 2005 for a period of 31 weeks. Technical assistance and equipment / supplies procurement will be addressed in relation to progress with the works contract.</p>			

Micro-Project Programmes (MPPs)

Project No: 8 ACP BT 004 DAGM/99009 of 8th May 2000		Project Amount: €2,500,000	
Dead line for the start-up event: - (started 01.07.00 with signature of the technical assistance contract)		Expiry date: 31.10.2004 (extended by one year)	
Project description			
<p>The <i>objective</i> of the 3rd MPP is to improve living standards through the promotion of social / economic integration and greater self - reliance. Main target groups of the programme are rural dwellers, marginalised groups, women and youth. The objective will be realized through:</p> <ol style="list-style-type: none"> 1. the provision of social infrastructure and equipment to target groups; 2. training aimed at enabling beneficiaries to have a better understanding and participate in social and economic activities in their areas; 3. support and creation of micro and small enterprises, income generating activities and social projects. 			
Financial implementation			
EDF funds(in €)	31/12/2003	2004	31/12/2004
Decisions	2,500,000	0	2,500,000
Commitments	2,340,700	64,326	2,405,026
Disbursements	1,740,027	306,214	2,046,240
Progress with implementation			
<p>At the end of the 3rd MPP in October 2004, 34 projects had benefited from its funding. The focus of projects had shifted to more income generating activities, compared to the first two MPPs. The review of MPP3 undertaken in July 2002 was completed in March 2003 and a strategic framework for MPP 4 was developed in July 2003. This review was coupled with a regional workshop on “Drawing Lessons on MPP in East and Southern Africa” was held in November 2002, allowing participating countries to benefit from experience elsewhere, and the involvement of civil society.</p> <p>Medium term expertise was contracted for 10 months from 1st October 2003 to 31st August 2004 to assist in the timely completion and closure of projects and preparation of MPP4.</p> <p>Recommendations of the review / strategic framework have been considered in formulating MPP4 financing proposal: (i) there is a need and value added in further funding of MPP; (ii) MPP4 should focus on poverty reduction and improvement of the livelihoods of the target groups, on income generating activities, and on capacity building to ensure self-reliance; and (iii) ownership by the Ministry of Local Government and sustainability must be fostered.</p> <p>The approach has however been revisited in the light of the need for implementing grant procedures, for which communities would lack capacity. It is therefore proposed to reorient the programme into a programme strengthening the capacity of the Ministry of Local Government to implement its own programme of community-based initiatives, LG1109. Small grants would be available to communities under the Programme Support to NSAs, which would also provide technical assistance (see point 4.3 in text).</p>			

Wildlife Conservation and Management Programme

Project No: 8 ACP BT 010 Financing Agreement: 6336/BT of 06.11.02		Project Amount: 14 M€EDF + 8.8 M€GoB	
Dead line for the start-up event: 30.06.02 (met 22.05.02, award of the technical assistance contract)		Expiry date: 31.12.2007	
Project description			
<p>The project's <i>overall objective</i> is the conservation of wildlife and protected areas and promotion of the sustainable use of these resources to improve employment and income opportunities for the local communities. Its <i>purposes</i> are (i) to strengthen park and reserve management through improved capacity of the DWNP, and (ii) to increase capacity of local communities to participate in management planning and resources management within and outside parks and reserves. <i>Results</i> are expected in five areas:</p> <ol style="list-style-type: none"> 1. Management of parks and reserves strengthened; 2. Local community, private sector and other stakeholder co-operation in protected area conservation and management increased; 3. Benefits to the local communities from sustainable natural resources and wildlife management within PAs and elsewhere increased; 4. Planning and management decisions better informed by research and monitoring; 5. DWNP headquarters and district operations strengthened. 			
Financial implementation			
EDF funds(in €)	31/12/2003	2004	31/12/2004
Decisions	14,000,000	0	14,000,000
Commitments	4,193,111	926,067	5,119,178
Disbursements	1,622,315	581,844	2,204,158
<p>Essential equipment was procured early 2002 to facilitate the operations of the technical assistance (TA) team fielded from September 2002 onwards. The start-up phase (October 2002 - May 2003) was dedicated to consulting stakeholders and taking stock of past experience each of the result areas (RAs), feeding back conclusions into a review of the logical framework and formulation of the 1st annual work programme (AWP). The latter ran from May '03 to May '04 and was followed by a 2nd AWP to May '05. Implementation has generally progressed at a slow pace, due to some institutional and managerial constraints.</p> <p>Adjustments, agreed late 2003 to the technical assistance team composition and staffing, included: (i) Upgrading of one of the 2 Community Services Advisers posts to a senior level (SCSA), filled in February 2004; (ii) Establishment of an additional TA post (Senior Institutional Strengthening Adviser, SISA) to drive the Institutional Strengthening component, eventually recruited in October 2004; (iii) Replacement of the Chief Technical Adviser late October 2003.</p> <p>Throughout the year the other team members (three Parks Management Advisers, a Community Services Adviser and a Research & Monitoring Adviser) pursued the development of management and monitoring systems and of capacity of counterpart staff. Adaptive management research and monitoring systems were developed for protected areas (PAs) and adjacent to the PAs. In addition, under Result 4, a strategic research plan has been finalised and incorporated at park level; policies and procedures have also been developed for independent research. Under Result 3, only four community projects have been approved. Training for Community Based Organisations has been carried out in pilot communities. Progress in this area has been hampered by a lack of clarity in the development of a CBNRM policy. These processes will continue throughout the programme but a great deal hinges on the promptness and success of Institutional Strengthening (Result 5) as it will assist the DWNP consolidate its activities, especially with regards to its human resources and management systems. Lateness in delivery of this component will compromise the</p>			

programme's impact within the proposed time scale. The focus in Year 2 of implementation is on team building, improved management and reporting, as well as intensified capacity building for DWNP staff and community based natural resources management organisations. Given the delays encountered in the recruitment of the SISA, along with a change in Government policy with regard to the future management of protected areas, an audit performance review initially scheduled for Q2/2004 has been put postponed to 2005. This audit will identify key-leverage points by which DWNP may consolidate its operations and improve management systems with a view to improving its effectiveness and efficiency. Other complimentary activities include leadership training and a comprehensive management development programme for all staff cadres to be delivered in the next two years.

The project Mid-Term Review was fielded in November 2004 and will table a final report in March 2005.

Support to the Ministry of Finance and Development Planning

Project No: 8 ACP BT 009 Financing Agreement: 6450/BT of 19.06.01		Project Amount: €1.4 million EDF	
Dead line for the start-up event: 01.07.2001 (met with the recruitment of the long-term technical assistant)		Expiry date: 30.09.2005	
Project description			
<p>The project's <i>purpose</i> is to strengthen and support GoB capacity for the management and co-ordination of external assistance. <i>Results</i> are expected in three areas:</p> <ol style="list-style-type: none"> 1. EDF supported projects implemented according to time frame and within budget; 2. Training of appropriate staff in Project identification and management; 3. Botswana-EC development Co-operation Strategy 2002-07 agreed by Government and European Commission. National Indicative Programme for 9th EDF signed. <p>The project provides for 4 years of long-term technical assistance, short-term consultancies, training courses and materials, and limited equipment.</p>			
Financial implementation			
EDF funds (in €)	31/12/2003	2004	31/12/2004
Decisions	1,400,000	0	1,400,000
Commitments	1,035,403	183,200	1,218,603
Disbursements	546,492	392,264	938,756
Progress with implementation			
<p>The contract for long-term technical assistance, initially signed for a period of 2 years from 1st July 2001, was renewed for a further two-year period to 30.06.05. The draft Country Strategy Paper / Indicative Programme (CSP/IP), prepared in 2001, was signed in April 2002. Preparatory work for EDF 9 was further undertaken in 2002 and 2003 under other projects⁷⁰.</p> <p>Limited formal training was undertaken till end 2002, while capacity-building activities were initiated following the assignment of a Planning Officer to the NAO Office from December 2002 onwards. Training programmes for 2003 and 2004 were formulated on the basis of an informal Training Need Assessment (TNA) within the Division for Economic Affairs (DEA). A ten-month work programme was approved to December 2003, allowing for training in PCM for 20 participants, short overseas training for seven officers, and the procurement of office /computer equipment. Monitoring and facilitation of projects implementation was, as earlier, a continuous activity. A MTR was fielded in June 2003, concluding to a broadly satisfactory implementation of aid management and highlighting the needs for a comprehensive training needs assessment, as well as capacity building in monitoring and evaluation. In 2004, support to project implementation continued to be a major activity, along with the implementation of a WP covering overseas training for four officers, further appraisal work for non focal sectors under EDF9, and support to co-ordinating the timely contribution of inputs into the JAR 2003 - 2004 MTR of the CSP for EDF9.</p> <p>In 2005, this project will concentrate on training activities, procurement of equipment, and winding up activities, including audit in Q3/2005.</p>			

⁷⁰ Consultancies under 8 ACP BT 12 for the appraisal of support to HRD under EDF9 and for a study on the involvement of NSAs in the implementation of the Cotonou Agreement; Strategy for the MPP4 under 8 ACP BT 04.

