

Republic of Botswana

European Community

Joint Annual Report 2005

Table of Contents

1. EXECUTIVE SUMMARY.....	3
2. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION.....	4
2.1 Political Situation.....	4
2.2 Economic Situation	5
2.2.1 Economic situation, structure and performance	5
2.2.2 Integration in the world economy and trade arrangements.....	7
2.2.3 Public Financial Management and Budget execution	9
2.3 Social situation	11
2.3.1 Achievements in the social sectors	11
2.3.2 Education and Training.....	12
2.3.3 Health	15
2.3.4 Main challenges.....	15
2.3.5 Achievements in cross-cutting issues	16
2.4 Update of the environmental situation	17
3. OVERVIEW OF PAST AND ON-GOING CO-OPERATION	19
3.1 Focal sector: Human Resources Development	19
3.2 Non Focal sectors	21
3.2.1 Community Development	21
3.2.2 Natural resource utilisation and conservation	22
3.2.3 Enhance government's implementation and absorption capacity	22
3.2.4 Support to Fiscal Reform in Botswana.....	23
3.3 Utilisation of resources for Non-State Actors (NSAs)	24
3.4 Utilisation of Envelope B	25
3.5 Other Instruments	25
3.5.1 SYSMIN	25
3.5.2 FLEX	26
3.5.3 Regional co-operation	26
3.5.4 Intra-ACP co-operation.....	28
3.5.5 Community budget lines	29
3.5.6 The European Investment Bank.....	29
3.5.7 The Centre for Development of Enterprises (CDE).....	30
3.6 Dialogue and donor coordination	31
4. PROGRAMMING PERSPECTIVES FOR THE YEARS 2006-2007.....	31
4.1 Pipeline and absorption capacity	31
4.2 Proposal for revision of strategy	32
4.3 Preparation for the next programming exercise 2008-2013.....	33
5. CONCLUSIONS	34

Annexes

Annex 1. EDF9 intervention framework - Education Sector Policy Support Programme	35
Annex 2. EDF 6 to 9 financial implementation by sector	39
Annex 3 - Forecasts for global and individual commitments and payments in 2006-2007	48
Annex 4 - Project summaries	54
Annex 5. Government commitments in the focal sector of EDF9 CSP/IP	64
Annex 6. Indicators in Education and Training Sector Policy Support Programme	66
Annex 7. EDF9 updated chronogramme of activities and indicative commitment and expenditure schedule.....	74
Annex 8. Selected economic and social parameters and indicators of Botswana	75
Annex 9. Donor matrix - an overview of donors' allocations to sectors	77
Annex 10. Economic Partnership Agreement	79
Annex 11 - HIV, Poverty and unemployment in Botswana	82
Annex 12. List of acronyms and abbreviations	85

1. Executive Summary

During the period under review, Botswana continued to enjoy peace, political stability, and unbroken democratic rule. No major political event took place after the elections of October 2004. The year 2005 has seen the continuation of the Court Case of Basarwa Groups against Government, the persistence of large flows of illegal immigration from Zimbabwe, and slow restructuring of the SADC Secretariat.

GDP stood at some 50 billion Pula in 2004/5. Real GDP growth was 8.3% in 2004/5 (higher than the projected 5%). The economy remains driven by the mining sector, particularly diamonds, accounting for 37% of GDP in 2004/5. A Business and Economic Advisory Council was set up late 2005 to advise on economic diversification. Botswana increased in 2005 its foreign exchange reserves (27 months of imports, from 22 in the year before), and maintained low public debt. A crawling band mechanism has been set in place ensuring minor corrections to the exchange rate to avoid larger adjustments (such as the 7.5% and 12% devaluations of February 2004 and May 2005). The Balance of Payments and Current Account are in large surpluses (5.2 and 6.5 billion Pula respectively), due mostly to an increase in mining export revenues. Average inflation remained high in 2005 (8.6%) compared to 2004 (7.0%), fuelled by the devaluation of May. Public finances remain structurally healthy.

The structure of Botswana trade is characterised by increasingly strong trading links with the EU which accounted for 89% of its exports and 10% of its imports in the period 2002 - 2003. 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. She was Vice-Chair of the Kimberley Diamond Certification Scheme in 2005 and will be Chair in 2006. 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, Angola, Lesotho, Mozambique, Namibia, Swaziland 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 most years over the past two decades. The 2006/07 budget projects a surplus by 900 million Pula. Development expenditure increased by 20% over the previous budget; its full implementation remains a challenge. As part of the MTR of NDP9, concluded late 2005, two measures have been adopted: increase in development budgets by 20-30% at the end of the plan, and capping of total budget expenditure at 40% GDP for sustainability.

Important challenges are to maintain the pace of social development, to reduce poverty (30% of the population living below the Botswana poverty line, Gini coefficient of 0.573 in 2003) and 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]). Encouraging downward trends were observed in 2005 in the HIV prevalence, compared to 2003. Expenditure in social sectors remains a very significant proportion of total expenditure (47.8 % of in the 2005/6 budget). ODA represents since 2000 some 0.6% of GDP only.

Implementation of EDF 6 and 7 is completed while that of EDF 8 is well underway, now running 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 Education and Training Sector Policy Support Programme (E&T SPSP, 42.2 M€, 4 years from 2005/06) was decided in November 2005, later than initially planned. This has prevented any disbursement in 2005, hence a gap in payments. Two complementary programmes aimed at

building the capacity of NSAs (6 M€) and of the Ministry of Local Government and Local Councils (3 M€) have been requested for financing and are expected to be approved in Q1/2006. It is proposed to finance a second TCF (2.5 M€), to be approved in Q2/2007. Botswana has accessed, through the Flex mechanism, 8.06 M€ of her Envelope B. The latter is now exhausted with the transfer of 11 M€ at the MTR of the CSP, the project Economic Diversification of the Mining Sector (30M€), ECHO's drawing rights and the Peace Facility.

The Commission maintains close political dialogue with Government in line with the objectives of economic diversification, poverty reduction, equity and community development. Dialogue with NSAs encounters 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 general elections of 2004 renewed the mandate of the party ruling since independence, the Botswana Democratic Party (BDP), which has 77% of the 57 constituencies (excluding the four specially elected MPs), and that of the President, His Excellency Mr. Festus Mogae, for a second term. Women represent 11% of all MPs.

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. The Constitution Amendment Bill No. 34 of 2004, published in December 2004, aimed at amongst others rendering the Constitution neutral with respect to tribe and gender is yet to be approved.

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. Government has, in 2003, set up an Inter-Ministerial Committee on Treaties, Conventions and Protocols to strengthen compliance with reporting on their implementation. The bilateral agreement ("Article 98 Agreement") signed by Botswana in 2003 with the USA, preventing the extradition of US citizens present on the national territory to the International Criminal Court¹, still stands.

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 prisons. 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

¹ 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.

Corruption and Economic Crime (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 media; about the death penalty, applied in specific murder cases; and corporal punishment as pronounced by Courts and as applied 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 Kalahari and the way it was implemented. Hearings, interrupted twice in 2005, will resume in February 2006.

The restructuring of the SADC² has slowly progressed. The SADC Council of Ministers of February 2005 confirmed the new organisational structure for the SADC Secretariat which defines the core areas of co-operation and shows the linkages between the 15-year Regional Indicative Strategic Development Plan (RISDP³, March 2004) and the Strategic Plan for the Organ (SIPO, 2003). It also adopted a new recruitment procedure (all staff to be recruited by open competition, taking into account gender balance and nationality). This extended restructuring process has resulted in loss of institutional memory and will further strain the Secretariat's implementation and absorption capacity for the foreseeable future. In August 2005, Botswana took over Chairmanship of the SADC from Mauritius, and Lesotho will succeed Botswana in the autumn 2006.

The migration pattern of Botswana shows that inwards and outwards flows are limited (3% of the population) and mostly to or from neighbouring and other SADC countries, for work and study purposes. 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. 11. GDP stood at some 48.75 billion Pula in 2004/5 (8.4 billion €). Four sectors accounted for over 70% of GDP: mining (37%), government services (16%), trade/hospitality and financial/business services (10% each), a structure quite stable over the past 10 years. There is, in spite of efforts for economic diversification, no consistent decrease in economic dependency on the mining sector, in particular diamonds, or government services.

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

² Southern Africa Development Community. SADC has currently 14 members: Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Malawi, Madagascar (which joined in 2005), Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The Seychelles decided to withdraw from the SADC with effect from mid 2004.

³ 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.

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% of GDP by 2004. 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 a 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. The ostrich export abattoir approved for EU exports in 2004 has not been used to expectations and has been temporarily closed.

Manufacturing accounts for only 3.6% 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. 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, real GDP growth ranged from 1.6% (2001/02) to 9.5% (2002/03). It was 8.3% in 2004/5 and projected at 5% for 2005/6. This global performance in 2004/5 however masks disparities between sector with highest growth in the mining sector (18.2%) and contraction in trade/hospitality (-6.9%) and manufacturing (-2.6%). Performance of the mining sector resulted from good production and favourable market prices.

The Botswana Economic Advisory Council was set up in 2005 to advise on innovative ideas to grow and diversify the economy. Its recommendations are expected mid 2006 and are expected to include significant acceleration of the pace of economic reforms.

Most public enterprises performed satisfactorily in 2004 except for Air Botswana (deficit 4.6 million Pula), recording profits between 3 and 175 million. Privatisation progresses very slowly; BTC has been identified as priority candidate for 2006. The Botswana Meat Commission started implementing one of the major recommendations of its strategic review, i.e. to focus on its core business. It remains however a concern, in particular given its current role in beef exports to the EU.

Preliminary 2005 balance of payments estimates indicate an overall surplus of 5.2 billion Pula compared to a 232 million P deficit in 2004. A record surplus is expected in the current account (6.5 billion P compared to 3.9 billion P in 2004), explained by an increase in export revenues. Diamond production was 31.9 million carats in 2005. Base metal production increased by 32% to 58,000 T and gold production rose from 162 kg in 2004 to 3,100 kg in 2005. World prices for all these minerals have been very favourable. Exploitation of gas is currently explored. The possibility of relocating the sorting of diamonds from London to Botswana, as well as increasing in-country beneficiation such as cutting and polishing, is being discussed.

Foreign exchange reserves were estimated at 34.7 billion Pula at the end of 2005, providing for some 27 months of imports of goods and services (up from 22 months in 2004).

Inflation remained high in 2005 at 8.6% on average, compared to 7% in 2004 (Figure 8.2, Annex 8) fuelled by the devaluation of May (6.9% between January and May, 9.8% from May to December). Inflation is expected to come down in 2006.

The Botswana Pula⁴ was devalued by 12% in May 2005 (Figure 8.3, Annex 8). Since then a “crawling band” mechanism⁵ has been set in place ensuring minor adjustments to exchange rates when necessary, avoiding discrete larger devaluations. It has reversed recent trends of real appreciation of the Pula. Two Pula-denominated bonds (EIB and ADB, 500 and 300 million P respectively) were launched in 2005, testifying of the confidence in Botswana’s economy and currency.

2.2.2 Integration in the world economy and trade arrangements

The SADC average real GDP growth rate was estimated at 3.4 % in 2004, hiding important national disparities (range from -5.2% in Zimbabwe to +11.2% in Angola), and remains globally well below the 7% target needed to achieve the Millennium Development Goals (MDGs). It is estimated that approximately 40% of the region’s population lives below the poverty datum of USD 1 a day and about 70% below USD 2 a day. Adverse weather conditions as well as political and economic circumstances of specific countries, compounded by the impact of HIV/AIDS pandemic, have seriously affected food security. Countries most affected include Zimbabwe, Malawi, Zambia followed by Lesotho, Swaziland and Mozambique. About 6.5 million people experienced insufficient production or income to meet their requirements. Following the good rain season of 2005/6, regional cereal production outlook is positive, with Tanzania however severely affected by drought.

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 prerequisite to penetrate well-established markets. The country is an active member of various regional, continental and world organisations and institutions such as the SADC, SACU⁶, African Union, Africa Development Bank, United Nations, Commonwealth, and signatory to partnership agreements such as the ACP-EU Cotonou Partnership Agreement and NEPAD.⁷

The new SACU Agreement, which came into force in July 2004, 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. TDCA⁸ 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 III⁹) until end 2007 and exports to the USA under AGOA amounted to P 93 million in 2005 (+31% over 2004).

Botswana pursues very actively the implementation of the Kimberley Process Certification Scheme¹⁰ (KPCS) for diamonds, of particular importance to the national economy, since the publishing early January 2003 of its “Export and import of rough diamonds regulation -

⁴ Pegged to a basket of currencies composed of ZAR, USD, Euro, GBP and Japanese Yen.

⁵ Widening of the margins between the Bank of Botswana foreign exchange buy and sell rates, stimulating inter-bank trading and competition among banks dealing in foreign exchanges.

⁶ Southern Africa Customs Union, common customs area between South Africa, Botswana, Lesotho, Namibia and Swaziland.

⁷ New Partnership for Africa’s Development.

⁸ Trade Development Co-operation Agreement

⁹ 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” (LDBC) until December 2007.

¹⁰ Whose implementation in the EU is regulated by the EU Council Regulation EC 2368/2002 of 20.12.02

2003". The legislation in place, its enforcement and the quality of statistics and reports produced by Botswana have been praised. The country has been Vice Chair of the Process for 2005 and will be Chair in 2006 with the European Commission as Vice-Chair.

Botswana's main trade partners are the SACU countries (77% of Botswana imports) and the EU (89% 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 (1999-2003)

Country/region	SACU	Zimbabwe	EU	USA	Others
Exports (‘99-‘01)	7.6%	2.5%	80.0%	0.4%	8.8%
(‘02-‘03)	6.3%	2.5%	89.4%	0.4%	1.3%
Imports (‘99-‘01)	85.1%	0.6%	9.1%	0.8%	4.3%
(‘02-‘03)	77.4%	1.3%	9.6%	1.1%	10.7%
Commodity	Food/ beverages	Machinery / equipment	Vehicles / transport	Metal (products)	Others
Imports (‘99-‘01)	14.0%	20.2%	13.2%	7.9%	44.7%
(‘02-‘03)	15.2%	19.3%	14.5%	7.9%	43.1%
	Animal (products)	Diamonds	Copper/ Nickel / soda ash	Vehicles / parts	Others (incl. textiles)
Exports (‘99-‘01)	1.8%	78.3%	10.0%	3.6%	6.3%
(‘02-‘03)	1.6%	84.3%	6.0%	2.7%	5.4%

Source: CSO Statistics (for 1999-2001); 2006 Annual economic Report (MFDP, for 2002 & 2003)

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)¹¹. 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 co-ordinator 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.

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

¹¹ Other SADC members (DRC, Madagascar, Malawi, Mauritius, Zambia and Zimbabwe) are negotiating EPAs, with other countries as the "Eastern and Southern Africa" group - ESA.

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.

Additional Information on EPA negotiations is found in Annex 10 and under 3.5.3.

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 (32nd rank worldwide in 2005 with a score of 5.9) 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, which specifies budget execution procedures and control mechanisms. The various operations (commitment, accountancy and liquidation) are independent; internal and external control functions are distinct. Internal control, ex-ante and ex-post control of expenditure are responsibilities of the MFDP.

The annual budget (April to March), is prepared by the MFDP, debated and adopted by Parliament. It integrates the objectives and financial commitments 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 to the National Assembly. 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 Board started its operations in July 2002. Procedures laid down in the corresponding act (2001) 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 2006/07 budget projects a surplus by 0.9 billion Pula. Revenue and grants (24.1 billion Pula) are derived mostly from mineral (47%), Customs and Excise (22%¹²), as well as Non-Mineral Income Tax (12%) and VAT (9%).

Recurrent expenditure remains at the same level (16.8 bln P). Development expenditure increases by close to 20% over the previous budget, in line with the MTR of the 9th National Development recommendation for an acceleration of the implementation of development projects and enhancement of growth through boosting of development expenditure by 25-30% at the end of the plan.

The budget "sustainability ratio" is the ratio of non-investment recurrent expenditure to non-mineral domestic revenue¹³, and should ideally be less than 1, and not greater than 1 for any extended period of time. The fiscal rule, adopted during the MTR of the 9th National Development Plan (NDP9 - 2003/4-2008/9) in Dec. '05), sets the ceiling of total budget expenditure to 40% GDP for sustainability, with spending less volatile than when linked to expected revenue.

Further fiscal reforms¹⁴ are planned such as simplification of the company tax system; increase in the income tax free threshold; maintenance of VAT at 10% while broadening the list of VAT exemptions and zero-rating¹⁵. A tax administration bill will be drafted, consolidating and simplifying the various existing acts. School fees (5% of the costs), coupled with exemption schemes, have been, as planned, reintroduced at secondary level. There are concerns that they could erode the gains made over the past decades in increasing access to education for the poorer.

The average growth rate over the first three years of NDP9 was 5.3%, higher than the estimate in NDP9 MTR, and close to the base case scenario of NDP9 (5.5). The uncertain impact of the HIV/AIDS epidemic on the economy as a whole and in terms of public expenditure, makes it difficult to assess various medium-term scenarios. The situation is expected however 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.

¹² Increasing from 17% in the previous year due to the one-off payment under the old SACU agreement.

¹³ 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.

¹⁴ After the 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.

¹⁵ Exemptions will extend to passenger transportation, donations and grants, condoms, and additional basic food stuffs, as well as agricultural inputs and machinery will be zero-rated.

Expenditure in social sectors (Table 8.4, Annex 8) consistently represents a very significant proportion of the successive budgets, confirming the country commitment to social development. Allocation of development expenditure to the various social sectors (46% of total development) in the 2006/7 budget is indicated below.

Area/Ministry	Expenditure (Bln P)	Increase over previous	Comments
HIV	0.65	+13%	52% of Ministry of State President expenditure
Education	0.53	+33%	47% for secondary schools and 41% for colleges of education
Local Government	0.89	+11%	27% for primary schools
Health	0.58	+10%	
Total development	5.80	+ 19%	32% over revised estimate 2005/6

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	2004/05
GDP/capita, € (exchange rate ¹)	4,848 (4.6614)	3,823 (5.0985)	3,642 (5.9800)	4,231 (5.5289)	4,528 (5.8215)
Foreign Trade:					
share of exports, % GDP	51.2	45.9	48.6	42.0	49.9
Trade balance, % GDP	20.2	12.2	10.8	7.6	14.7
Exports: diamonds/total, %	85.0	84.5	85.7	82.9	79.9
Imports, % GDP	31.1	33.7	37.8	34.3	35.2
Government budget:					
value, % GDP	33.2	38.3	39.8	38.2	35.7
surplus/deficit, % GDP	7.4	-2.7	-3.5	-0.2	1.2
Share of Public Spending on:					
health/education, %	30.3	30.9	29.6	33.4	36.1
Military, %	8.7	9.6	9.2	9.0	8.0

Source: 2006 Annual Economic Report; all in current prices; ¹ As per Info Euro rates

NB: GDP has been adjusted in the 2006 report which resulted in minor differences for most years except for 2000/1 where a very large increase (originating in the mining sector) in value is effected. Hence differences in figures between this table in the JAR 2004 and 2005.

2.3 Social situation

2.3.1 Achievements in the social sectors

The population is estimated at 1.84 million in 2004, growing at a rate of 2.4% p.a., and highly urbanised (49% of the population in 2000). Botswana has developed from one of the 10 least developed countries worldwide at independence in 1966 into a middle-income country, as reflected in the evolution between 1993 and 2004 of the ten indicators selected among those of the Millennium Development Goals (MDGs) to reflect achievements towards development (Table 3)¹⁶. In particular: delivery and outcomes of

¹⁶ At the time of formulation of the present report, the 2004 values are still missing for many indicators

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.

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 expectancy¹⁷ due to HIV/AIDS as the other variables composing the HDI remained stable or improved (Figure 8.7, Annex 8). Indices for 2001 showed an encouraging trend with a HDI value of 0.614 and an apparent recovery in life expectancy, hopefully to be confirmed in the coming years.

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

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 2003, the Net Enrolment Ratio at primary level (6-12) was 86.6%, and the transition rate from primary to Junior Secondary level was 98.7% (2003). Girls represented 49.5% and 52.0% of total enrolment at primary and secondary levels respectively in 2003, and 50% across all levels.

Table 3. Evolution of the 10 selected MDGs indicators between 1994 and 2004

Type	Indicator (in %, except otherwise)	1994	1996	1998	2000	2002	2003	2004
Impact	Proportion of population below USD 1 per day.	20.2			n/a		23.4	xx
	Prevalence of underweight children (under five years of age)	12.5	12.8	18.0	13	7.7	7.1	xx
	Under-five mortality rate, ‰	56	45	67	75			xx
Outcome	Net enrolment ratio in primary education [7 - 13 years]	95.9	97.9	98.7	100.1 ⁽²⁾	100.2 ⁽²⁾	97.8	98.5
	[6 - 12 years]	n/a	88.5	89.6	90.1	89.0	86.9	89.5
	Primary completion rate	75	78	81	94.3	94	92	92
	Ratio of girls to boys in:							
	- Primary education	102	100	98	98.7	98.0	97.6 ⁽¹⁾	97.1
	- Secondary education	111	114	112	108.4	109	108	107.9
	- Tertiary education	71	76	77	96.2	84	85	
	Proportion of births attended by skilled health personnel	92.7	96.6	94.6	97.3			xx
Proportion of 1 year old children immunised against measles		74		83	79	90	86	
HIV prevalence								xx
- Among 15-19 year old pregnant	20.7	27.2	28.6	22.9	21.0	22.8		
- Among 20-24 year old pregnant	31.5	40.9	42.8	39.1	37.4	38.6		
Proportion of population with sustainable access to an improved water source				96.5			95.8	

Central Statistics Office (CSO) for all data; Empty cells = data not available (none for 2004); ⁽¹⁾ Values above 100% to be checked.

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

The limited number of places in the senior secondary levels, however, is a major constraint to increasing transition rates to Senior Secondary school. Fifteen percent of the junior secondary school leavers enter vocational institutions and the remainder (35%) become unemployed, which compounds poverty. Dropout rates remain high in Botswana, with as main reason "desertion" (85 and 50% at primary and secondary levels in 2003). The frequency of pregnancies as the reason for dropout at secondary level has gone down from 38.5% in 2002 to 32% of drop-outs in 2003. A similar trend is also witnessed at the primary level where the level of dropout due to pregnancy has declined from 2.2% in 2002 to 1.9% in 2003), which provides some evidence of that the education system is achieving the objective of informing and changing behaviour with respect to HIV/AIDS. The Ministry of Education implements a policy of re-admission to school of girls after their confinement.

Vocational Education and Training (VET) exists under two forms, institution-based and work-based learning. Enrolment in public institutions in 2003, was 11,000 students while enrolment in private institutions was estimated at 15,000, giving a total enrolment of approximately 26,000¹⁸. Females accounted for 38.2% of the enrolment in the Government Institutions in 2003. The Botswana Technical Education Programme (BTEP) is a modular programme in selected areas of VET with curricula delivered to 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) and other institutions. There is a severe shortage of skilled and experienced citizen teachers in the tertiary education sector, resulting in a high demand for expatriates to fill the vacant posts. Close to 26,000 students benefited in 2005 from scholarships for tertiary education, specialised colleges and VET institutions, in and outside the country. The 2005/2006 budget estimate for the scheme is 1.34 billion Pula while actual expenditure for the financial year 2004/5 was 769 million Pula. The review of the structure, administration and management of this scheme will be a key objective of the Education Public Expenditure Review scheduled for 2006.

The time lag in the availability of statistics (2002 educational statistics were available at the end of 2004, and 2003 statistics mid-2005) is a concern which demonstrates the need for an efficient and responsive monitoring of the sector. Specific sample surveys may assist in more timely progress monitoring.

Sector financing remains buoyant, accounting for typically 25% of total expenditure. While the period of NDP8 has seen a contraction of the development expenditure on education (-0.9% p.a. vs. an increase of 11% p.a. globally¹⁹), the trend has reversed in the first half of NDP9 and is expected to rise sharply in the remaining years of NDP9 from just over 1 billion Pula in 2006/7 to over 4 billion Pula in the final year (2008/9)²⁰, over half of which allocated to secondary education. Capacity constraints may hamper full financial execution of the plan.

Key sector challenges set in NDP9 remain, the principal one being the envisaged expansion of senior secondary with an end of plan target of ensuring 83% transition from junior to senior secondary, from the current 51%²¹. This expansion will principally be achieved through the establishment of five new Senior Secondary Schools. In addition there remains a backlog of 28 Community Junior Secondary Schools to sustain the 100% transition from primary with optimum class sizes of 40 students.

¹⁸ Data for female enrolment in private vocational providers is not available.

¹⁹ Mainly in health, economic services and housing, urban and regional development.

²⁰ Through the four line ministries who share the major responsibility: MoE, MLG (Primary Education), Ministry of Health (Institutes of Health Sciences) and Ministry of Agriculture (Botswana College of Agriculture).

²¹ Only marginally increased from 49% at beginning of NDP9

Enrolment at the University of Botswana has is reported as 12,231 for 2004/5, above the NDP9 target. Tertiary education will absorb over one-third of educational development budget over the next three years for the expansion of UB (to increase enrolment to 15,000) and the establishment of the Botswana International University of Science and Technology (BIUST) at Palapye. A Tertiary Education Policy is being developed by the Tertiary Education Council and will include provisions for the financing of tertiary education.

The focus of attention on senior secondary and tertiary education should not detract from some concerns over the quality of primary education. Whilst Botswana's performance with regard access to the first cycle of education is good (NER of 86.6 and GER of 109.9 in 2003), there are concerns regarding quality: the Botswana SACMEQ ²² Report 2005 found that 56% of Standard 6 pupils had minimal mastery of both reading and mathematics, whilst the desirable level of mastery was restricted to only 16% in each case. The return on investments at higher levels of education are premised on increased numbers of pupils leaving primary school having acquired adequate basic skills to participate meaningfully and successfully in these later stages. This remains a key challenge.