EDF9 preparatory activities

Project No: 8 ACP BT 012 Financing Agreement: 6559/BT of 07.11.02		Project Amount: € 1.96 million	
Dead line for the start-up event: 31.12.2002 (met with the launch of the 1 st tender for technical assistance on 23.12.02)		Expiry date: 30.12.2004	
Project description			
<p>The project's <i>purpose</i> is to develop a financing proposal for the Human Resources Development (HRD) Strategy and provide detailed information required for planning under both NDP9 and EDF9. The anticipated <i>result</i> is that significant progress has been made in each major area identified in the Botswana CSP. Important fields are (i) Human Resources Development (6 result areas, including management and co-ordination), (ii) non-focal sectors, and (iii) the role of Non-State Actors. <i>Activities</i> are preparatory studies, providing essential data in respect of policy and strategy formulation, and structure for programmes under NDP9.</p>			
Financial implementation			
EDF funds (in €)	31/12/2003	2004	31/12/2004
Decisions	1,960,000	0	1960,000
Commitments	1,691,000	-212,411	1,478,589
Disbursements	432,120	252,696	684,816
Progress with implementation			
<p>The project was launched with the floating, in December 2002, of a tender for a one-year framework consultancy contract. Signed in May 2003, it served as umbrella for various studies aimed at defining important components of HRD under NDP9, and support from EDF9 to the latter. Various experts were mobilised from July onwards. Problems were experienced during the implementation of this consultancy in terms of co-ordination, mobilisation of inputs, understanding of Terms of Reference, and timely delivery of outputs (study reports, project memoranda, etc.). The persistence of these constraints early 2004 led to the termination of the contract by the Contracting Authority, followed by an amicable settlement reached on outputs that were of value to the Contracting Authority and could be paid for.</p> <p>Arrangements have been made to complete some sectoral studies under the project (pre-feasibility study/workshop for a Human Resources Development Strategy; feasibility study into the effective provision and expansion of TVET in Botswana). Other studies will be implemented or completed under NDP9.</p> <p>A short-term consultancy was fielded in May-June 2004 and completed in October 2004 to prepare the financing proposal for the single focal sector of HRD, the Education and Training Sector Policy Support Programme (E&T SPSP) to be implemented through budget support and disbursements linked mostly to sectoral indicators.</p> <p>A work programme from July 2003 to December 2004, running in parallel with the various studies fielded, has allowed for essential capacity building through study tours under the five result areas, learning from experience of other countries in the management and co-ordination of human resources development.</p> <p>Lastly, the project financed an identification study on the involvement of Non-State Actors in the implementation of the Cotonou Agreement, and preparation of a support programme and corresponding Financing Proposal, implemented across Q3 and 4/2004.</p> <p>The project, which ended on 30.12.2004, is now due for closure.</p>			

Support to fiscal reform in Botswana

Project No: 8 ACP BT 006 DAGT/00241 of 29.09.00 and Rider No 1 of 18.12.02	Project Amount: €0.5 million		
Dead line for the start-up event: - (started with the endorsement of TA contract on 01.12.00)	Expiry date: 30.04.2004		
Project No: 9 ACP BT 002 DAGT/3202 of 14.11.03	Project Amount: €750,000		
Dead line for the start-up event: n/a (EDF9)	Expiry date: 31.12.2008 (end of operational phase)		
Projects description			
These various projects aimed at facilitating the process of tax reform in Botswana. They consists mostly of the provision of long- and short-term technical assistance in support of the preparation, launch and administration of the Value Added Tax, reform of Botswana tax administration into a Botswana Unified Revenue Services (BURS), and fiscal policy.			
Financial implementation			
EDF funds (in €)	31/12/2003	2004	31/12/2004
Decisions	1,250,000	0	1,250,000
Commitments	500,000	0	500,000
Disbursements	378,537	66,154	444,691
Progress with implementation			
Support for VAT Implementation provided by the South African Revenue Services (SARS) under <i>8 ACP BT 011</i> to February 2003 and later retained under domestic funds ended in September 2003.			
The services of the Adviser to the Secretary for Financial Affairs under <i>8 ACP BT 006</i> were extended further to 03.02.2004, after which the project was due for closure. In 2003, the expert provided further support with implementation of the Value Added Tax (VAT) introduced in July 2002. Work intensified on the creation of Botswana Unified Revenue Services (BURS) to take over functions currently performed by two MFDP Departments, namely the Department of Customs & Excise and the Department of Taxes. The law establishing the BURS was passed by Parliament in March 2004 and preparation arrangements made to launch the BURS mid 2004.			
Building on earlier appraisal work under <i>8 ACP BT 008</i> , the request for support to the launch of the BURS was approved in November 2003 under <i>9 ACP BT 002</i> . A suitable candidate for the position of long-term Adviser to the Commissioner General was identified in December 2004. It is anticipated that the expert will be fielded from early 2005 for an initial period of 2 years, extendible by 1 year. The project provides also for some short-term consultancies, limited equipment and training costs.			

Economic Diversification of the Mining Sector

Project No: 8 ACP BT 013 Financing Agreement: 6577/BT of 21/02/03	Project Amount: € 30 million		
Dead line for the start-up event: 31.12.04 (signature of the contract for the full-time technical assistance)	Expiry date: 31.12.09		
Project description			
<p>The project's <i>overall objective</i> is to reduce Botswana's economic dependency on diamonds, in an environmentally acceptable and sustainable manner. The project's <i>purpose</i> is to ensure that the operations of BCL (and hence of Tati) continue long enough to permit (a) further diversification of the economy of Selebi-Phikwe; and (b) proving of further ore reserves by Tati up to 300 million tonnes (i.e. a level sufficient to justify a major investment in lower-cost and environmentally cleaner hydro-metallurgical processing, in the event that current development work is successful). <i>Results</i> are expected in five areas:</p> <ol style="list-style-type: none"> 1. Established new ore reserves at BCL's Selebi North Mine and Tati's Phoenix Mine; 2. Established new mining sections at the "Phikwe south-east extension" and at Selebi North; 3. The maintenance in efficient condition of all existing metallurgical facilities, either till the end of mining operations or the introduction of more efficient technology, whichever comes first; 4. Maintenance of an efficient and fully serviceable fleet of mining equipment; 5. Detailed recommendations / feasibility studies to guide ongoing planning, integration and rationalisation of the operations of BCL and Tati in respect of the possible phasing-in of the hydro-metallurgical technology, privatisation of some BCL assets, planning of mine closure and environmental rehabilitation. <p>The project provides for procurement of works and supplies, short-term expertise / strategic studies, and 4 years of long-term technical assistance for the co-ordination of the project and facilitation of procurement.</p>			
Financial implementation			
EDF funds (in €)	31/12/2003	2004	31/12/2004
Decisions	30,000,000	0	30,000,000
Commitments	0	21,484,000	21,484,000
Disbursements	0	359,938	359,938
Progress with implementation			
<p>The Financing Agreement was signed in February 2003. A tender for technical assistance to the Ministry of Minerals, Energy and Water Resources, launched in August, led to the award of a four-year contract early December 2003. The long-term Technical Adviser to the Ministry of Minerals, Energy and Water Resources took his duties on 01.02.2004. Short-term experts are being mobilised as and when required. These services assist the BCL and Tati Nickel in all the tendering processes that they require, as well as the MMEWR for the strategic studies to be carried out.</p> <p>An on-lending agreement was signed between the BCL and Government on 08.03.2004, providing for on lending of up to € 20 million to the BCL Mine to carry out the activities included in the Financing Agreement. A similar on-lending agreement for Tati Nickel, for however a smaller amount (€ 2 million), was drafted in 2004. and its signature is anticipated in the first quarter of 2005. The first supply tender for the BCL was launched in October 2004, with closing date of 26.01.05, and award anticipated in Q1-2/2005. A first drawdown was requested by the BCL of an amount of BWP 33,166,000 to fund capital expenditure to March 2005. The second drawdown is expected in the first quarter of 2005.</p> <p>Terms of Reference for environmental studies related to the mine closure are being prepared and studies are expected to be launched in 2005.</p>			

Annex 4. Government commitments in Education and Training under 8th and 9th EDF NIPs

A. Government commitments under 9th EDF CSP/IP

A.1 *Maintenance of at least the present share of education and training in national development and recurrent budgets.*

	2000	2001	2002	2003	2004
E&T recurrent / Total recurrent (%)	27	28	28	30	29
E&T development / Total development (%)	12	8	9	7	9
E&T total / Total budget (%)	21.7	20.3	21.3	23.7	23.6

NDP9 allocates 10.4% and 26.7 % of the total government development and recurrent budget to E&T. This does not include allocations for primary schools to Ministry of Local Government.

A.2 *Establishment of a series of autonomous councils and authorities, linking government, private sector, civil society and practitioners, and institutions responsible for regulation and maintenance of high quality national standards throughout the education and training system.*

After the set up of the Botswana Examination Council in 2002, the tertiary Education Council was established in 2003 to guide the development, quality and expansion of the tertiary education. The private sector continues its involvement at strategic and operational level in developing, validating and reviewing new programmes under the BTEP.