The SACMEQ report concluded that the distribution of resources, both human and material, across Botswana was relatively fair and equitable²³, with the differences noted more at intra- rather than inter-regional levels. Despite a determined effort to prioritise expenditure in NDP9, difficulties in project implementation, budget cuts in education development expenditure - along with all other sectors - during several difficult years has impeded implementation of National Development Plans. 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 will be reviewed and prioritised following an Education Public Expenditure Review in 2006. The MOE strategic plan includes objectives for establishing public/private partnerships based on joint responsibility and cost-sharing.

Many challenges remain to be addressed within the context of possible macro-economic constraints, including:

- Gearing education more towards the country's needs and job market;
- the provision of an enabling environment for the expansion and quality of pre-school education;
- 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.

²² Southern and Eastern Africa Consortium for Monitoring of Education Quality.

²³ This conclusion is important to the analysis of Indicator 6 in the SPSP.

2.3.3 Health

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 highlighted in 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 areas²⁴.

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 proportion²⁵ of the financing of public health services, though full cost recovery is implemented for foreigners since 2002 and will be extended to Botswana²⁶.

2.3.4 Main challenges

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, an average rate of 25.3% in the population aged 15-49 (2nd Botswana AIDS Impact Survey)²⁷. In 2005, sentinel surveys in pregnant women aged [15-49] showed an encouraging downward trend with HIV seroprevalence at 33.4% while HIV prevalence in the group [15-19] has decreased from 22.8% in 2003 to 17.8% in 2005.

The disease is currently reversing Botswana's achievements in the economic and social spheres, and places the health system and the social fabric under considerable stress. 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.

As part of the Botswana National HIV/AIDS Strategic Framework, Government implements since 2002 an Anti-Retroviral (ARV) drug programme. The number of patients enrolled in the ARV treatment programme has increased by 67% over the previous year to 54,000 in 2005. The Prevention of Mother To Child Transmission (PMTCT) covers 73% of pregnant HIV positive women. Some 142,500 people have been tested in 2005. The use of condoms appears to have dramatically increased over the past years. Positive developments in 2005 were the narrowing gap between male and female first-time testers, the consistent increase in the number of first-time testers recorded by VCT each quarter but an area of concern is the stagnation of PMTCT enrolment. The question of whether being HIV positive should deny an individual the right to procreation is fast becoming an issue for public debate, which calls for an official policy position²⁸.

The fight against HIV/AIDS was the main area of ODA in Botswana (Error! Reference source not found.), with close to 18 M€ per year in 2003, i.e. 62% of donor resources²⁹.

²⁴ 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.

²⁵ 0.1% in 1993 vs. 7% in the 1970s - NDP9

²⁶ 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.

²⁷ Various documents from Government and UNDP report average rates of over 35%.

²⁸ BHRIMS, quarterly report October to December 2005, February 2006.

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

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 of 650 million Pula, equivalent to 1.2 % GDP has been made in the 2006/7 budget for HIV/AIDS programmes.

- *Poverty*

Though declining, poverty as measured by income remains a structural problem with national average of 23.4% of people living below USD 1/day, and 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 and capital-intensive (mining) economic base. Foreign Direct Investment fails to show any consistent increasing trend.

Factors of vulnerability include remoteness in particular, but also gender, ill health, lack of access to physical assets, financial resources, and to markets, and their impact is exacerbated by the weakening of traditional solidarity mechanisms.

Botswana has made remarkable progress in reducing capability poverty through education and training, health and nutrition, but disparities are noted for some groups and/or geographic areas, in particular for secondary education. Beyond the current mechanisms (popular participation through the Kgotla and decentralisation to local authorities), further decentralisation to communities and enhancement, through education and training, of the ability of the poor to participate are needed.

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.

- *Unemployment*

Employment creation is limited by the capital- rather than labour intensive nature of economic growth in Botswana (mining sector), and a labour market that is so far not supplied with the increasingly skill-intensive work force that it requires. 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. With a national average unemployment rate of 23% in 2002/3, factors of vulnerability include young age (over twice the national average), remoteness and gender.

More detailed information on these three major challenges is found in Annex 11.

2.3.5 Achievements in cross-cutting issues

- *Gender*

In general, disaggregated indicators such as life expectancy at birth, adult literacy, enrolment in education, etc. show good achievements for gender equity. The disparity in income remains nonetheless important³².

- *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

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 Estimated earned income (PPP USD) of 5,353 from women and 10,550 for men - Human Development Report 2004 - UNDP.

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.

2.4 Update of the environmental situation

Major environmental challenges remain: depletion of water resources, over-use of woodlands and veld products, pollution, waste, sanitation, resource pressure due to growth in human population, depletion and conservation of wildlife resources, lack of environmental awareness.

Year 2005 has seen the following changes in the environmental institutional and regulatory framework:

- Within MEWT, upgrading of NCSA - responsible for the coordination of environmental policies and strategies - into a Department of Environmental Affairs with own budget within the MEWT with effect from 01.04.2006; merging the Department of Sanitation and Waste Management with the Division of Pollution Control into Department of Waste Management and Pollution Control.
- The Environment Impact Assessment Act was adopted in May 2005 and guidelines for its implementation are now being prepared. The consolidation and harmonisation of various pieces of legislation into the Environmental Management Act (EMA) should be approved mid 2006. A waste management strategy, focusing on minimisation of waste, is being developed. A National Forestry Policy has been adopted late 2005 while the Forestry Act has been amended to be in line with the provisions of CITES. The Botswana Wetlands Policy and Strategy has being updated to meet commitments under the Ramsar Convention, and a management Plan is being prepared for the Okavango Delta. The CBNRM policy will be finalised in 2006³³ The review of the National Water Master Plan should be completed early 2006. Awareness campaigns on water utilisation have been stepped up in 2005. Optimising water use and minimising losses will be the focus of water demand management in the second half of NDP9. A draft National Energy Policy is in preparation³⁴. The creation of the KAZA transboundary park which should link various protected areas between Botswana, Namibia, Angola, Zambia and Zimbabwe³⁵ is further considered.

A review of the Atmospheric Pollution Prevention Act and the introduction of a vehicle emission testing programme are planned for 2006..

Competition between wildlife and livestock sectors and resulting land use conflicts remain an issue. Information for policy making is expected from the strategic livestock study, to be completed early 2006. Fencing of protected areas remains GoB's favoured option calling for improved management and control in these areas.

The economic values of natural resources is poorly known and understood and Environmental Economic Instruments are little used (tariff study, user charges, taxes, etc.) to complement environmental legislation in seeking efficient and sustainable use of resources. Lack of up to date data in some sectors and the weak utilisation of information to guide decision making another constraint.

The lack of a coordinated and systematic approach to environmental management, which makes also difficult for the donors to assist GoB with an appropriate response strategy. In order to increase GoB's consistency and efficacy in addressing environmental conservation and management, DEC is envisaging to discuss in 2006 with GoB and relevant donors (UNDP) an environmental roadmap which would include an update of the CEP (the last one dates 2004), an overview of country national/international

³³ The revision is likely to introduce important changes in comparison to the present situation: financial resources, a percentage of which will go into a Conservation Fund, will be accessed by communities on a project basis. According to the MEWT, this measure is meant to reduce communities' liability (some have experienced difficulties in managing own financial resources), but it is seen by some stakeholders as a step backwards, reducing communities' powers and autonomy.

³⁴ To address the challenges faced by the energy sector, in particular the need to provide sustainable modern energies to rural areas (to reduce the use of fuel wood) and the need to reduce dependency on import (70% of energy supply comes from SA).

³⁵ A MoU is about to be signed between the 5 countries and a study has been fielded which will recommend on this initiative (in particular suggested boundaries) by March '06. This transboundary park, which will require a number of years to take off, would recreate the migrating corridors of the elephants, thereby relieving in the long run Botswana, where the elephant population is more than twice the national carrying capacity (resulting in increasing human-elephant conflicts and serious alteration to the environment).

objectives/commitments, a national progress report on the achievement of Agenda 21 and Goal 7 of the MDG, a strategy/action plan to assist GoB in achieving these objectives. This would clarify also if and what kind of (financial/technical) assistance might be provided by donors in a coordinated and consistent manner. Support to the formulation of such documents could be considered, notably under the Technical Cooperation Facility.

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

The Country Strategy Paper / Indicative Programme (CSP/IP) for the 9th European Development Fund (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, natural resources conservation and management, capacity building in the Ministry of Finance and Development Planning, fiscal reform, tourism and trade promotion, HIV/AIDS. Following the Mid-Term Review of the CSP/IP, which confirmed the validity of the orientations of the CSP as agreed in 2002, the decision was made in November 2004 to transfer 11 M€ from Envelope B to Envelope A (initially 52 M€ and 39 M€ respectively), to be utilised in the focal sector.

Botswana received grants totalling 70 M€ in development financing under the National Indicative Programmes (NIPs) from the 7th and 8th EDFs. The 8th EDF strategy for Botswana had two focal sectors: Education and Training, and Natural Resources Utilisation and Conservation.

Botswana also benefited, and still does, from SYSMIN support, loans from the European Investment Bank (EIB), interventions financed under the Budget (environment conservation in developing countries and Non-Governmental Organisation (NGO) co-financing), some of the EDF regional funding for Southern Africa, channelled mostly via SADC.

The sectoral distribution of projects financed under the NIPs of EDF 6 to 9, and under non-programmable resources is shown in Annex 2 (p. 39). 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 4 (p. 48).

3.1 Focal sector: Human Resources Development

While all EDF-financed interventions in Botswana had so far been on a project mode, support to HRD under EDF9 will shift to a Sector-Wide Approach (SWAp) and resources will be channelled through budget support. 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.

The Education and Training Sector Policy Support Programme (E&T SPSP) has, as specific objective, to assist Government in adequate financing and effective management of the E&T sector, and expanding equitable access to quality education and training, with special - though not exclusive - emphasis on primary and secondary levels.

More detailed focus of policy in during the programme period are found in Annex 4, p. 57). Important areas encompass targeting of national priorities and effective allocation of financial resources; efficient management of resources; Human Resources Development (HRD) Strategy, reflecting equal opportunities; effectiveness of the Education Management Information System (EMIS) in producing relevant, good quality and timely information;

planning, regulation, and implementation of E&T provision; action plan to provide adequate physical and human resources for primary and secondary education, prioritised to address inequities; measures to measure and improve quality of education provided at primary and secondary levels; HIV/AIDS awareness integration in curricula and provided at primary and secondary levels. A logframe for the E&T SPSP is found in Annex 1, which replaces the indicators and targets measuring progress in relevance, quality and efficiency mentioned in the CSP.

This support will be provided in the form of non-targeted budget support (total of 41 M€), disbursed in four annual tranches on the basis of progress in the sector performance as assessed through targets set for process and output/outcome indicators (matrix in Annex 6³⁶). Arrangements for sectoral dialogue and joint monitoring of progress under the sector programme, by GoB and the Commission, have been detailed in a Memorandum of Understanding. The programme was decided on 22.12.2005 and the Financing Agreement was signed in February 2006.

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 ³⁷ was completed in February 2003, with the end of the technical assistance component, at a final total cost of some 25 M€, including infrastructure and equipment of the Gaborone Technical College - GTC - and Automotives Trades Training Centre - ATTC. 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 ³⁸. The augmentation of the GTC/ATTC facilities with 3.9 M€ ³⁹ from EDF8 aims at increasing 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 4 p. 55 and 56 respectively).

Government's commitment in terms of policy, financing and implementation (Annex 5) 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

³⁶ 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.

³⁷ 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.

³⁸ 8 ACP BT 003

³⁹ To which should be added GoB contribution of 7.9 M€ - 8 ACP BT 014

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.

3.2 Non Focal sectors

3.2.1 Community Development

Three Micro-Projects Programmes - MPPs⁴⁰ 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. MPPs have proven successful schemes, in high demand from communities and NGOs.

However, they were implemented in parallel with Government community programmes and corresponding structures, with little transfer of skills. While preparing a 4th MPP in 2004, it was felt that more impact on poverty reduction could be expected and EDF resources could more efficiently be used to build the capacity of the Ministry of Local Government to better design and implement its own community development strategies and community-based programmes. Two such programmes, the Community Projects Programme ("LG1109") supporting small-scale community development initiatives, and the Rural Area Dwellers Programme (RADP) addressing the situation of extreme poverty in remote areas were reviewed recently. It was recommended in particular, to clearly define policy objectives and goals, to develop effective response strategies and action plans, and to clarify the programmes' objectives, expected results and target groups. Lessons learnt in implementing the MPPs, its strong focus on community empowerment, would be used as a basis to reshape LG 1109 and RADP.

The project "*Strengthening the Capacity for Community Development in the Ministry of Local Government and Councils*" (3.06 M€, 3 M€ from EDF funds), whose financing proposal has been sent to the Commission Headquarters in December 2005, is expected to be approved in the first quarter of 2006.

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 3.3) which has been prepared building on previous MPP experience. This approach will strengthen existing structures and programmes, increase cost-efficiency of inputs provided under both programmes, ensure greater ownership and sustainability, in line with the Paris Declaration on aid effectiveness of 2005 and the new EU Strategy for Africa.

⁴⁰ 7 ACP BT 007, 7 ACP BT 051 and 8 ACP BT 004 (ended October 2004)

3.2.2 Natural resource utilisation and conservation

Support from EDF 6 and 7⁴¹ focused 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. Improvement of tourist and management facilities in the Khutse and Central Kalahari Game Reserves under the Domestic Development Fund (DDF), as part of the EDF7 wildlife project, have been completed in 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 Master Plan and of the Eco-Tourism Strategy, launched in 2002, aiming at diversifying tourism activities from the current nearly exclusive focus on wildlife, and promoting community participation. Review and evaluations concluded to the added value of EDF and other donors support and real impact on wildlife conservation. There are however concerns over the dependence on foreign technical expertise and management, as well as the sustainability of infrastructures built under EDF projects.

Under EDF8 two major interventions have been planned, one in support to wildlife and the other in support of forestry. Both programmes, however, have seriously underperformed. As a result, the "*Community Forestry Development Project*" (8 ACP BT 002) was discontinued in 2002 and closed early 2006.

Redesign of the "*Wildlife Conservation and Management Programme*" (8 ACP BT 010) in 2001 gave a prominent position to institutional strengthening of the DWNP (to reduce over-dependence on foreign technical expertise) and to community-based initiatives through a financing window of € 1 million. Due to a slow start and persistent constraints in implementation, in spite of various changes to the technical assistance composition and team, the program had at year end, achieved very modest results and was very significantly behind schedule. Following the MTR findings and conclusions in March 2005, Government has successively considered various options, including discontinuation of the project and appraisal of new support, or downsizing of the project. The Ministry of Environment, Wildlife and Tourism (MEWT) expressed the wish in December 2005 of continuing with the present project but a much reduced technical assistance team (which would enhance ownership and sustainability). It is not yet clear whether a rider to the financing agreement would be required and with what contents (revised scope and/or time extension). A final position and revised Logical Frame are expected from the MEWT by April 2006 (Details in Annex 4, p. 5959).

3.2.3 Enhance government's implementation and absorption capacity

The project "*Support to the Ministry of Finance and Development Planning*" (8 ACP BT 009) ran from June 2001 to end September 2005. While aiming at "improving the capacity of the Government of Botswana (GoB) to manage and co-ordinate external assistance", it focused on EDF programming and management, providing for a technical assistant to the NAO for 4 years, as well as some short term TAs. The technical assistant played an instrumental role rather than advisory and trainer. Sustainability of project results is doubtful as most capacity built to deal with EDF matters has concerned one planning officer, assigned to the project from December 2002 onwards. While the administrative workload related to the EDF will dramatically reduce following the adoption of budget

⁴¹ Wildlife Conservation in Northern Botswana (6 ACP BT 040 - to be closed) and Wildlife Conservation and Utilisation in Central & Southern Botswana (7 ACP BT 022 closed in January 2006), totalling 13.2 M€ in EDF funding.

support for the delivery of the E&T SPSP, capacity of the NAO's Office from 2006 onwards is a serious concern.

Recommendations of the MTR (mid 2003) for a comprehensive training need assessment and to improve Government monitoring and evaluation systems, will be addressed in the framework of the E&T SPSP.

The project “EDF9 preparatory activities” (8 ACP BT 012), now due for closure, financed between July 2003 and December 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, identification and preparation studies for support to Non-State Actors in implementing the Cotonou Agreement, as well as workshops and study tours in specific areas under a 18-month work programme.

3.2.4 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 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 4, p. 61). 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 (8 ACP BT 006) assisted the MFDP for 4 years to February 2004 with the introduction, implementation and monitoring of VAT, as well as tax administration reform, preparatory work for the BURS, fiscal policy issues and related capacity-building. Further support from the EDF for the implementation of the BURS consists of a long-term adviser to the BURS Commissioner General since April 2005 under the project “Support to Tax Administration Reform” (STAR - 9 ACP BT 002).

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

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

The CSP document identified HIV/AIDS as a potential non-focal sector⁴² and as a crucial crosscutting issue under each and every aspect of EC support in Botswana. 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). Indicators for disbursement under the E&T SPSP include progress in the fight against HIV/AIDS. 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. No specific intervention will be proposed under the non focal sectors.

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

Community-based initiatives under the 3 Micro-Projects Programmes and the 7th EDF wildlife programme 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, were implemented by communities, often with support from a local NGO. Due to implementation constraints experienced by the project 8 ACP BT 010, no progress has been made for the use of its 1 M€ window for community-based interventions. Pilot trainings, however, have been carried out for a number of communities, in particular on management oriented monitoring systems, governance and administration. Lessons learnt from these programmes highlighted the need to focus the support to communities primarily on capacity building and organisational development in order to ensure sustainability. Most communities do not manage to access funding since they lack the basic capacities and skills to develop quality project proposals and to sustain activities beyond project completion.

After a scoping study exploring 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, a project proposal was appraised in 2004-2005 based on the above lessons and following extensive consultations of the beneficiaries and stakeholders. The project "*Capacity Building for the NSAs*" (€ 6.5 M, 6.0 from EDF9), the first of its kind in Botswana, is expected to be approved early 2006. It aims at providing NSAs, and in particular civil society, with the necessary capacities, skills and financial resources to become meaningful partners in the development process, in line with the Cotonou Agreement and the EC Communication on the participation of the NSAs in EC Development Policy of 2002. It will support and complement GoB's current strategy of exploring new avenues for cooperation with NSAs towards the achievement of Vision 2016.

The project has been designed to allow flexibility and accommodate the variety of needs of different (sub)categories of NSAs, both for contents - technical to organizational - and methods - capacity building being broadly understood to include on-the-job training and internships. A grant scheme will support civil society initiatives, while the project will assist these organizations in developing a financial sustainability strategy. Maximisation of ownership is sought through the participation of beneficiaries in the Steering Committee and in a Technical Working Group providing inputs for activities. The latter will be demand-driven and eligibility merit-based.

A third-party organisation will be contracted by the MFDP, to facilitate and organise NSAs inputs. NSAs will therefore be key-actors in implementation, providing substance for selection of activities and guiding its orientations. Civil society in Botswana is rather weak, often quite passive, due to human and financial constraints. NSAs are expected to

⁴² Besides sustainable rural livelihoods; micro-projects; HIV/AIDS; trade development; capacity building for civil society; complementary funding towards regional (SADC) programmes

understand both opportunities offered by the project and risk it presents: it is up to them to seize these opportunities.

3.4 Utilisation of Envelope B

A financing agreement has been signed for 30 M€ (8 ACP BT 013, see 3.5.1) 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 allocated to the Education and Training Sector Policy Support Programme - E&T SPSP. A further € 8.06 million have been mobilised through the Flex mechanism (see 3.5.2). Considering the drawing rights of ECHO of 1.54 M€, Botswana's Envelope B is now exhausted.

3.5 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. 39). Regional co-operation is dealt under a separate report; only highlights are presented here.

3.5.1 SYSMIN

Botswana twice accessed the SYSMIN facility⁴³, following a major depression of world metal prices, posing a serious threat to the viability of BCL Ltd, which operates the copper/nickel 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 (and Tati under Sysmin II) 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, and the continued employment of close to 5,000 mine staff and economic spin-off effects⁴⁴.

The BCL and Tati repay⁴⁵ their loans at six-monthly intervals into the Re-Employment Account (REA). The latter has however been underutilised to date⁴⁶. A financial and economic analysis has been commissioned under the REA to assess the benefits of the proposed College of Applied Arts and Technology (CAAT) on the economy of Selebi-Phikwe, hence its potential eligibility for co-financing by the REA and Domestic Development Fund. On the basis of the positive conclusions of the study, the EC has indicated its agreement in principle while the amount contributed by the REA would be assessed on the basis of the current situation of the REA. A financial audit will be carried out in 2006 on expenditure incurred under 7 ACP BT 44 - prior to project closure, reconciling also records on reimbursements from the Mines and from MFDP.

⁴³ 6 ACP BT 025 (loan to GoB), closed, and 7 ACP BT 044 (grant to GoB), now due for closure after final reconciliation of accounts.

⁴⁴ The BCL Mine is of significant importance to Selebi-Phikwe 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.

⁴⁵ Repayment of the capital by BCL is so far in the form of "promissory notes" to Government.

⁴⁶ 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.

The project *Economic Diversification of the Mining Sector*⁴⁷ (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. Details on the project and its implementation are found in Annex 4, p. 63. *Environment* is a critical *crosscutting issue* and will be given a prominent position in the MTR of the project planned for 2006.

3.5.2 FLEX

On the basis of the 2003 statistics presented by Botswana⁴⁸, Botswana qualified for the mobilisation of envelope B through the FLEX mechanism for both the loss of export earnings and worsening in the programmed deficit. Accordingly, € 8.06 million will be disbursed as budgetary support⁴⁹, in accordance with the Flex guidelines, in the framework of the E&T SPSP, as a special tranche upon realisation of conditions for budgetary support but independently of education sector indicators.

3.5.3 Regional co-operation

Progress was made in 2005 in maintaining peace, security and political stability, with elections held in Tanzania, Lesotho (local level), and Zimbabwe (Senate). Elections are scheduled in 2006 in Angola, DRC and Zambia, to follow the SADC Guidelines Governing Democratic Elections, as well as in South Africa (municipal).

Eight SADC Member States⁵⁰ have acceded to the NEPAD Initiative's African Peer Review Mechanism (APRM) for democracy and good governance. SADC aligns its political, peace and security agenda with those of the AU and its NEPAD initiative⁵¹. The SADC Regional Indicative Strategic Development Plan (RISDP) has also been adopted as SADC's NEPAD programme and the SADC and NEPAD Secretariat's work closely in operationalising and implementing NEPAD's agenda.

The region remains characterised by a multiplicity of regional integration initiatives and institutions (such as SADC, COMESA, EAC, ECCAS, IOC and SACU) with significant overlap in their membership. As most of these groupings either have entered into a Customs Union or intend to do so in a near future this could lead to potential problems of having to conform to requirements of different trade regimes.

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.

⁴⁷ 8 ACP BT 013

⁴⁸ 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%.

⁴⁹ 9 ACP BT 005

⁵⁰ Angola, Lesotho, Malawi, Mauritius, Mozambique, South Africa, Tanzania and Zambia

⁵¹ As exemplified by its active participation in the development of the AU Common African Defence and Security Policy (CADSP) and in the operationalisation of the AU Peace and Security Council.

The Regional Strategy Paper (RSP) and Regional Indicative Programme (RIP) for SADC, signed on 07.11.2002, were reviewed in 2005, confirming the orientations of the RSP but establishing a more realistic programming pipeline for an envelope of €161.6 (down from €170.0). Priority areas for 9th EDF support remained:

- *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.

HIV/AIDS, gender, capacity building and environmental management form important cross-cutting thematic issues. NSAs are expected to contribute to the design, implementation and monitoring of EDF financed interventions, though it is likely that their participation should be facilitated through capacity building support, possibly as a component of the 2nd programme in support of regional integration. Besides the two Focal Areas, assistance is also given in areas such as agriculture such as research and livestock disease control and production.

The ongoing structural reform of the SADC Secretariat hampered the Secretariat's capacity to program and implement EDF support. Consequently, implementation is on average 2 years behind schedule. In 2005, however, new projects have been committed for a total of € 46.7 million, and 44% of EDF9 resources are now committed (up from 15% in 2004). Co-operation between SADC Secretariat and South Africa on the use of EPRD⁵² funds for regional projects needs to be strengthened considerably.

Experience gained in programming regional EDF resources points at the need to strengthen synergy and complementarity between EDF regional (RIP) and national (NIPs) support, so as to improve the implementation of regional initiatives at national level where applicable. For example, Botswana's NIP resources could be utilised to strengthen the country's SADC National Committee (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. Possibilities for further NSA involvement in policy development and SADC-EC co-operation will need to be explored⁵³.

Major progress was achieved in the Joint SADC-ICP⁵⁴ Joint Task Force (JTF) established in 2003 to assist SADC i.a. in donor co-ordination and in the preparation of the SADC Consultative Conference, which will take place in Windhoek 26-27 April 2006. The draft SADC-ICP "New Partnership", in line with the recent "Paris Declaration on Aid Effectiveness", is expected to be endorsed during the latter.

- 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 2005 SADC Council of Ministers requested SADC EPA Ministers to address a number of existing concerns in relation to the EPA. These include in particular the issue of multiple and

⁵² European Programme for Reconstruction and Development for South Africa. Tentative allocation earmarked for regional cooperation, with a focus on SADC, of 10% of Indicative Programmes for each 2000-2002 and 2003-2006 periods (i.e. € 52.5 million for the latter period).

⁵³ 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.

⁵⁴ International Co-operating Partners

overlapping memberships in RIOs and prospected customs unions, the feasibility of the SADC EPA Group moving faster towards the customs union and the creation of synergies between the existing parallel trade arrangements under SACU, EAC, SADC and the TDCA. Council resolved to further explore possibilities with the ESA EPA group for harmonisation of negotiating positions. SADC EPA Trade Ministers have since met several times to discuss the configurations and other issues.