A.3 *Enhanced co-operation between Ministry of Education and other Government departments and agencies responsible for education and training.*

A Technical and Vocational Education Consultative Forum was established in 2003 to monitor, co-ordinate and direct new initiatives in E&T, sharing resources and best practices. Its membership includes various staff members from the DVET, BOTA, Directorate of Apprenticeship and Industrial Training, and the Construction Industry Trust Fund.

A.4 *Expansion of the vocational education and training system to meet both the labour market and the needs of individuals. See Point B.1 below.*

B. Government commitments under 8th EDF NIP

B.1 *Increase availability and access to Vocational Training and Education (VET), for women in particular. Completion of the expansion programme in six VET centres will increase the capacity of places from 1,540 in 1991 to 5,000 by 1999.*

End	2002	2003	2004
Students studying programmes at the six Technical Colleges	3,100	7,400	6,600
Students studying full-time on the BETP	n/a	550	1,170 ⁽¹⁾

⁽¹⁾ There were also 123 part-time BETP students in 2004.

Longer opening hours for evening classes and an increase in part-time day students have contributed to increased enrolment at the Technical Colleges. The decrease in 2004 is due to an increase in students enrolled in the BETP (who stay longer than those in apprenticeship). This trend is expected to reverse after 2005 only. The augmentation of GTC/ATTC facilities will further

contribute to increasing training places and to the implementation of the Equal Opportunity policy of the Ministry of Education (MoE). Equity in access is pursued in terms of gender (with very significant progress in women enrolment), geographical balance, and disadvantaged groups (specific ethnic groups and students with physical or learning disabilities).

The Francistown CTVE/VTC and the Colleges of Applied Art and Technology (CAAT) at Oodi and Selebi-Phikwe⁷¹ will accommodate over 1,000 students. A financial and economic analysis of the CAAT at Selebi-Phikwe has been commissioned in December 2004 to update and complete the financial and economic parameters of the project and, if appropriate, support a request by Government to utilise funds from the Re-Employment Account (see Sysmin) to support economic diversification in Selebi Phikwe.

Government's contribution in projects co-financed with the EDF represents over 50%, a very substantial proportion testifying of its commitment to these joint undertaking⁷².

In terms of *equity in access*, enrolment by *women* now generally accounts for 50% of places in all six colleges (from one quarter in 1995). Progress has been made in increasing their proportion in traditional male fields, such as engineering and construction (currently 25% of women at the ATTC, from 10% in 1997). Women represent a large majority of the part-time students, testifying that such programmes do answer their needs and situation. Promoting the training of men in traditionally female activities has been less successful and they account for 25% only of the students in textiles and health & beauty care. Steps are taken to recruit students proportionally across the country and from *disadvantaged groups* (specific ethnic groups and students with physical or learning disabilities). The low proportion of apprentices at GTC benefiting from full sponsorship (less than one quarter) justified the decision to widen the curriculum offer to include the college-based BTEP qualification, which significantly increased accessibility to vocational education. The proposed expansion of GTC/ATTC has a strong focus on equity in access.

B.2 *A Vocational Teacher Training College will be constructed in Francistown to reduce dependency on expatriate teachers (see above).*

B.3 *The Botswana Training Authority (BOTA) will be established by 1998.*

BOTA was established with some delay in January 2000⁷³ with the coming into force of the Vocational Training Act. Its objectives are to co-ordinate vocational training activities, monitor and evaluate the performance of the system, and advise the Ministry of Labour and Home Affairs (MLHA) on relevant policy issues. Progress has been made in clarifying responsibilities⁷⁴ between the MoE and BOTA.

B.4 *Training projections will be available by 1996.*

A National Manpower Projections study was commissioned by the Ministry of Finance and Development Planning (MFDP) in 2001 (instead of 1996) to BIDPA which concluded that, to achieve

⁷¹ A second CAAT in Selebi-Phikwe is under discussion.

⁷² Close to €10 million (40% total) for the 6-7th EDF VTP, and an anticipated €22 million (including staff housing - not part of the initial project, 60% total) for the Francistown CTVE/VTC, and 7.9 M€ for the augmentation of GTC/ATTC (67%). In 2002, Government allocated a further €1.8 million from the Domestic Development Fund (DDF) for technical assistance to nationalise the qualifications developed during the 6-7th EDF VTP, to ensure equity in those colleges which did not directly benefit from the 6-7th EDF VTP.

⁷³ Following the approval by Parliament of the National Policy on Vocational Education and Training, and the passing of the Vocational Training Act in 1998.

⁷⁴ BOTA's responsibilities encompass to (i) promote equitable access to VET, (ii) accredit and monitor institutions offering training up to certificate level to ensure adherence to required standards, (iii) develop and review training standards, (iv) guide the development of courses and curricula, (v) co-ordinate the production of teaching and learning materials, (vi) accredit and register teachers / trainers, (vii) regulate assessment and testing within the VET system, (viii) declare any trade apprenticeable and regulate apprenticeship, and (ix) research in VET areas and dissemination of results.

its Vision 2016, Botswana would require total annual net flows of trained citizen manpower of 40,250 between 2000 and 2010 ⁷⁵.

Programmes so far developed under the BTEP⁷⁶ will address several of the priorities identified. All colleges now offer at least one BTEP programme and it is anticipated that they will all be generally available by the end of 2005. The MoE Policy Advisory Committee approved the Curriculum Blueprint for the technician level BTEP and four programmes are now at an advanced stage of development. In addition, the creation of a National Skills Development Strategy during NDP9 will address the needs of the workforce at craft level under the guidance and regulation of BOTA.

C. Indicators and targets for EDF9

The *four indicators and targets* found below were considered of particular value in the CSP EDF9 to measure progress in relevance, quality and efficiency. An update of the current approach towards indicators and targets for the focal sector under EDF9 is found under point 4.1, a.1, in the text.

C.1 *Number of graduates from E&T system finding sustainable employment or self-employment: target 85% within 6 months of leaving by 2006.* No data are currently available. Tracer studies are planned for 2005. It is felt that the target of 85% may be unrealistic and that a value of 40% may be adequate

C.2 *Number of schools inspected within the new inspectorate framework: target 100 % every 3 years by year 2006.* The new inspection system would be rolled out in 2006 with targets of every 2 years for primary schools (instead of every 3-4 years currently) and every 3 years for secondary schools (instead of 5).

C.3 *Non-attendance, dropout and repetition rates: target 50% reduction in each by 2006.*

Criterion	Year	1997	1998	1999	2000	2001
Repetition rate, primary, %		3.04	3.10	3.33	3.42	3.26
Drop-out rate, primary, %		1.55	2.15	1.97	1.26	1.84
Repetition rate, secondary, %		0.98	0.54	0.50	0.68	0.65
Drop-out rate, secondary, %		0.21	0.22	0.23	0.27	0.25
Progression rate 1ary to 2ary, %		94.8	92.9	95.8	96.4	96.0

C.4 *Progression rate to post-compulsory education: target increase from present 50% to 75% by 2006.*

Criterion	Year	1997	1998	1999	2000	2001
Progression from Junior to senior secondary		41.0	46.6	49.2	51.5	53.2

⁷⁵ Distribution by trades: commercial, clerical, business & public administration (27%), education training (18%), transport and communication (15%), craft trade and industrial programmes, construction trades and engineering and allied programmes (each around 10%), others (total of 30%).

⁷⁶ Engineering, construction, clothing design and textiles, hospitality & tourism, business, information/communication technology, hairdressing & beauty.

Annex 5. EDF 6 - 9 (NIP+Sysmin) - Evolution in 2004 of the Remaining to Pay (RAP), Remain to Contract (RAC) and their sum (RAL)