Various rounds of senior-level and technical talks took place in 2005⁵⁵. Negotiations on market access, rules of origin, customs facilitation will be launched early in 2006. Various levels meetings are planned: Ministerial (March 2006); senior level meetings (March, June and October); technical meetings in-between. By the end of 2006, negotiations should have covered all issues relevant for the EPA and an outline EPA should be agreed upon. This would leave 2007 for finalising the talks, revisiting areas of disagreement and reaching compromises.

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

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 Troika meeting at Senior Officials (Joint Steering Committee) level was held in June 2005 in Johannesburg. The meeting stressed the need to operationalise the SADC/EU dialogue and in particular to encourage the Heads of Missions in Gaborone and Brussels to engage in discussions with a view to identifying issues and making proposals for the Joint Steering Committee. An EU-SADC double troika ministerial meeting will be held during the second half of 2006 in the SADC region.

3.5.4 Intra-ACP co-operation

- Water and Energy Facility

Three preliminary proposals were received for Botswana in answer to the 1st call for proposals of the EU Water Facility (November 2005). Only was admitted to the 2nd phase but failed to submit a full proposal within the deadline. Botswana, however, will benefit from the two regional SADC projects approved for a total of about 2 M€. The first aims at developing a comprehensive hydro-geological map of the region, to build capacity among member states on data management and to enhance regional monitoring and sustainable groundwater management. The second proposes to improve economic accounting of water use through the construction of national resource accounts, which will assist SADC in the analysis and design of sustainable regional development strategies, optimising water resources. Both projects are extremely relevant for both the SADC region and Botswana. The region is indeed heavily dependent on groundwater resources, currently little known; 70% of these resources are shared; the importance of water as a scarce resource in the economic development of the SADC member states, and

⁵⁵ December 2004, March 2005, April 2005 (regional dimension, market access, trade-related areas and the development aspects - including supply-side and social issues; agreement to finalise a Joint Factual Document on the state of play of regional integration); seminar on trade rules (May 2005 in Brussels), seminar on inter-linkages with the TDCA Review (June 2005 in Johannesburg), September and October 2005. In-depth work has been undertaken on SPS and TBT issues and comprehensive reports on these two areas have been finalised.

the full social and economic values of water resources must be better understood, and tradeoffs among competing economic activities must be better assessed.

Lessons from this first call for proposals include the need for improving information to and awareness of potential beneficiaries. Both water management and energy supply for an environmentally sustainable development are critical to Botswana (see 2.4), hence the need to maximise her access to the two EU Facilities. The Delegation will therefore step up promotion efforts for the 2nd call under the Water Facility (March 2006) and the 1st call under the Energy Facility (June 2006).

- The Global Fund (“GF”) to fight HIV/AIDS, Tuberculosis and Malaria

The HIV/AIDS proposal has been accepted by the GF for 18 MUSD. The first tranche (1/2 total) was disbursed in 2004. The Delegation participates in the Country Coordination Mechanism (CCM) meetings when convened. It is advisable to reinforce the follow-up of actions agreed in the course of these meetings.

3.5.5 Community budget lines

The only ongoing project is financed under the budget line B7- 6200/99, the Henry Oppenheimer Okavango Research Centre (1.5 M€).

Information on calls for proposals launched by EC Headquarters in 2005 under various budget lines was appropriately disseminated. One project proposal was submitted by local NGOs under each of the lines “Poverty related Diseases”, “Reproductive Health”, and “Human Rights and Democracy” (HR&D). The two last one have not been retained while evaluation of proposal under the first is on going, as well as on 4 project proposals presented under the line HR&D in 2004. Again, it appears that local NGOs are not adequately benefiting from the opportunities offered by the EC budget lines. Civil society organisations in Botswana lack human and financial resources, adequate skills and capacities that would enable them to better access funding. It is expected that the forthcoming programme in support of NSAs will assist them in this regard. Civil society’s access to EC budget lines (in particular those organisations working with or within the poorest or disadvantaged sections of the population could also improve through support at project preparation stage (financing for ex. a pre project phase or providing technical assistance) and/or through giving more weight to grass-root organisations in the evaluation.

3.5.6 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 in Botswana, a EUR 2 million subordinated loan from Investment Facility resources for the establishment of a rose growing project north of Gaborone, which had been signed in October 2004, was fully disbursed during 2005 and production has started.

In November 2005, the EIB launched its first ever bond issue denominated in Botswana Pula (BWP), a Euro-BWP synthetic bond with a maturity of 5 years and an issue size of BWP 500 million. This issue represents a significant new benchmark in the Pula market and provides a platform for potential future issuance to complement EIB lending activities, thereby serving the EIB's development mandate in the region.

Further viable investment projects, both in the private sector as well as commercially run public sector infrastructure 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. Possible areas for further EIB cooperation are in particular power generation as well as water supply, telecommunications, tourism, mining and SME support through financial intermediaries.

3.5.7 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. A CDE Regional Field Office for Southern Africa Region was opened in March 2004 in Gaborone.

The CDE provided direct Technical Assistance to 17 SMEs companies (eighteen interventions) in 2005, for a total amount of € 538,222 (CDE contribution of € 248,715), in sectors such as mining, agro-industry, chemicals products and garment.

Main Sector Programme Organised during 2005:

- *QMS* - Quality Management Programme, resulting in ISO 9000 certification of 6 local SMEs and training of 4 local consultants.
- *Environment*: in the framework of the on-going SMART Programme for Southern Africa a gap analysis was conducted and 5 local consultants invited for a Regional Workshop in Maputo. Also a gap analysis was conducted identifying the main players in Botswana, in the framework of the CLEAN Programme (KYOTO Protocol).
- *Garment*: two companies participated in the Regional Workshop in Mauritius.
- *CDE Network*: 5 local institutions were invited to attend the CDE EAF/SAF Network Meeting in Nairobi 2005
- *Sector Studies*: two sector desk studies were conducted (Ostrich Industry and Inland Fish Farming).

In collaboration with ESIPP, the CDE has organised Thematic Seminars during the Mat Construct 2005 (Johannesburg from 31 Nov to 3 Dec 2005).

3.6 Dialogue and donor coordination

A fruitful dialogue in the field has, as in previous years, been maintained in 2005, though in a less structured and formal manner. It has not been possible to hold quarterly co-ordination meetings between Line Ministries, the NAO's Office and the Delegation. It is recommended to re-instate these meetings in 2006 at a periodicity and along agendas to be reviewed and agreed. The nature of dialogue in the focal sector has dramatically changed, shifting to strategic and policy issues in the context of the recently approved E&T SPSP. Constraints experienced in the devolution process in 2004 have been less acute. The Delegation has organised the provision of substantial training for Government officials outside the context of projects, focusing in 2005 on EDF9 procedures, ECOFIN, and Gender Mainstreaming.

Non-State actors have been extensively consulted in 2004-5 and their deep involvement sought during the preparation of specific support. 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 project in support to NSAs. 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.

Botswana development achievements have prompted the main donors to phase out their bilateral co-operation programmes and to concentrate on regional co-operation with the 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. The donor matrix (Error! Reference source not found.) indicates that in 2005, 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.

4. Programming perspectives for the years 2006-2007

4.1 Pipeline and absorption capacity

The status of utilisation of Envelopes A and B of EDF9 is found in Annex 2.

With the approval of the Education and Training Sector Policy Support Programme in 2005, 82.4% of resources of Envelope A at 31.12.2005 have been decided. Remaining resources will be committed in the non focal sectors. The projects in support to NSAs (6 M€) and in support of the Ministry of Local Government and Local Councils (3 M€) will be decided early 2006. Some 4.62 M€ will be made available in 2006 through the closure of programmes (see Annex 3). A second TCF (2.5 M€) will be requested for financing in the 2nd semester of 2007, to bridge with EDF10 resources. Its scope could, if appropriate, address medium-term capacity building needs of various institutions on a flexible basis. This will leave some 1.15 M€ in Envelope A at risk of being lost (not committed at 31.12.2007).

Botswana's envelope B is, at the end of 2005, exhausted apart from the ECHO drawing rights.

An updated chronogramme of intervention and indicative commitment and expenditure schedule is found in Annex 7, p. 74.

Widest publicity will be given to call for proposals under various instruments such as Water Facility, Energy Facility, and Commission Budget Lines to ensure that Botswana seizes all existing opportunities.

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.

Achievement of forecasts in 2005 is discussed in Annex 2. In summary form:

- The “old” RAL, representing only 2.72 M€, could not be reduced through projects closure in 2005 due to late closure of individual commitments. However 1.63 M€ had already been decommitted at mid January 2006.
- Targets⁵⁶ for global commitments have been achieved at 95%, the gap being explained by the project in support to NSAs whose approval was expected for November.
- Targets for individual commitments have been achieved at 17% only, the main reason for this poor performance being the late approval of the E&T SPSP, which prevented commitments for the FLEX funds and first sectoral budget support tranche.
- Payments have been made to 63% of the targets, with again a gap due to the non disbursement of FLEX funds and first sectoral budget support tranche, but expenditure above targets (117%) on existing projects.
- The recent RAL result from various factors:
 - Programmes recently launched and/or of a long duration ⁵⁷ (96% recent RAL).
 - Programmes with past or current difficulties in implementation ⁵⁸.
 - It is worth mentioning the underperformance of the projects 8 ACP BT 010, as experienced in previous years, and low utilisation of the TCF (9 ACP BT 003).

Forecasts for 2006 are detailed in Annex 3. Global commitments amount 9 M€, individual commitments 36.8 M€ (target 33.0 M€) and payments 41.6 M€ (target 37.3 M€). Performance is very substantially boosted by disbursement of budgetary support.

4.2 Proposal for revision of strategy

No change of strategy is recommended. The choice of Education and Training as single focal sector, materialised by the decision of the E&T SPSP, remains highly relevant. The strong emphasis of support in the non focal areas on building the capacity of both State Actors and Civil Society, in line with national strategies and in recognition that lack of capacity and participation are two of the three dimensions of poverty. There is a strong complementarity and synergy between focal and non focal support, maximising the added value and consistency of EC intervention, in line with the principle of “concentration” of the new European Consensus on Development.

Since the adoption of budget support as aid modality under the focal sector and given the longer term required to measure impacts of improvements in the education and training sector, it is also deemed essential that the EDF continues to support directly micro-

⁵⁶ Forecasts weighted by risk factor (=1 for low risk, 0.5 for medium risk and 0 for high risk).

⁵⁷ This is the case of 8 BT 03 (2000-08, RAL 8.11 M€), 8 BT 013 (2003-09, RAL 21.03 M€), 8 BT 010 (2002-07, 11.01 M€), 8 BT 014 (2003-09, GoB bears most of the initial costs, RAL 3.86 M€), 9 BT 04-5 (decision December 2005, RAL 50.26 M€).

⁵⁸ 8 ACP BT 010 (see above footnote 57).

interventions, keeping in touch with the grass-root level, ensuring sectoral and geographical spread, with medium-term impact and ensuring direct visibility of EU support.

4.3 Preparation for the next programming exercise 2008-2013

Preliminary discussions were held with Government and NSAs in the last quarter of 2005 at the occasion of the visit to Botswana of the Geographical Director in DG Development. Programming for EDF10 will be officially launched at the regional EDF seminar to be held in Gaborone 22-26.02.06. Guidelines will be disseminated and background information compiled as necessary.

In this respect, the Delegation will discuss with GoB and relevant stakeholders (in particular UNDP) the possibility of developing a comprehensive environmental roadmap (see 2.4) that would help Botswana in meeting its national and international commitments, clarifying the type of external assistance required and assisting in coordinating the latter. Additional assessment could, if needed, be undertaken to complete the findings of the strategic livestock study on the interactions of livestock and the environment.

Further studies⁵⁹ could also be implemented, should the need arise, on improvement of GoB antipoverty strategies and initiatives, and donor support to the latter.

Sector studies and programming will be, to the possible extent, carried out jointly or in close coordination with relevant institutions within Government and the donor community, and take cognisance of recent studies (e.g. strategic livestock study, economic diversification of Selebi-Phikwe, etc.) and existing initiatives (e.g. Economic Advisory Council) to maximise synergies, and avoid dispersion and overlaps, in line with the Paris Declaration on aid effectiveness. Programming will take full cognisance of the conclusions of NDP9 MTR (December 2005) and the operational plan for implementing the National Poverty Reduction Strategy.

It can be anticipated that depending on the outcome of the programme "capacity Building for the NSAs" (9th EDF), a further support might be envisaged for NSAs.

A particular attention will be given to any support to the fight against HIV/AIDS in which the EC could bring added value, and to the need in continuity of support both at sectoral level (budgetary support in education and training) and target level (NSAs), provided that EDF experience in these areas is positive.

⁵⁹ Depending on the outcomes of the ongoing preparation of an implementation plan of the NSPR, expected early 2006.

5. Conclusions

The JAR confirms the relevance of the strategy for GoB-EC cooperation, its main orientations, and financial allocations.

It underlines the importance of establishing an efficient forum for policy dialogue, coordination and monitoring in the context of the E&T SPSP.

In spite of the change in aid modality under the focal sector, there will still be seven projects implemented under the traditional "project" approach in the period 2006-07. Therefore there is a need for periodic meetings between the NAO and the Delegation with Technical Ministries where appropriate, to allow timely decisions and full utilisation of funds available. The availability of the NAO for meetings needs to be secured.

In the context of Botswana, EDF support (be it as specific projects or in support of Government own programmes) needs to target more specifically and accurately poverty and address remaining inequities. This focus needs to be clear in all activities undertaken and monitoring mechanisms (Indicators, targets, disaggregated data, etc.).

While co-operation with NSAs needs strengthening, and they must be empowered as development partners, the very challenges that they currently face may jeopardise project implementation. Close monitoring will be necessary.

Both State and Non State Actors require increased access to information on development initiatives and facilities(international/EU) if they are to seize opportunities.

There are numerous environmental conservation initiatives, which would benefit from a better integration into a coherent framework. A comprehensive road map, including baseline and targets to achieve (derived from national and international commitments) with action plan would be advisable, clarifying what assistance could be provided by development partners.

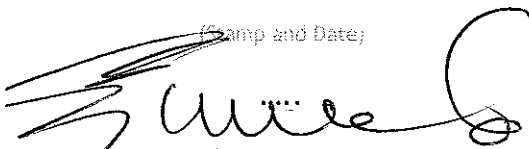
The project pipeline for the 9th EDF is not sufficient to use the balances of the A envelope (approximately € 1 million remains unearmarked), so current initiatives need to move more quickly to justify fully committing the € 3.5 million available. A greater openness to initiatives to complement existing activities and sense of urgency are required to avoid funds being lost at the end of the 9th EDF.

The end-of-term review (ETR) of the Country Strategy Paper (CSP) and National Indicative Programme (NIP) for Botswana was carried out during 2006 in accordance with Article 5(6-7) of Annex IV to the ACP-EC Partnership Agreement. It was successfully completed in May 2007 with the signing of Addendum N°2 to the CSP. The main conclusions were to:

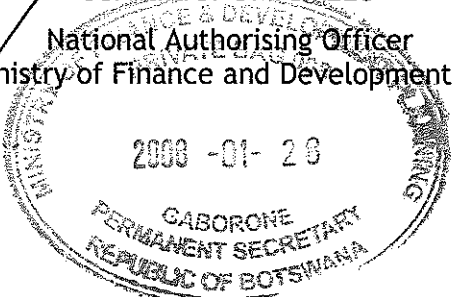
- Maintain the country strategy for Botswana, as contained in the CSP and NIP
- Maintain the funds available under the envelope A. The total envelope A allocation after ETR (including transfers from previous EDFs until 31/12/2005) will be 58,512,588.
- Reduce envelope B with an amount of €1.54 million to be transferred to the long-term development reserve.

It was further agreed that remaining funds under envelope A and funds made available through the closure of programmes will be used to finance in 2007 i) a new Technical Cooperation Facility (€2.5 million), and ii) a budget increase of the Education and Training Sector Policy Support Programme (€1.15 million) through a rider focusing on interventions for disadvantaged groups.

(Stamp and Date)




Serwalo S. G. TUMELO
National Authorising Officer
Ministry of Finance and Development Planning



2008 -01- 29
GABORONE
PERMANENT SECRETARY
REPUBLIC OF BOTSWANA

(Stamp and Date)



Paul MALIN
Head of Delegation
European Commission in Botswana
17.1.08

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

	<ul style="list-style-type: none"> Improvement of access and equity in the E&T sector: 	<p>Implementation of a plan to redress apparent 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>
--	---	--	---	--

<i>Results</i>	<ul style="list-style-type: none"> Improvement in quality of the E&T sector 	<p>New inspectorate framework for primary and secondary education implemented</p> <p>Increase in proportion grades A-C at PSLE from 80.3% in 2004 to 84% in 2007</p> <p>Maintain the proportion of pupils not present for examination and of grade U at PSLE at the 2004 baseline of 7% through to 2007</p> <p>Maintain the proportion of grades A-C at BGCSE at the 2004 baseline of 40% through to 2007</p> <p>Increase in completion rate of diploma teacher training programme by 5% in 2007 from 78% in 2004</p>	<p>MoE reports</p> <p>ERTD reports</p> <p>ERTD reports</p> <p>ERTD reports</p> <p>CTVE reports</p>	<p>Follow up of the implementation of inspection findings</p> <p>Strengthening of the HIV/AIDS focal point in MoE</p>
	<ul style="list-style-type: none"> Increased HIV/AIDS awareness at primary and secondary levels. 	<p>Effective utilisation of training materials</p>	<p>MoE reports</p>	

Annex 2. EDF 6 to 9 financial implementation by sector

2.a Status of utilisation of Envelopes A and B of EDF9

		Allocation	Decisions	Pipeline	Remarks
EDF8	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	2,576,225			
	Closures '03	80,000			
	Decisions '03		783,000		9 BT 1, 2
	Closures '04	26,466			
	Decisions '04		1,385,000		9 BT 3
	Transfer B->A	11,000,000			
	Closures '05	33,000			
	Transfer '05	55,309			
	Decisions '05		42,200,000		+ 9 BT 4
	<u>At 31.12.05</u>	<u>8,403,000</u>			
	Support NSAs			6,000,000	
	Support MLG			3,000,000	
	Closures '06	4,245,223			See forecasts ⁽¹⁾
	<u>Balance</u>	<u>3,648,223</u>			<u>To program</u>
TCF-II			2,500,000		
Bal. 31.12.07	<u>1,148,223</u>				
	Envelope B	Allocation	Mobilisation	Remarks	
	Initial	22,000,000		Less 8 BT13	
	Peace Facility		1,400,000		
	Transfer B->A		11,000,000		
	Flex '03		8,060,000		9 BT 5
	ECHO drawing rights		1,540,000		
	<u>Balance</u>	<u>0</u>			

(1) Decommitments at global and individual commitments (€ 4,623,468) after deduction of decommitments at individual level on projects on-going to end 2007 (8 ACP BT 10, sum = € 378,245).

2.b. National Indicative Programmes (NIPs)

Sector	Capacity-building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL		
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development				
EDF 9												
Project Nos	1, 2, 3	-	-	-	-	4	-	-	-	-		
Beginning 2005	D	2,168,000	0	0	0	0	0	0	0	0	2,168,000	
	C	0	0	0	0	0	0	0	0	0	0	
	P	0	0	0	0	0	0	0	0	0	0	
In 2005	D	-33,000	0	0	0	42,200,000	0	0	0	0	42,167,000	
	C	535,997	0	0	0	0	0	0	0	0	535,997	
	P	236,793	0	0	0	0	0	0	0	0	236,793	
End 2005	D	2,135,000	0	0	0	42,200,000	0	0	0	0	44,335,000	
	C	535,997	0	0	0	0	0	0	0	0	535,997	
	P	236,793	0	0	0	0	0	0	0	0	236,793	
D (end 2005) % total	4.8	0.0	0.0	0.0	0.0	95.2	0.0	0.0	0.0	0.0	100.0	

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 2005 % total" represents the amount of funds decided at the end of 2005 for a particular sector in the total amounts decided end of 2005.

Annex 2.a. (ct'd)

Sector	Capacity-building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL		
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development				
EDF 8												
Project Nos	1,6,8,9,11, 12	-	-	-	2,5,10	3, 14	-	4	-			
Beginning 2005	D	4,372,679	0	0	0	15,995,000	18,880,000	0	2,500,000	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	
	P	2,722,428	0	0	0	3,150,347	4,071,683	0	2,046,240	0	11,990,699	
In 2005	D	-55,309	0	0	0	0	0	0	0	0	-55,309	
	C	-263,100	0	0	0	-27,748	0	0	-56,598	0	-347,446	
	P	460,337	0	0	0	765,024	3,108,330	0	1,649	0	4,335,340	
End 2005	D	4,317,370	0	0	0	15,995,000	18,880,000	0	2,500,000	0	41,692,370	
	C	3,446,771	0	0	0	6,063,574	10,958,656	0	2,348,428	0	22,817,429	
	P	3,182,765	0	0	0	3,915,371	7,180,013	0	2,047,889	0	16,326,039	
D (end 2005) % total	10.4	0.0	0.0	0.0	38.4	45.3	0.0	6.0	0.0	100		

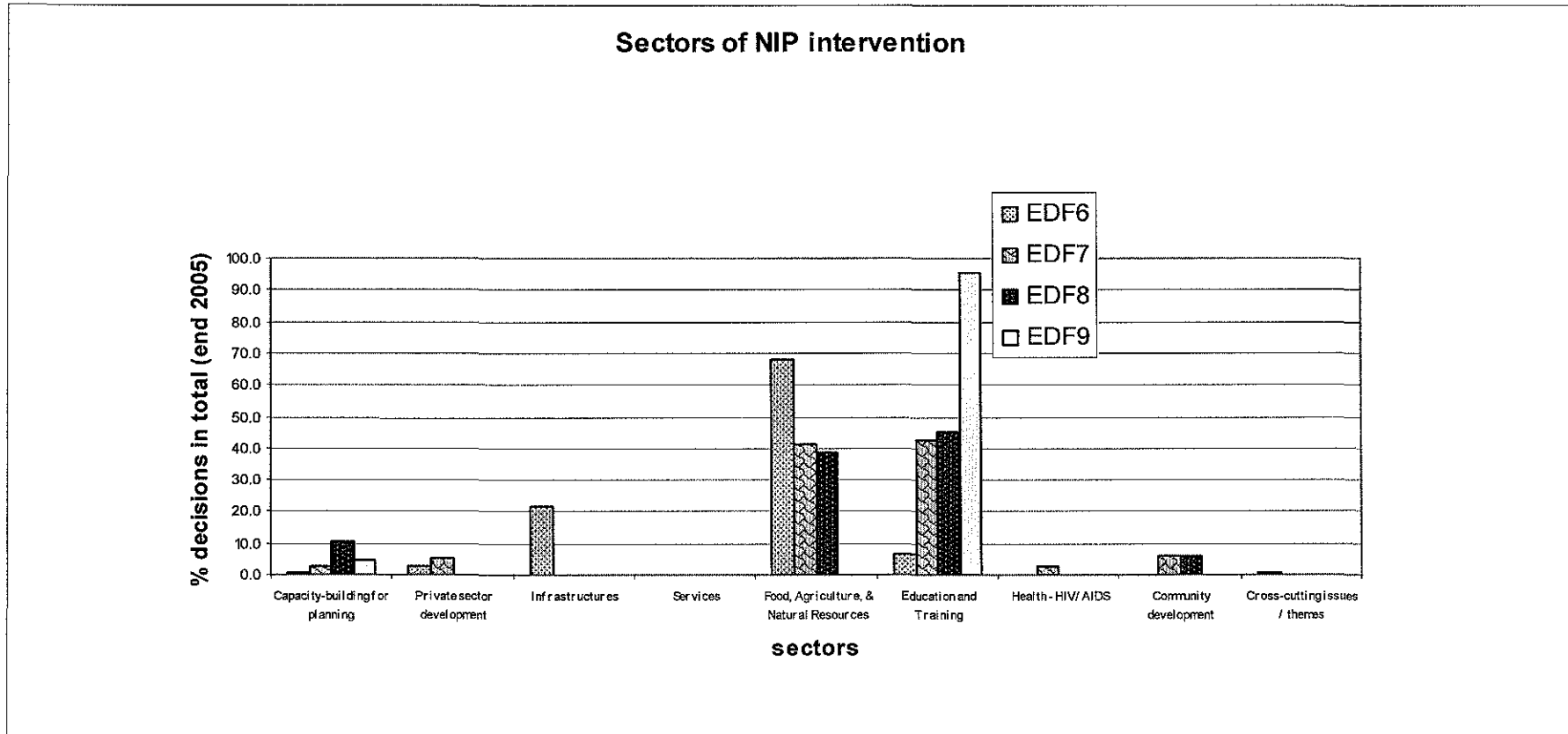
Annex 2.b. (ct'd)

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 2005	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
In 2005	D	0	0	0	0	0	0	0	0	0	0	0	0
	C	0	0	0	0	-124,317	-22,345	-93,158	0	0	-239,820	-22,345	-217,475
	P	0	0	0	0	0	0	0	0	0	0	0	0
End 2005	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	13,176,242	14,139,548	527,376	1,849,454	50,096	32,329,837	2,343,287	29,986,550
	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 2005) % 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.b. (ct'd)

Sector	Capacity-building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reiliquats	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 2005	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
In 2005	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	0	0	0	0	0	0	0
End 2005	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 2005) % total	0.5	2.6	21.8	0.3	67.9	6.7	0.0	0.0	0.3	100	1.7	98.3	

Annex 2.b. (ct'd)



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

		Beginning 2005			In 2005			End 2005		
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
	Envelope B - 9	30,000,000	21,484,000	371,148	0	2,096,300	10,491,956	30,000,000	23,580,300	10,863,104
	Sub-total SYSMN	85,458,091	76,942,091	55,822,255	0	2,096,300	10,491,956	85,458,091	79,038,391	66,314,211
Flex	Envelope B - 9	0	0	0	8,060,000	0	0	8,060,000	0	0
	Sub-total FLEX	0	0	0	8,060,000	0	0	8,060,000	0	0
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	2,100,000	2,100,000	0	0	0	0	2,100,000	2,100,000	0
	National Development Bank	0	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	4,548,091	4,548,091	2,099,721	0	0	0	4,548,091	4,548,091	2,099,721
9	Sub-total	30,000,000	21,484,000	371,148	8,060,000	2,096,300	10,491,956	38,060,000	23,580,300	10,863,104
Grand total		116,542,098	108,026,098	84,457,893	8,060,000	2,096,300	10,491,956	124,602,098	110,122,398	94,949,849