Project		Beginning 2004			2004			End 2004			
Accounting No	Description	Decision	RAP	RAC	RAL	RAP	RAC	RAL	RAP	RAC	RAL
6 ACP BT 40	Wildlife North (Grant)	2,800,000	0	794,169	794,169	0	0	0	0	794,169	794,169
6 ACP BT 47	Gaborone VTC (EDF6 portion)	1,692,000	15,395	0	15,395	-15,395	0	-15,395	0	0	0
7 ACP BT 4	Forestry 1	3,000,000	7,319	351,552	358,871	-6,988	6,988	0	331	358,540	358,871
7 ACP BT 22	Wildlife South	6,400,000	117,137	68,369	185,506	6,849	0	6,849	123,986	68,369	192,356
7 ACP BT 34	AIDS/HIV	800,000	93,158	179,466	272,624	0	0	0	93,158	179,466	272,624
7 ACP BT 44	Sysmin 2	33,700,000	6,983	0	6,983	0	0	0	6,983	0	6,983
7 ACP BT 48	Gaborone VTC	12,651,370	75,224	0	75,224	-75,224	0	-75,224	0	0	0
7 ACP BT 49	Gaborone VTC (EDF5)	656,630	247,216	0	247,216	-224,871	0	-224,871	22,345	0	22,345
7 ACP BT 51	Microprojects 2	500,000	5,438	0	5,438	0	0	0	5,438	0	5,438
8 ACP BT 2	Community Forestry .	1,995,000	47,850	1,022,856	1,070,706	0	0	0	47,850	1,022,856	1,070,706
8 ACP BT 3	Francistown FTC/CTVE	15,000,000	0	14,835,444	14,835,444	9,585,409	-10,771,000	-1,185,591	9,585,409	4,064,444	13,649,852
8 ACP BT 4	3rd Microprojects	2,500,000	600,673	159,300	759,973	-241,887	-64,326	-306,214	358,786	94,974	453,760
8 ACP BT 6	Adviser to the secretary of Financial affairs	500,000	121,463	0	121,463	-66,154	0	-66,154	55,309	0	55,309
8 ACP BT 9	Support to the MFDP	1,400,000	488,911	364,597	853,508	-209,064	-183,200	-392,264	279,847	181,397	461,244
8 ACP BT 10	Wildlife conservation and management	14,000,000	2,570,797	9,806,889	12,377,686	344,223	-926,067	-581,844	2,915,020	8,880,822	11,795,842
8 ACP BT 11	TA – Vat administration	117,900	0	26,466	26,466	0	-26,466	-26,466	0	0	0
8 ACP BT 12	EDF9 preparation	1,960,000	1,258,880	269,000	1,527,880	-465,108	212,411	-252,696	793,772	481,411	1,275,184
8 ACP BT 13	Economic diversification mining sector	30,000,000	0	30,000,000	30,000,000	21,124,062	-21,484,000	-359,938	21,124,062	8,516,000	29,640,062
8 ACP BT 14	Augmentation GTC/ATTC	3,880,000	10,688	3,856,900	3,867,588	-8,837	0	-8,837	1,851	3,856,900	3,858,751
9 ACP BT 1	Econ. Divers. S-Ph	33,000	0	33,000	33,000	0	0	0	0	33,000	33,000
9 ACP BT 2	Support to tax admin reform	750,000	0	750,000	750,000	0	0	0	0	750,000	750,000
9 ACP BT 1	TCF	0	0	0	0	0	1,385,000	1,385,000	0	1,385,000	1,385,000
<i>Sub-total EDF 6</i>		<i>4,492,000</i>	<i>15,395</i>	<i>794,169</i>	<i>809,564</i>	<i>-15,395</i>	<i>0</i>	<i>-15,395</i>	<i>0</i>	<i>794,169</i>	<i>794,169</i>
<i>Sub-total EDF 7</i>		<i>57,708,000</i>	<i>552,475</i>	<i>599,387</i>	<i>1,151,862</i>	<i>-300,233</i>	<i>6,988</i>	<i>-293,245</i>	<i>252,241</i>	<i>606,375</i>	<i>858,617</i>
<i>Sub-total EDF 8</i>		<i>71,352,900</i>	<i>5,099,263</i>	<i>60,341,452</i>	<i>65,440,714</i>	<i>30,062,643</i>	<i>-33,242,648</i>	<i>-3,180,005</i>	<i>35,161,905</i>	<i>27,098,804</i>	<i>62,260,709</i>
<i>Sub-total EDF 9</i>		<i>783,000</i>	<i>0</i>	<i>783,000</i>	<i>783,000</i>	<i>0</i>	<i>1,385,000</i>	<i>1,385,000</i>	<i>0</i>	<i>2,168,000</i>	<i>2,168,000</i>
Total		134,335,900	5,667,132	62,518,009	68,185,141	29,747,015	-31,850,660	-2,103,645	35,414,147	30,667,348	66,081,495

RAP = Amount contracted - Amount paid
RAC = Amount decided - Amount contracted
RAL = Amount decided - amount paid

Annex 6. Achievements of the 2004 forecasts & 2005 and 2006 forecasts

6.1. Achievements in 2004 in terms of individual commitments and payments

Sectors	Targets		Achievements (shortfall - / excess +)	
	Individual commitments	Payments ⁽¹⁾	Individual commitments	Payments
Focal sector	11,480,000	3,548,523	⁽²⁾ -709,000	⁽³⁾ -2,038,604
Non focal sectors, of which	1,109,567	3,517,599	- 164,373	- 1,925,277
8 ACP BT 10	324,056	1,013,727	602,011	⁽⁴⁾ -431,883
8 ACP BT 12	80,000	1,109,974	-292,411	⁽⁵⁾ -857,278
Non NIP (8 ACP BT 13)	21,493,000	3,712,000	-9,000	⁽⁶⁾ - 3,352,062
Total	34,082,567	10,778,122	-873,373	-7,315,943

⁽¹⁾ For payments = Forecasts weighted by risk factor (1 for low, 0.5 for medium and 0 for high)

⁽²⁾ Gap = difference in € of the commitment in BWP for works contract under 8 BT 03, 80% of total gap

⁽³⁾ Gap = payment under 8 BT 03 not in OLAS at 31.12.04, 28% total gap

⁽⁴⁾ Gap = as in 2003, difficulties in implementation

⁽⁵⁾ Gap = contract terminated in March 2004; services paid to the extent of acceptance, 12% total gap

⁽⁶⁾ Gap = non payment of the 1st drawdown for the BCL due to delays in agreeing on banking instructions, 46% total gap

6.2. Forecasts for 2005 and 2006 in terms of individual commitments and payments

Sectors	Targets 2005 ⁽¹⁾		Forecasts 2006	
	Individual commitments	Payments	Individual commitments	Payments
Existing global commitments	5,027,483	12,852,007	4,176,000	13,921,800
<i>Ongoing individual comm.</i>	0	11,315,007	0	9,597,800
<i>New individual comm.</i>	5,027,483	1,537,000	4,176,000	4,324,000
New global commitments	11,160,000	11,160,000	18,057,000	14,127,000
Total	16,187,483	24,012,007	22,233,000	28,048,800

⁽¹⁾ Forecasts weighted by risk factor (1 for low, 0.5 for medium and 0 for high)

Annex 7. EDF9 updated chronogramme of activities and indicative commitment and expenditure schedule

Focal sector: Education & Training Sector Policy Support Programme	2001		2002				2003				2004				2005			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CSP approved and signed																		
Identification completed																		
Project appraisal completed																		
Financing Proposal approved																		
Financing Agreement signed																		
Tenders and mobilisation launched																		n/a
Implementation started																		
Initial schedule																		
Revised schedule																		

Title		Amount M€	2001		2002		2003		2004		2005		2006	
			S1	S2	S1	S2	S1	S2	S1	S2	S1	S2	S1	S2
Focal Sector: Education & Training Sector Policy Support Programme	Initial	Global commit.				38.830								
		Expendit.					3.650	7.925	11.145	9.550	2.650	1.830		
	Revised	Global commit.										42.200		
		Expendit.										8.260	11.100	
Non- Focal Sectors	Initial	Global commit.				9.400								
	Revised	Global commit.					0.033	0.750		1.385		5.500	2.000	

Annex 8. Selected economic and social parameters and indicators of Botswana

Table 8.1. Share of economic activities over the past decade and recent trends

Economic Activity (% total value added)	1991/92	1996/97	2001/02	2003/04
Agriculture	4.6	3.6	2.6	2.3
Mining	37.0	33.9	34.7	33.9
Manufacturing	4.9	4.7	4.0	4.1
Trade, Hotels & restaurants	5.0	10.7	10.9	11.3
Others	48.5	47.1	47.8	48.4
GDP, excluding mining added value	63.0	66.1	65.3	66.1
Total GDP (10 ⁹ Pula)	10.6	12.7	16.9	19.3

In Constant prices 1993/94. Source: Annual Economic Report 2004. Republic of Botswana. February 2004.