(1) Intercongolense dialogue

D= Decisions, C= Commitments, P = Paid

Annex 2.c (ct'd). 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	12/4/1992	BDC GL III	2,500,000.00	2,500,000.00	0.00	5/31/1997	11/30/2004	0.00
16705	7/9/1993	BOTSWANA POWER CORPORATION IV	7,000,000.00	3,823,644.00	3,176,356.00	12/31/1996	6/30/2008	1,024,195.32
17063	12/20/1993	BOTSWANA LOBATSE WATER SUPPLY	7,400,000.00	2,927,256.00	4,472,744.00	6/5/1998	12/5/2013	1,840,803.35
17210	4/14/1994	BDC GL IV	2,500,000.00	2,500,000.00	0.00	10/10/1998	4/10/2006	171,864.05
17467	10/10/1994	LOBATSE ABATTOIR	3,400,000.00	0.00	3,400,000.00	n/a	n/a	0.00
18177	10/23/1995	NORTH SOUTH CARRIER WATER	40,000,000.00	40,000,000.00	0.00	4/20/2001	10/20/2015	29,234,493.28
18785	6/17/1996	BOTSWANA POWER CORPORATION V	6,600,000.00	6,176,271.98	423,728.02	5/20/2000	5/20/2011	4,263,540.09
21942	2/14/2003	FRANCISTOWN WATER SUPPLY	12,500,000.00	0.00	0.00	9/15/2008	3/15/2023	0.00
TOTAL			81,900,000.00	57,927,171.98	11,472,828.02			36,534,896.09

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	4/14/1994	BDC GL IV	1,500,000.00	269,000.00	1,231,000.00	4/10/2000	4/10/2009	173,600.00
70954	4/28/1994	LOBATSE WATER SUPPLY	3,000,000.00	2,263,632.00	736,368.00	4/20/1999	4/20/2014	1,317,660.19
TOTAL			4,500,000.00	2,532,632.00	1,967,368.00			1,491,260.19

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	10/4/2004	FABULOUS FLOWERS	2,000,000.00	2,000,000.00	0.00	2/25/2007	8/25/2014	2,000,000.00
TOTAL			2,000,000.00	2,000,000.00	0.00			2,000,000.00
GRAND TOTAL			88,400,000.00	62,459,803.98	13,440,196.02			40,026,156.28

Annex 2.d (ct'd) - Achievements of February 2005 forecasts for the year

<p>Reduction of Old RAL: forecast = €2.72 M€ in 2005, of which:</p> <ul style="list-style-type: none"> - 0.3 M€ from individual commitments (RAP): achieved 0.29 M€, i.e. 95% - 2.42 M€ from global commitments (RAC): achieved 0, i.e. 0% <u>but</u> 1.63 M€ (7BT4, 22, 34, 8BT2) decommitted in first half Jan. 2006 and partial decommitment of 0.69 M€ (6BT40) being processed by HQ in Jan '06.
<p>Reduction of Recent RAL: forecast for decommitments in 2005 = 1.89 M€, of which</p> <ul style="list-style-type: none"> - 1.28 M€ from individual commitments (RAP): achieved 0.52 M€, i.e. 41%. Gap explained 89% by 2 commitments out of 6 (work programme extended without increase in budget 8 BT 10-9 and justification of expenditure under micro-projects - 8BT 4-3) - 0.61 M€ from global commitments (RAC): achieved €33,000, i.e. 5%. Gap explained at 84% by the non-closure of project 8 BT 12 (WP audit in Q1/06 followed by WP closure and project closure).
<p>New global commitments: achieved 50.26 M€, or 90% forecasts (55.76 M€) or 95% targets (53.01 M€). Gap = 5.5 M€ Support to NSAs.</p>
<p>New individual commitments: achieved 2.82 M€, or 14% forecasts (20.13 M€) or 17% targets (16.19 M€).</p> <ul style="list-style-type: none"> - On existing projects: achieved 2.82 M€, i.e. 48% forecasts or 60% targets. Gap explained by commitment of TA to 8BT3 in Jan. 06 (instead of Dec) =74%; non performance of 8 BT10 (18%) and underutilisation of the TCF (9%). - On new projects: achieved 0 of forecast 14.26 M€ / target 11.41 M€, due to late approval of the E&T SPSP and non commitment of the Flex tranche and 1st tranche of sectoral support.
<p>Payments: achieved 15.06 M€, i.e. 50% of forecasts (29.86 M€) and 63% targets (24.01 M€)</p> <ul style="list-style-type: none"> - On existing projects: achieved 15.06 M€, i.e. 97% forecasts or 117% targets. Worth noting "over performance" on 8BT13 (on lending agreements with the mines). - On new projects: achieved 0 of forecast 14.26 M€ (delayed approval E&T SPSP).

However, achievements compared to forecasts and targets revised in July 2005 compare more favourably (assumption then : E&T SPSP decided before year end but no commitment nor disbursement)

In M€	Global commitments	Individual commitments	Payments
Achieved 1 st half 2005 (a)	0	2.35	11.81
Forecasts 2 nd half 2005 (b)	56.26	2.97	5.97
Revised forecasts = (a)+(b)	56.26	5.32	17.78
Revised targets	31.13	-	16.48
Achieved	50.26	2.82	15.06
Achieved / revised forecasts	89%	⁽¹⁾ 53%	85%
Achieved / revised targets	161%	-	91%

⁽¹⁾ Gap mainly due to TA contract 8BT3 (2.25 M€) committed Jan. 06 and under performance 8BT10 (no WP 2005/6, 0.52 M€)

- RAC = Remains to contract = amount global decision - Σ amounts of individuals commitments
 RAP = Remains to pay = Σ amounts of individuals commitments - Σ amounts paid for these individuals commitments
 RAL = RAC + RAP
 Old RAL: projects decided before 2001

Annex 3 - Forecasts for global and individual commitments and payments in 2006-2007



EUROPEAN COMMISSION

BOTSWANA

Online Help click on Aide en ligne, cliquez

EDF FORECASTS 2006 - 2007: PAYMENTS, DECOMMITMENTS, & EXTENSIONS on ONGOING PROJECTS.

YEAR of GLOBE Commit	ACCOUNTING GLOBE NUMBER	INDIV Commit	TITLE GLOBAL COMMITMENT	EXTENS* REQUEST ON GLOBE COMMIT	SITUATION END 2006		DECOMMITMENTS FORECASTS		FORECASTS ON PAYMENTS 2006			FORECASTS ON PAYMENTS 2007			COMMENTS	
					GLOBAL COMMIT	INDIV COMMIT	GLOBAL	ON INDIV	2006	2007	GLOBAL	2006	2007	2006		2007
					AMOUNT ON GOING INDIV COMMIT	PAYMENTS ON GOING INDIV COMMIT	GLOBAL	ON INDIV	GLOBAL	ON INDIV	GLOBAL	2006	2007	GLOBAL		2006
TOTAL ON ONGOING GLOBAL COMMITMENTS																
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS																
1993	6ACP BT40	0	SW WILDLIFE CONSERVATION	N	195,338,000	108,488,141	78,849,859	0	0	0	0	0	0	0	100,199 retained by HQ for payment commitment 19/7/05	
1993	7ACP BT4	0	NORTH BOTSWANA FORESTRY PROTECTION AND DEVELOPMENT	N	2,800,000	2,005,831	794,169	684,000	L	0	0	0	0	0	OK	
1993	7ACP BT22	0	SW WILDLIFE CONSERVATION & UTILISATION IN CENTRAL & SOUTHERN DISTRICTS FOR LIVELIHOODS	N	3,000,000	2,641,128	358,871	358,871	L	0	0	0	0	0	OK	
1994	7ACP BT34	0	SW ASSISTANCE TO THE BASE METAL MINING INDUSTRY (N)	N	6,400,000	6,207,844	192,156	192,156	L	0	0	0	0	0	OK	
1996	6ACP BT47	0	SW GOVERNMENT OF METALS	N	800,000	527,316	272,684	272,684	L	0	0	0	0	0	OK	
1996	7ACP BT44	0	SW GOVERNMENT OF METALS	N	1,692,000	1,692,000	0	0	L	0	0	0	0	0	OK	
1996	7ACP BT44	1	BOTSWANA (T.A. TO THE BASE METALS)	N	33,700,000	33,700,000	0	0	L	0	0	0	0	0	OK	
1996	7ACP BT44	2	BOTSWANA (ON LENDING AGREEMENT WITH ICL LTD)	N	1,200,000	1,200,000	0	0	L	0	0	0	0	0	OK	
1996	7ACP BT44	3	BOTSWANA (ON LENDING AGREEMENT WITH ICL LTD)	N	32,498,446	32,451,463	6,983	6,983	L	0	0	0	0	0	OK	
1996	7ACP BT48	0	SW VOCATIONAL TRAINING	N	33,688,446	33,687,463	6,983	6,983	L	0	0	0	0	0	OK	
1996	7ACP BT48	0	SW VOCATIONAL TRAINING	N	12,631,370	12,661,370	0	0	L	0	0	0	0	0	OK	
1996	7ACP BT49	0	SW VOCATIONAL TRAINING	N	695,630	634,285	22,345	22,345	L	0	0	0	0	0	OK	
1997	7ACP BT51	0	SW SECOND MICRO PROJECTS	N	500,000	500,000	0	0	L	0	0	0	0	0	OK	
1997	7ACP BT51	1	SW SECOND MICRO PROJECTS	N	498,105	492,957	5,148	5,148	L	0	0	0	0	0	OK	
1997	7ACP BT51	2	SW SECOND MICRO PROJECTS	N	499,105	492,957	5,148	5,148	L	0	0	0	0	0	OK	
1998	8ACP BT2	0	SW COMMUNITY FORESTRY	N	1,995,000	524,294	1,070,706	1,070,706	L	0	0	0	0	0	OK	
2000	8ACP BT3	0	SW FRANCISTOWN VET/C	N	16,000,000	10,895,658	4,054,444	0	L	0	0	0	0	0	OK	
2000	8ACP BT3	2	SW FRANCISTOWN VET/C	N	10,771,000	6,983,732	3,777,268	3,777,268	L	0	0	0	0	0	OK	
2000	8ACP BT4	0	SW THIRD MICRO PROJECTS	N	2,500,000	2,348,428	151,572	151,572	L	0	0	0	0	0	OK	
2000	8ACP BT4	3	SW THIRD MICRO PROJECTS	N	2,000,000	1,700,478	299,521	299,521	H	0	0	0	0	0	OK	
2000	8ACP BT4	6	SW WP	N	25,400	24,382	1,018	1,018	L	0	0	0	0	0	OK	
2001	8ACP BT9	0	SW TECHNICAL ASSISTANCE TO NAO'S OFFICE	N	2,095,400	1,724,861	370,539	370,539	L	0	0	0	0	0	OK	
2001	8ACP BT9	1	SW TA FARRINGTON THOMAS	N	1,400,000	1,375,040	24,960	24,960	L	0	0	0	0	0	OK	
2001	8ACP BT9	4	SW TA FARRINGTON THOMAS	N	832,000	737,358	94,642	94,642	L	0	0	0	0	0	OK	
2001	8ACP BT9	4	SW TA FARRINGTON THOMAS	N	72,800	71,943	857	857	L	0	0	0	0	0	OK	
2001	8ACP BT9	6	SW TA FARRINGTON THOMAS	N	290,000	216,708	73,291	73,291	L	0	0	0	0	0	OK	
2001	8ACP BT9	10	SW TA FARRINGTON THOMAS	N	25,600	21,522	4,078	4,078	L	0	0	0	0	0	OK	
2001	8ACP BT9	10	SW TA FARRINGTON THOMAS	N	1,220,400	1,047,652	172,748	172,748	L	0	0	0	0	0	OK	

Annex 3 (ct'd)

EDF FORECASTS 2006 - 2007: PAYMENTS, DECOMMITMENTS, & EXTENSIONS on ONGOING PROJECTS.