Figure 8.2 - Inflation 2000-04

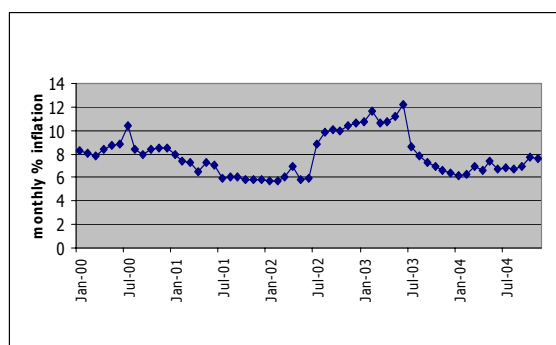


Figure 8.3 - Exchange rates 2002-04

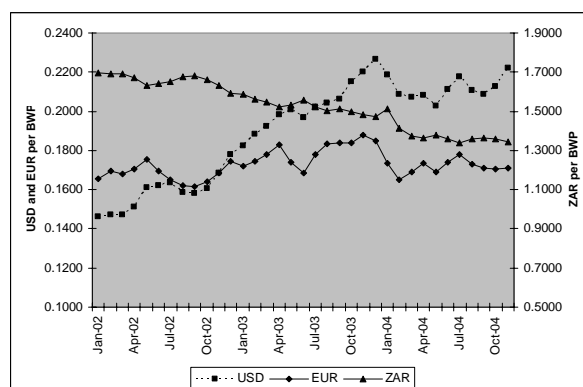


Table 8.4: Functional Classification of Central Government Expenditure

Expenditure % total	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
General public services	28.6	27.2	27.1	29.8	27.0	27.2
General administration	14.0	13.0	13.5	16.0	14.2	15.1
Public order and safety	5.9	4.6	4.5	4.8	4.8	4.6
Defence	8.7	9.6	9.2	9.0	8.0	7.6
Social services	43.3	42.8	42.9	42.0	45.6	47.8
Education	24.8	25.0	22.6	23.6	25.2	25.0
Health	5.5	5.9	7.0	9.8	10.9	12.2
Housing and urban & regional development	6.3	5.8	7.3	3.0	5.4	6.6
Other community and social services	3.0	2.7	3.5	3.4	3.4	3.5
Food and Social Welfare Programmes	3.7	3.4	2.6	2.3	0.7	0.4
Economic services	17.7	19.6	19.4	14.3	16.6	16.1
Agriculture, forestry and fishing	3.9	4.1	4.1	3.8	3.1	3.3
Mining	0.6	2.9	0.6	0.6	0.9	0.7
Roads, other transport & communications	5.7	5.7	6.9	5.4	4.0	4.8
Electricity and water supply	5.9	4.7	5.8	4.8	4.9	5.3
Commerce, industry and other	1.6	2.2	2.1	-0.2	3.7	2.0
Unallocated	10.4	10.4	10.5	11.3	10.9	9.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source: GoB's Financial Statements, Tables 2005/2006, table IV, p. 9-13

Table 8.5. Selected indicators Botswana - Sub-Saharan Africa - Developing Countries

Indicators (%)	Botswana	Sub-Saharan Africa	Developing Countries
Proportion of births attended by skilled health personnel (1995-2002) - %	94	42	55
Proportion of one-year old children immunised against measles (2002) - %	90	58	72
Proportion of population with sustainable access to an improved water source (2000) - %	95	57	78
Under-five mortality rate (2002) ⁽¹⁾ (‰)	110	178	89
Population with sustainable access to improved Sanitation / Water source (2000) %	66 / 95	53 / 57	51 / 78
Life expectancy at birth (2002) - years	41.4	46.3	64.6

⁽¹⁾ Respective values were, in 1990, 58 (Botswana), 180 (Sub-Saharan Africa), 104 (Developing countries)

Source: Human Development Report 2004, UNDP.

Figure 8.6. Evolution of the HDI in Botswana ⁷⁷

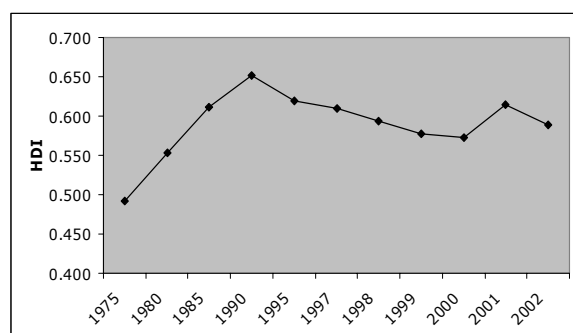
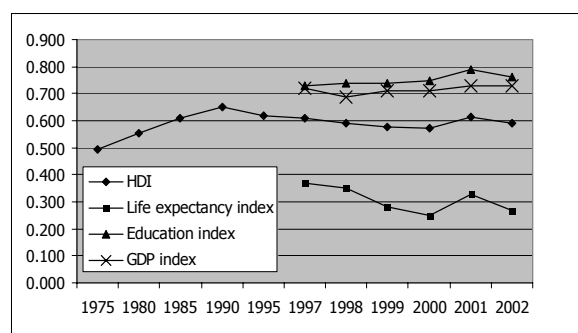


Figure 8.7. Evolution of components of the HDI in Botswana ⁷⁷



Human Development Index (2002)

0.589

0.465

0.663

⁷⁷ From various Human Development Reports, UNDP

Annex 9. Donor matrix - an overview of donors' allocations to sectors (European Union ⁽¹⁾, USA and UN Agencies) - Disbursements in 2003 (M€)

Country/Agency \ Sector (3)	EC/EDF	Germany	France	Sweden	UK	USA	UN (2)					Total
							UNDP (4)	UNHCR	UNAIDS	UNICEF (5)	UNFPA	
Education	0.8592	0.5760	0.2665		0.2132				0.5570			2.4719
Health - HIV/AIDS (6)	-0.0311			0.2506	0.1536	14.5105	1.2243		0.3787	1.1638	0.7380	18.3883
Government: general capacity building (planning/statistics/ poverty)	0.9553	0.1420		0.1474	0.0645		0.0661				0.2460	1.6212
Civil Society/ NGO/ CBO/ Small grants' scheme/ Sustainable livelihoods	0.5970	0.0250			0.4025	0.0734						1.0979
Transport / storage			0.0093									0.0093
Communication			0.0102	0.0039			0.0659					0.0800
Banking / financial services/ Business/ Private Sector (6)	-0.0214				0.1167							0.0953
Agriculture/ Forestry/ Fishing				0.0097								0.0097
Trade and tourism					0.2638							0.2638
Environment/ Energy	0.9367	0.3770				0.0716	1.0069					2.3922
Rule of Law/ Democracy and Human Rights/ Governance			0.0100			0.0447	0.2643			0.1677		0.4868
Gender							0.0895					0.0895
Emergency/ Humanitarian assistance						0.1914	0.0048	1.9085				2.1047
Others			0.0056	0.0052		0.6593				0.0590		0.7290
Total	3.2957	1.1200	0.3017	0.4168	1.2143	15.5508	2.7217	1.9085	0.3787	1.9474	0.9840	29.8396

(1) All other EU-15 Member States, excluded from the table, did not have any bilateral cooperation with Botswana in 2003.

(2) Figures for WHO are not yet available

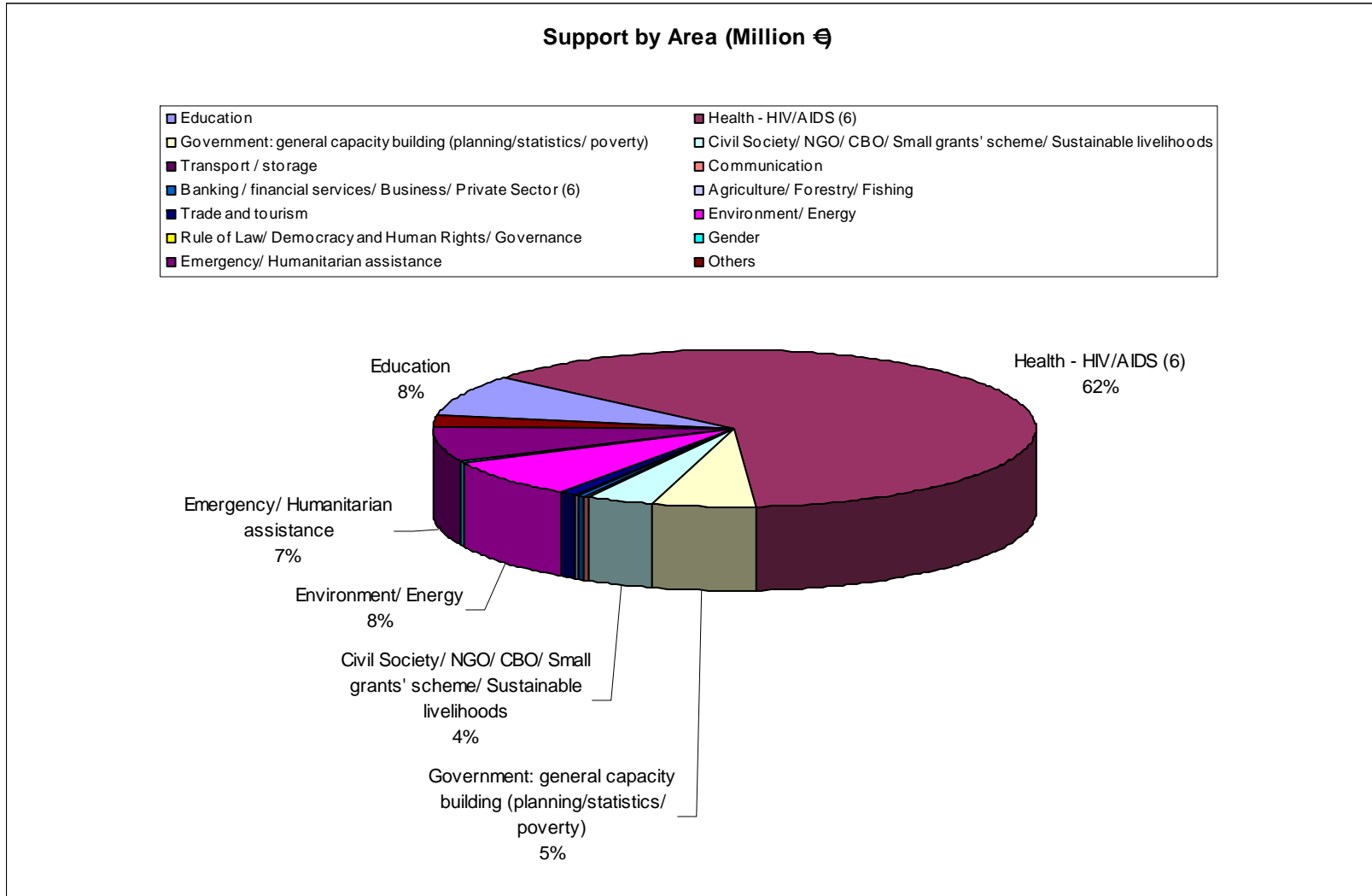
(3) There is no support to the following sections: Water supply/sanitation; Industry, mining and construction; Commodity aid; Budget Support/SAP; Food aid; Debt relief.

(4) Within the UNDP resources, there are funds mobilised from other donors at country level. In this case, a donor might not appear as having made contributions directly, whereas it has contributed through UNDP resource management arrangement. Similarly, there may be a risk of double counting, where a donor might have passed funds through e.g. UNDP and the donor records it as a disbursement, with the UNDP recording the same as a disbursement. This remark may also be valid to other agencies.

(5) Within UNICEF's Principal Programmes, the capacity-building support to Government and Civil Society is automatically built-in to all the programmatic interventions. The classification of the information/programmes has however been done according to the sector classification chosen for the donor matrix, not considering the various components of a specific programme. Therefore, it may appear as if certain sectors/areas were underfunded whereas this does not necessarily have to be the case. This may also be the case for other donor programmes/projects.

(6) EC support: Negative figures due to reimbursement of unused funds under completed projects.

Annex 9. Donor matrix - an overview of donors' allocations to sectors (ct'd)



Annex 10. Botswana Environmental Profile

Sources

The State of Environment Report - September 2002
Report of issues - GEF national capacity self assessment - CSIR -2004
Botswana Biodiversity Strategy and Action Plan - 2004
Botswana Initial National Communication to the UNFCCC - 2001
Botswana MDG - Status Report 2004
Botswana National Development Plan 9 (2003/4 - 2008/9)

Introduction

Since independence the agricultural sector has constantly declined, from 45.3% of the GDP in 1968/60 to 2.5% in 2000/01. Following the discovery of vast deposits of minerals (diamonds and on a lesser scale copper and nickel) the mining sector has become the driving source of economic growth (from 0.4% to 33.9% of the GDP in 2003/2004), uplifting the status of Botswana from among the poorest in the world to a middle income country. As a result of the rapid economic growth (11.3% in the 80's) the provision of health and social services and employment, the population has grown rapidly from about 0.6 million people in 1971 to about 1.7 in 2001 (average growth rate of 3.7% over the entire period), although the pace of growth is being restrained by the adverse effects of the HIV pandemic. In spite of the remarkable economic growth, income inequality remains a major constraint, with significant proportions of the population below the poverty datum line, especially in the rural areas. Major causes for poverty are drought, unemployment and declining agricultural outputs. These social, economic, demographic transformations are increasing the pressure on the natural resources.

Background

Botswana is located close to the subtropical high pressure belt of the southern hemisphere and, as a result, it is largely arid or semi-arid. Annual rainfall ranges from about 250 mm in the south-west to about 650 mm in the north-east. Analyses of trends show over a 30-year period a decline in total annual rainfall and an increase of maximum temperature (from 30 to 40 degrees Celsius in summer), resulting in a very high evaporation rate. The arid climate has strongly influenced vegetation types and settlement across the country and is a major environmental limitation. About two-thirds of the country is covered with infertile sandy soil, not suitable for arable agriculture.

Poverty is identified as a major cause and consequence of environmental degradation and natural resources depletion. The Community-Based Natural Resources Management is one of the strategies adopted to improve natural resources management, especially on communal lands outside of protected areas and aimed at the same time to address poverty reduction and economic empowerment through sustainable use of natural resources.

State of the Environment and major challenges

Large areas of the country are of regional ecological importance. These include wetland ecosystems such as the Okavango Delta, the Linyanti-Chobe ecosystems and the Makgadikgadi Pans. Over 81% of the land surface in Botswana has a significant tree and shrub cover, but less than 20%, mostly in the north east, is tall and dense enough to be considered a forest. Fuel wood from forests and woodlands account for 69% of net energy supply in Botswana. Forest reserves are protected by law but most damages occur because of fires and elephants.

The elephant population (151,000) is more than twice the national carrying capacity (60,000), and the majority (70%) of it occurs outside protected areas, resulting in increasing human-elephant conflicts and alteration of the composition and structure of the woodland vegetation community. The Elephant Management Plan developed in 1991 did not succeed in addressing the issue of elephant numbers. A revision of policies and strategies is therefore required for the sustainable management of the elephant population.

- *Biodiversity*

A wide diversity of fauna and flora occurs in the country ecosystems with about 3000 plant species, over 160 mammals, 560 species of birds, and 157 species of reptiles. Knowledge of ecosystem functioning however is fairly limited and more research, data collection and inventories are needed. There is little biotechnology activity in the country. Wildlife numbers have declined over the years, due to poaching, drought, human/livestock conflicts, and cordon fences (see land uses). The major pressures on biodiversity result directly from the increasing human and livestock populations, increased elephant population, increased incidence of fire, rangelands degradation, arable agriculture, fuel wood collection, harvesting of veld products, tsetse spraying and tourism. Economic incentives programmes such as agricultural subsidies may benefit livelihoods in the short term but are negative for biodiversity since they encourage the breaking of new land and the move towards monoculture production systems. Paradoxically some of the most intense pressures on biodiversity in Botswana are in agricultural and livestock areas that are relatively sparsely populated.

Biodiversity expertise and information is divided between many different institutions, hence the need for a biodiversity approach rather than sectoral planning and execution. NGOs are closely involved in environmental conservation and research activities, including community based biodiversity activities. From a biodiversity perspective it is important to bring the existing draft Community Based Natural Resources Management (CBNRM) policy in the line with the Biodiversity Strategy and Action Plan.

- *Atmosphere and climate change*

Analyses of temperature over a thirty -year period show an increase in maximum temperature. Global long-term predictions are that rainfall pattern will get more erratic thus affecting the ground water supplies resulting in less moisture in the soil and less vegetation cover. This will have serious implications on biodiversity and may affect distribution of species and habitats. Mitigation of the effects of climate change is complicated since they are not yet clearly understood.

Botswana had a net uptake of greenhouse gases in 1990 and 1994. Energy-related to CO₂ emissions are relatively small due to the high reliance on biomass energy and the low degree of industrialization. However, the rapid population growth might upset this situation and the country is extremely vulnerable to climate change. Major sectors contributing to greenhouse gas emissions in Botswana are power generation (53%), transport (24%) and mining and industry (16%). The National Focal Point for Climate Change in Botswana, the Department of Meteorological Services within the Ministry of Works, Transport and Communication is in the process of preparing the Second National Communication to be submitted to the UNFCCC by 2005. Whilst important steps have been undertaken to support the Convention, like researches/reports on GHG, mitigation strategies for the key sectors and public awareness raising, the country acknowledges the need in particular for technology transfer and capacity building.

- *Water*

Ground water is the main source of potable water supply in the country (accounts for 64% of all the water consumed in Botswana in 1990) but is scarce. The recharge is very restricted, making the resource finite and non-renewable. Surface water resources are very limited with an average annual run off depth estimated at 1.2 mm. The main pressure on water resources arises from

pollution and aquatic weeds. Sources of pollution are industrial and domestic effluent from settlements, human waste from latrines and waste disposal on the dam catchment areas and shallow aquifers. Aquatic weeds impact on quality by preventing the circulation of air and light. The proportion of the population with sustainable access to safe drinking water has been currently increased to 98%, beyond the MDG target. However, the current water resources are inadequate to supply the projected increase in demand by the year 2075 in the southeastern part of the country. The main adaptation strategies in the water sector include inter-basin water-transfers (from Okavango and Zambezi in the North, which have a large supply but are shared with other countries) water purchase from other countries and internal recycling. Water conservation has the potential for a 10% to 25% saving. Government has undertaken in September 2004 a review of the National water Master Plan (completion is expected in 18 months from the inception) and is exploring new approaches to increase the limited water resources and find new ones (including the construction of three new dams in 2005/2006). However there is a need for technology, which allows water conservation, water treatment for reuse and recycling of water waste. Reliance on groundwater requires that borehole monitoring systems be expanded and water use regulated. Demand management and appropriate water pricing will be key strategies to meet the social needs.

- *Waste and chemicals*

Indiscriminate dumping of waste and widespread littering have become serious problems following the improved standard of living. Waste management in institutions and in some laboratories is at very rudimentary stage. Incinerated for energy purposes is not practised. There are no special arrangements for disposing hazardous waste. Hence waste management needs to be over-emphasized given the quantity of waste generated and the high population concentration in some areas. The establishment of the Department of Sanitation and Waste Management is a first step but other ways like the privatization of waste needs to be pursued.

Botswana has a small chemical base and most of the chemicals are used in industries. Health and environmental hazardous chemicals represent about 50% of the total volume of imported chemicals. Chemical wastes have detrimental effects on both human health and environment more especially soil and water resources, hence it is crucial for Government to adopt a national action plan on chemicals.

- *Land use and land resources*

Botswana land surface is about 582.000 km². Only about 5% of this is cultivable and less than 1% is tilled. The main forms of land use are reserved forest and vegetation, pastoral farming (60%) National Parks and Game Reserves (17%) and Wildlife Management Areas (WMA, 22%) where wildlife utilization is the main land use. Access to land is defined by the land tenure system, a combination of indigenous and colonial systems. It comprises communal land (71%) (traditional/indigenous), state land (23%) and freehold (6%). Communal lands belong to communities and members have free access to land for residential, arable and grazing purposes and any other resources thereon. The allocation, administration and management of tribal land are the responsibility of the land boards. Freehold and state land are creations of the colonial administration. State land comprises all former crown land and includes land in urban areas, game reserves and national parks, and is managed by central government. Freehold tenure, privately owned, was introduced during the colonial period and corresponds to some of the most fertile soils in Botswana.

Pressure on land resources comes from a variety of sources: economic expansion, degradation and desertification, urban pollution and environmental dereliction, land use conflicts. The latter occur at different levels: intra-urban, the urban-rural interface and intra-rural. Competition for land use, where left to market forces, results in essential land use with lower economic return running the risk of being relegated to marginal areas. Conflicts between wildlife and livestock are common in areas bordering WMAs. In other cases measures geared at promoting beef industry have impacted negatively on wildlife. This refers in particular to the erection of the veterinary fences in different

parts of the country. These fences interfere with animal migration patterns, and may increase mortality rates of wildlife, especially if mitigation measures are absent or inadequate.

WMAs are perceived as an obstacle to the expansion of grazing areas while the development of human activities, livestock and settlements threaten wildlife in WMAs. The CBNRM programme has created opportunities for involvement of local communities in natural resources conservation and management and, beyond the cost for living close to natural resources, for benefiting directly from utilisation of the latter. However, despite government commitment and consistent donors' funding into CBNRM, only modest progress has been achieved so far. One of the reasons is the past - wrong - assumption that channelling important funds into CBNRM would boost community capacities to manage natural resources. The occasional mismanagement of funds, often due to lack of skills or unpreparedness, may have consequences on the current finalisation of the CBNRM policy. Stakeholders, including donors, consequently have opted for acknowledged this situation and changed approach by providing funding to enhancing communities' capacity first.

Environmental policy, plans and legislation

Government sees sustainability as a strategic development concept, linking population, the economy and natural resources in the broader context of socio economic development. Botswana's long term development strategies are based on four pillars:

- Human resources development
- Sustainable use of natural resources
- Sustainable economic growth and diversification
- Democratic institutions within a market economy

These development objectives are reflected in successive National Development Plans (NDPs) since independence, and in the country's long-term vision, "Vision 2016: towards Prosperity for all". The latter gives a prominent position to environmental matters, natural resources development and utilisation, sustainable growth, and poverty reduction. The NDP9, and in particular its environmental chapter, builds on the notion that economic growth cannot be at the cost of jeopardising the natural capital and the quality resource on which development rests. The National Policy on Natural Resources Conservation and Development of 1990, known as the National Conservation Strategy, is based on a strategy aiming at:

- Increase the effectiveness with which natural resources are used and managed.
- Maximise the conservation of natural resources.
- Integrate the efforts of the Ministries and Non-Government groups.

NDP 9, however, acknowledges that the use of environmental economic concepts and methods to mainstream the environment has so far been minimal. The intrinsic and total economic values of most natural resources are not known, nor are the costs of environmental damage. Measures ranging from enhanced co-operation between sectors, ministries and Non-Governmental groups, resource management and monitoring (including appropriate costing and pricing for resource utilisation) are proposed. NDP9 further outlines the need to review the areas in which the country has comparative advantages, to develop the use and production of environmentally friendly products, and to introduce Environmental Economic Instruments, such as taxes and user charges, in conjunction with environmental legislation, to encourage the use of resources in an efficient and sustainable manner. The development of an Environmental Economics programme is proposed to foster development opportunities while and by conserving natural resources.

National environmental-related legislation, covering a wide range of environmental and natural resources matters, mainly consists of:

- The National Conservation Strategy (1990)

- The wildlife conservation and National Parks (1992);
- Water Act (1968)
- Herbage preservation Act (prevention of fire) (1977)
- Disease of Animals Act (1977)
- Forest Act (1980)
- Agricultural Resources Conservation Act
- Waste Management Act (1998)
- Tourism Act (1992)
- Eco-tourism strategy?
- Tribal Land Act
- Atmospheric Pollution (Prevention) Act
- Fencing Act
- Plant diseases and Pest Act

The first “State of the Environment” report was published in 2002 and outlined the different features of environment and human activities that affect the environment in Botswana. Law enforcement by various ministries and departments has proven, in a number of instances, ineffective. The Ministry of Environment, Wildlife and Tourism (MEWT) has been requested to review and harmonise existing pieces of legislation, some of which are overlapping, in a global Environmental Management Act. A legislation on Environmental Impact assessment (EIA) has recently been gazetted, to enter into force early 2005, making compulsory EIAs for large projects. Government acknowledges the need for expertise in environmental legislation and would appreciate EU assistance. Resources scarcity and inadequacy of skills in law enforcement constrain environmental and administrative performance. During NDP 9 the Government envisages to improve the implementation capacity of the institutions dealing with environmental issues, and in particular the National Coordinating Strategy Agency (see below), through provision of human staff, further training, skills and capacity building in the areas such as environmental assessment, research and monitoring, environmental education and awareness, administration and management, planning and development, IT, negotiating and implementing Multilateral Environmental Agreements (MEAs).

Efficiency of legal instruments is also limited by their overemphasis on command and control. MEWT therefore proposes that more emphasis be placed on participation in future legislation. Enforcement further assumes the existence of efficient monitoring mechanisms - to identify and penalize contravening parties and to take appropriate action -, which are not yet fully operational in Botswana.

Institutional Framework

- Public institutions

Botswana’s commitment to the sustainable use of natural resources was re-affirmed in 1990, with the creation of two institutions: the National Conservation Strategy (NCS) Advisory Board, which advising Government on all matters concerning the implementation of the NCS, and the National Conservation Strategy Co-ordinating Agency (NCSA), Secretariat of the Board and responsible for co-ordinating Government’s efforts to face, amongst others challenges, growing pressure on water resources, degradation of land, over-exploitation of some veld products, depletion and conservation of wildlife resources, biodiversity, climate change, energy and low public awareness of environmental problems. However, these two institutions are so far not firmly grounded in legislation that would enable them to effectively monitor, superintend and co-ordinate environmental issues.

In 2002 the Government of Botswana established the Ministry of Environment, Wildlife and Tourism (MEWT) as the main institution responsible for the management and protection of the environment, collaborating with other technical ministries to address environmental matters at national and

international level. The new Ministry brought together 8 departments from various existing ministries, including the NCSA, previously housed in the Ministry of Land and Housing. Setting up and operationalising structures within the Ministry are still ongoing. It is envisaged that the NCSA become a department (with own budget) and the NCS Advisory Board be replaced by an Environmental Affairs Council. The NCSA points at the need for additional staff (22 technical staff in November 2004) and significant capacity building in order to be able to fulfil its mandate.

Other institutions involved in environmental management include the National Herbarium and the Department of Water Affairs, both outside the MEWT.

- *Non State Actors (NGOs, CBOs, private sector)*

The number of NGOs and CBOs dealing with natural resources conservation has increased over the last two decades in Botswana, the first being more advocacy-oriented whilst the second are more project-based. Government, recognising their complementarity in sustainable development, in particular for advisory, education, monitoring, service provision, encourages their participation. However, with the decrease of donors and related funding, NGOs currently face significant financial constraints, and lack of resources and skills to implement environmental programs. Government has recently approved the National Policy for NGOs, which spells out the roles and relationships of the NGO community in addressing the country development challenges. As part of its “right-sizing” Government plans to outsource projects and services that have been traditionally implemented by central/local authorities. This strategy is at an early stage and there is the need for more guidance on the management of outsourcing arrangements. In Botswana a number of private companies also support natural resources conservation. Public-private partnerships are, however, also in infancy, and their potential is yet to be fully explored and exploited.

The NCS Action Plan, developed by the NCSA under NDP8 foresees the establishment of an “Environmental Enhancement Fund” aimed at enhancing the country’s renewable natural resource base and its capacity to use (non) renewable resources efficiently. The concept is not new for the country, and CBOs and NGOs can access funds from Government through various mechanisms. The establishment of the Conservation Trust Fund, as a requirement to deal with ivory sales, has triggered a new mechanism to fund conservation. A part from NGOs and CBOs, the Fund will also be accessible to groups and individuals whose positive contribution towards environmental protection will be recognised.

International Conventions/protocols and donor support

Botswana is party to most of the UN MEAs. These include:

- UN Framework Convention on Climate Change (UNFCCC)
- UN Convention to combat desertification
- The Convention on Biological diversity
- The RAMSAR Convention on Wetlands
- The Convention on International Trade in Endangered Species (CITES)
- The Basel Convention on the Trans-boundary movement of Hazardous Waste
- The Cartagena Protocol on Biosafety
- The Convention on the Protection of the World Cultural and Natural Heritage
- The Montreal Protocol

Botswana is also a signatory to the Stockholm Convention on Persistent Organic Pollutants and various SADC protocols (notably on shared watercourses and wildlife).

The NCSA is the focal point for most of these conventions and protocols, while other institutions, such as the Department of Meteorological Services within the MEWT, are the implementing agencies and competent authorities. The effectiveness of most of these conventions has not been evaluated yet as strategies and action plans are not in place yet.

Botswana has undertaken, with donor support, to build capacity in the areas of climate change, biological diversity and drought and desertification. She undertook in June 2004 with the UNDP and funding from the Global Environment Fund (GEF) to assess capacity needs and priorities in the areas dealt by the three global conventions (Biological Diversity, UNFCCC, UN Convention to Combat Desertification). This process will ultimately lead to a GEF funded capacity building project (US\$ 200,000). The National Biodiversity Strategy and Action Plan is being finalised with GEF funding. The UNDP/Botswana project Support Document for 2003-2005 seeks to strengthen the capacity of national institutions to plan, implement and finance integrated approaches to environmental management. Government underlines the need for donor financial and technical assistance to build capacity and transfer technology and know-how for the implementation of the MEAs, which should be accelerated under NDP9. Botswana is aware that a number of facilities/financial instruments are available to assist countries in implementing International Conventions and meeting their targets. The Kyoto Protocol and the EU Emission Trading Scheme just come into force in early 2005 and Government is fostering a business-oriented approach where environmental protection is not a conservation strategy but an investment strategy.

Environmental Education and Awareness

Coordination of education and public awareness about environmental issues is one of the major mandates of the NCSA, which has established an Environmental Education Coordination Committee. A number of NGOs are also active in environmental conservation and awareness raising. Though hampered by the shortage of human and financial resources, as well as weak coordination, efforts made in environmental education, in collaboration with stakeholders, have yield substantial results. Environmental education has been integrated into school curricula. Public education seminars are held yearly (in districts/communities to enhance communities' involvement in natural resources management) together with environmental fairs and commemoration of environmental days. The print and broadcast media (radio in particular) also cover environmental matters. Strict regulation of hunting activities has generated strong community mindfulness and significantly reduced illegal hunting. However, poverty remains an important constraint to the generalisation of environment-friendly behaviour. In rural areas, for example, fuel wood is the dominant energy source- without credible alternative for the poor -, which threatens biodiversity.

Annex 11. Botswana Migration Profile

11.1 Immigration

<u>Total number of residents</u>	1.67 million
Of which	
Own nationals	96.36%
Immigrants	3.64%

Status of immigrants

Refugees: 3,855 refugees at the end of 2004 (17 different nationalities, of which 1,114 from Angola and 1,402 from Namibia, 781 from Somalia, and 558 from the Horn of Africa and the Great Lakes)⁷⁸

Labour migrants /permanent	N/A
Labour migrants/seasonal	N/A
Internally displaced persons	N/A

The number of non-citizens has increased by nearly 100% over the past decade, to some 60,700 in 2001 (*Source: 2001 Census*), a trend already observed during the previous decade (increase from 15,703 in 1981 to 29,557 in 1991). Zimbabwean and Namibian citizens make up most of this growth.

Unauthorised migration is not documented in censuses, for obvious reasons. Estimates of Zimbabwean citizens residing illegally in Botswana vary widely according to sources. An estimated 36,000 were repatriated in 2004. Food and transport costs were estimated at some BWP 150,000 / month⁷⁹.

Botswana has signed the Geneva Convention and adhered to the principle "First Country of Asylum". She follows main international norms concerning refugees and asylum-seekers. The legal 28-day period for trying the case of asylum-seekers is however rarely respected and they may be maintained in prison-like conditions (sometimes *in* prisons, due to lack of space) for periods of up to two years in some instances.

Education

Skilled labour N/A. A survey in 1998 suggests that the vast majority of occupations belong to "skilled" professions, in particular medical and educational.

Main countries of origin of immigrants

In 1991, 63% of immigrants were of African origin (about 3/4th of the latter coming from South Africa, Zimbabwe and Zambia), 19 % from Europe (2/3rd of the latter from the UK) and 14% from Asia (1/2 of the latter from India).

Finance

Amount of outgoing migrant remittances	N/A
Remittances as % of GDP	N/A

11.2 Emigration

Emigrants

Total number of emigrants 2.9% of population (1991).

Status emigrants

Refugees:	N/A
Labour migrants /permanent	N/A
Labour migrants/seasonal	N/A

Legal situation emigrants

⁷⁸ UNHCR Botswana - verbal communication

⁷⁹ IRIN, 12.11.2004

Documented	N/A
Undocumented	N/A

Trend

Number of leaving migrants in 90/95	N/A
Number of leaving migrants in 95/2000	N/A

Education:

Skilled labour N/A. The inclination of skilled Batswana to leave their country appeared very low in a survey in 1998.

Main countries of destination

In 1991, South Africa (80% of all departures), Namibia and Zimbabwe

In 1991, the majority of the Batswana abroad were male migrants working legally in South African mines. However, recent developments are likely to have affected this pattern: end of the apartheid regime and easier travel of Batswana to South Africa (reflected in the increase in cross-border traffic between the two countries, from around 130,000 leaving/entering in 1993 to 1.1-1.2 million in 1998), increase in numbers of Batswana studying in South Africa, but reduction of workers in South African mines (close to 19,000 in 1983 to 12,000 in 1997). Europe (in particular the UK) and the USA are the main destinations of students.

As concerns undocumented emigration, evidence suggests that the majority of Batswana enter South Africa through legal border posts. However, it seems that overstaying with expired permits is not uncommon and on the increase (estimate of some 40 to 50,000). It does not imply that these persons intend to stay in South Africa.

A survey in 1998 indicated that Botswana respondents were traveling to neighbouring countries for short durations (less than a month), for reasons of shopping (South Africa mostly), visiting friends / relatives and tourism / holiday (Zimbabwe mostly).

Source: The Southern African Migration Project, "Botswana: Migration perspectives and prospects", Migration Policy Series No. 19, 2000.

Rate of return N/A

Finance

Amount of incoming migrant remittances	N/A
Remittances as % of GDP	N/A

Annex 12. List of acronyms and abbreviations

ACP	Africa, Caribbean and Pacific states
ACTVE	Advanced Certificate in Technical and Vocational Education
ATTC	Automotive Trades Technical College
BDC	Botswana Development Corporation
BETP	Botswana Technical Education Programme
BIDPA	Botswana Institute for Development Policy Analysis
Bln	Billion
BOTA	Botswana Training Authority
BPC	Botswana Power Corporation
BURS	Botswana Unified Revenue Services
CAAT	Colleges of Applied Art and Technology
CBNRM	Community-Based Natural Resources Management
CDE	Centre for Development of Enterprises
CEDA	Citizen Entrepreneurship Development Agency
COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistics Office
CSP/IP	Country Strategy Paper / Indicative Programme
CTVE/FTC	College of Technical and Vocational Education/Francistown Technical College
DDA	Doha development Agenda
DFID	Department for International Development (UK)
DRC	Democratic Republic of Congo
DWNP	Department of Wildlife and National Parks
E & T	Education and Training
EC	European Commission
EDF	European development Fund
EIB	European Investment Bank
EPAs	Economic Partnership Agreements
EPRD	European Programme for Reconstruction and Development
ESA	Eastern and Southern Africa
ESIP	EU/SADC Investment Promotion Project
EU	European Union
FDI	Foreign Direct Investment
FMD	Foot and Mouth Disease
FTC	Francistown Technical College
GDP	Gross Domestic Product
GoB	Government of Botswana
GTC	Gaborone Technical College
HIV/AIDS	Human Immuno-deficiency Virus / Acquired Immuno-deficiency Syndrome
HRD	Human Resources Development
MDGs	Millennium Development Goals
MEUR/M€	Million Euro
MFDP	Ministry of Finance and Development Planning
MLHA	Ministry of Labour and Home Affairs
Mln	Million
MoE	Ministry of Education
MPP	Micro-Project Programme
MTI	Ministry of Trade and Industry
MTR	Mid-Term Review
MUSD	Million USD
NACA	National Aids Co-ordinating Agency
NAO	National Authorising Officer
NDP	National Development Plan
NGO	Non Governmental Organisation
NIP	National Indicative Programme
PTA	Preferential Trade Agreement
PPADB	Public Procurement and Asset Disposal Board
PRSP	Poverty Reduction Strategy Paper

RIP	Regional Indicative Programme
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SMEs	Small and Medium Enterprises
STDs	Sexually-Transmitted Diseases
SWAp	Sector Wide Approach
TCF	Technical Co-operation Facility
TDCA	Trade Development Co-operation Agreement
TVET	Technical and Vocational Education and Training
UN HDR	United Nations Human Development Report
UNDP	United Nations Development Programme
VAT	Value-Added Tax
VET	Vocational Education and Training
VTP	Vocational Training Programme