(amounts in €)

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0 INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementat*	N° CAT. OLD RAP	EXTENS* REQUEST on GLOB. Y/N	SITUATION END 2005			DECOMMITMENTS FORECASTS			FORECASTS on PAYMENTS 2006						FORECAST PAYMENTS 2007			COMMENTS			
							GLOBAL COMMIT. AMOUNT ONGOING INDIV COMMIT.	INDIV. COMMIT. PAYMENTS ON ONGOING INDIV COMMIT.	RAC RAP	2006		2007	1 st SEMESTER A	2 nd SEMESTER B	TOTAL A+B	ESTIMATION of RISK FACTOR			1 st SEMESTER C	2 nd SEMESTER D	TOTAL C+D				
										DECOMMIT. on GLOBAL	RISK (H/L/M)	DECOMMIT. on GLOBAL				Low L	Medium M L+M+H = A+B	High H							
2001	8ACP BT10	0	BW WILDLIFE CONSERVATION AND MANAGEMENT PROGRAMME	20071231			14,000,000	5,091,430	8,808,570	0	L			0								OK	ongoing till end 12/2007		
2001	8ACP BT10	2	BW DARUDEEC	20060614	1		3,551,100	1,828,992	1,722,108	0	L												OK	maybe extension to 12/2007	
2001	8ACP BT10	5	BW START-UP W/P	20030329	7		51,172	50,067	1,085	1,085	L												OK		
2001	8ACP BT10	8	BW WORKPROGRAMME 1 22/5/2003-31/12/2003	20040631	4		286,000	147,831	138,169	138,169	L												OK	Audit during Q1-2006 (audit contract awarded)	
2001	8ACP BT10	9	BW SECOND ANNUAL WORK PROGRAMME 01/09/2004 - 31/05/2005	20050330	4		398,967	224,063	174,904	174,904	L												OK	WP extended to 11/2005 + Audit during Q1-2006 (audit contract awarded)	
2001	8ACP BT10	10	BW NATURAL RESOURCES PROJECT MNGT. LTD MID-TERM REVIEW	20050330	7		184,000	119,913	64,087	64,087	L												OK		
	8ACP BT10	Total	Individual Commitment				4,471,239	2,970,867	2,100,352														OK		
2002	8ACP BT12	0	BW 8TH EDF PREPARATORY ACTIVITIES SUPPORT TO MIN. OF FINANCE	20041230			1,960,000	1,114,360	845,640	845,640	L												OK		
2002	8ACP BT12	2	BW WORK PROGRAMME 1/8/03-31/7/04 IMPLEMENTATION OF STUDY VIS	20041231	4		273,000	181,832	91,168	91,168	L												OK	Audit during Q1-2006 (audit contract awarded)	
	8ACP BT12	Total	Individual Commitment				273,000	181,832	91,168														OK		
2002	8ACP BT13	0	BW ECONOMIC DIVERSIFICATION OF THE MINING SECTOR	20091231			30,000,000	23,580,300	6,419,700	0													OK		
2002	8ACP BT13	1	BW IMC GROUP - TA - ECONOMIC DIVERSIFICATION IN THE MINING S	20080131	1		1,484,000	577,849	906,351	0	L	0	150,000	150,000	300,000	225,000	75,000	0	150,000	150,000	300,000		OK		
2002	8ACP BT13	2	BW GOV OF BOTSWANA (ON-LENDING AGREEMENT WITH BCL LTD	20091231	1		20,000,000	8,997,757	11,002,243	0	L	0	3,500,000	3,400,000	6,900,000	2,700,000	2,100,000	2,100,000	2,100,000	2,002,243	4,102,243		OK		
2002	8ACP BT13	3	GOVERNMENT OF BOTSWANA (ON LENDING AGREEMENT WITH TATI NICKL	20091231	1		2,000,000	1,191,610	808,390	0	L	0	0	808,390	808,390	808,390	808,390	0	0	0	0	0	0	OK	
2002	8ACP BT13	4	CSA GROUP LIMITED - ECONOMIC DIVERSIFICATION OF SELEBI-PHIKWE	20060708	1		96,300	0	96,300	0	L	0	38,520	57,780	96,300	82,000	14,300	0	0	0	0	0	0	OK	
	8ACP BT13	Total	Individual Commitment				23,580,300	10,767,016	12,813,284														OK		
2003	8ACP BT14	0	BW AUGMENTATION OF GABS TECHNICAL COLLEGE AND AUTOMOTIV	20090831			3,880,000	23,100	3,856,900														OK		
2003	8ACP BT14	1	BW START-UP WORK PROGRAMME	20040131	2		23,100	21,249	1,851	1,851	L	0	0	0	0	0	0	0	0	0	0	0	0	OK	
	8ACP BT14	Total	Individual Commitment				23,100	21,249	1,851														OK		
2003	9ACP BT2	0	BW GENERAL T.A. FOR SUPPORT TO TAX ADMINISTRATION REFORM	20101231			750,000	329,500	420,500														OK		
2003	9ACP BT2	1	GRAEME KEAY - TECHNICAL ASSISTANCE - SUPPORT TO TAX	20070331	1		329,500	118,630	210,870	0	L		64,000	64,000	128,000	102,400	25,600	0	64,000	0	64,000		OK	Increase in calling and extension	
	9ACP BT2	Total	Individual Commitment				329,500	118,630	210,870														OK		

Annex 3 (ct'd)

EDF FORECASTS 2006 - 2007: PAYMENTS, DECOMMITMENTS, & EXTENSIONS on ONGOING PROJECTS.

(amounts in €)

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOB. commit.	O N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of implementation*	N° CAT OLD RAP	EXTENS* REQUEST on GLOB. Y/N	SITUATION END 2005			DECOMMITMENTS FORECASTS			FORECASTS on PAYMENTS 2006					FORECAST PAYMENTS 2007			A L A R M.	COMMENTS					
							GLOBAL COMMIT.	INDIV. COMMIT.	RAP	2006		2007	1 st SEMESTER A	2 nd SEMESTER B	TOTAL A+B	ESTIMATION of RISK FACTOR			1 st SEMESTER C	2 nd SEMESTER D			TOTAL C+D				
										DECOMMIT. on GLOBAL	RISK (H/L/M)	DECOMMIT. on GLOBAL				Low L	Medium M L+M+H = A+B	High H									
2004	9ACP BT3	0	BW TECHNICAL COOPERATION FACILITY (TGF) PROGRAMME ESTIMATE NO 1	2010/03/31			1,385,000	205,497	1,178,503																		
2004	9ACP BT3	1	PROGRAMME ESTIMATE NO 1	2005/12/31	2		55,100	46,080	9,020	9,020	L																
2004	9ACP BT3	2	BASKET-IDENTIFICATION OF OUTPUT/OUTCOME INDICATORS FOR AN ED	2005/07/26	7		61,178	36,707	24,471	9,471	M		15,000	0	15,000	15,000	0	0									discussions with the contractor for reduction of the fees because of poor performance
2004	9ACP BT3	3	IBF - PREPARATION OF FP FOR CAPACITY BUILDING PROG. IN MLG	2005/02/28	7		50,220	35,377	14,843	14,843	L			0	0	0	0	0	0								
2004	9ACP BT3	4	DELOITTE & TOUCHE - AUDIT OF PE FOR BT	2006/06/15	1		39,999	0	39,999	0	L		0	39,999	39,999	39,999	0	0									
			Total Individual Commitment				205,497	118,164	88,334																		
2005	9ACP BT4	0	EDUCATION AND TRAINING SECTOR POLICY SUPPORT PROGRAMME	2011/12/31			42,200,000	0	42,200,000	0	L																
2005	9ACP BT5	0	EDUCATION AND TRAINING SECTOR POLICY SUPPORT PROGRAMME	2011/12/31			8,060,000	0	8,060,000	0	L																

Annex 3 (ct'd)

EDF FORECASTS 2006-2007: NEW INDIVIDUAL Commitments (including payments) on ONGOING PROJECTS.

(amounts in €)

EUROPEAID COOPERATION		BOTSWANA		FORECASTS 2006										FORECASTS 2007			
YEAR GLOB. COMMIT	ACCOUNTING NUMBER (GLOB. COMMIT)	TITLE INDIVIDUAL COMMITMENT	1st SEMESTER		2nd SEMESTER		TOTAL 2006		ESTIMATION OF RISK FACTOR FOR PAYMENTS			1st SEMESTER		2nd SEMESTER		TOTAL 2007	
			INDIVID. COMMIT. A	PAYMENTS B	INDIVID. COMMIT.	PAYMENTS	TOTAL INDIV. COMMIT. A+B	TOTAL PAYMENTS B+B	Low V	Medium M L=MH+B+S	High H	INDIVID. COMMIT. C	PAYMENTS D	INDIVID. COMMIT. E	PAYMENTS F	TOTAL INDIV. COMMIT. C+E	TOTAL PAYMENTS D+F
TOTALS on NEW INDIVIDUAL Commitments			19,842,000	17,116,000	13,577,000	10,881,200	33,418,000	27,778,200	26,717,500	911,200	147,500	5,180,000	3,889,600	11,176,000	13,920,000	16,358,000	17,609,600
2000	8ACP BT3	TA contract	2,163,000	650,000	0	250,000	2,163,000	900,000	750,000	75,000	75,000	0	250,000	0	250,000	0	500,000
2000	8ACP BT3	MTR	50,000	10,000	0	40,000	50,000	50,000	40,000	10,000	0	0	0	0	0	0	0
2000	8ACP BT3	works contract (Incr. Ceiling)	709,000	0	0	354,500	709,000	354,500	354,500	0	0	0	354,500	0	0	0	354,500
2001	8ACP BT10	WP 2006	310,000	93,000	0	150,000	310,000	243,000	143,000	50,000	50,000	0	0	0	0	0	0
2001	8ACP BT10	works contract	0	0	0	0	0	0	0	0	0	4,500,000	1,350,000	0	1,350,000	4,500,000	2,700,000
2001	8ACP BT10	WP 2007	0	0	0	0	0	0	0	0	0	300,000	90,000	0	100,000	300,000	190,000
2001	8ACP BT10	Extension TA contract	0	0	550,000	70,000	550,000	70,000	0	70,000	0	0	70,000	0	240,000	0	310,000
2001	8ACP BT10	audit contracts for WPs	0	0	15,000	15,000	15,000	15,000	0	15,000	0	0	15,000	0	15,000	15,000	15,000
2001	8ACP BT10	end-of-project evaluation	0	0	0	0	0	0	0	0	0	0	0	130,000	70,000	130,000	70,000
2002	8ACP BT13	MTR	0	0	75,000	15,000	75,000	15,000	15,000	0	0	0	60,000	0	0	0	60,000
2002	8ACP BT13	audit	0	0	50,000	25,000	50,000	25,000	25,000	0	0	0	25,000	0	0	0	25,000
2002	8ACP BT13	closure study	0	0	500,000	200,000	500,000	200,000	0	200,000	0	0	300,000	0	0	0	300,000
2003	8ACP BT14	works contract	0	0	2,887,000	288,700	2,887,000	288,700	0	288,700	0	0	850,000	0	505,000	0	1,355,000
2003	8ACP BT14	MTR	25,000	5,000	0	20,000	25,000	25,000	20,000	5,000	0	0	0	0	0	0	0
2003	9ACP BT2	review	25,000	15,000	0	10,000	25,000	25,000	15,000	5,000	5,000	0	0	0	0	0	0
2003	9ACP BT2	TA G. Keay	0	0	180,000	0	180,000	0	0	0	0	0	45,000	0	90,000	0	135,000
2004	9ACP BT3	Audit 7bi44/REA	100,000	0	0	100,000	100,000	100,000	80,000	20,000	0	0	0	0	0	0	0
2004	9ACP BT3	Environmental ex-post Sysmin II	50,000	10,000	0	40,000	50,000	50,000	35,000	15,000	0	0	0	0	0	0	0
2004	9ACP BT3	WP 2006	40,000	12,000	30,000	58,000	70,000	70,000	35,000	17,500	17,500	0	0	0	0	0	0
2004	9ACP BT3	Tracer TEVET & brigades study	0	0	150,000	30,000	150,000	30,000	0	30,000	0	80,000	100,000	0	100,000	80,000	200,000
2004	9ACP BT3	EDF10 preparation various	0	0	100,000	60,000	100,000	60,000	30,000	30,000	0	200,000	10,000	0	100,000	200,000	110,000
2004	9ACP BT3	PFM assessment	50,000	0	0	50,000	50,000	50,000	25,000	25,000	0	0	0	0	0	0	0
2004	9ACP BT3	various PFM support	0	0	100,000	30,000	100,000	30,000	30,000	0	100,000	100,000	0	70,000	100,000	170,000	
2004	9ACP BT3	Environmental studies	0	0	110,000	45,000	110,000	45,000	0	45,000	0	0	65,000	0	0	65,000	
2005	9ACP BT4	Tranche 1	8,260,000	8,260,000	0	0	8,260,000	8,260,000	8,260,000	0	0	0	0	0	0	0	0
2005	9ACP BT4	Tranche 2	0	0	8,800,000	8,800,000	8,800,000	8,800,000	8,800,000	0	0	0	0	0	0	0	0
2005	9ACP BT4	Tranche 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2005	9ACP BT4	Various monitoring	0	0	30,000	10,000	30,000	10,000	0	10,000	0	0	11,000,000	11,000,000	11,000,000	11,000,000	
2005	9ACP BT5	Flex funds	8,080,000	8,080,000	0	0	8,080,000	8,080,000	8,080,000	0	0	0	20,000	30,000	30,000	50,000	

Annex 3 (ct'd)



BOTSWANA



Online Help click on
Aide en ligne, cliquez

EDF FORECATS 2006-2007 : NEW GLOBAL Commitments (including individual commitments & Payments).

(amounts in €)

ESTIMATED DECISION DATE	PROJECT TITLE (GLOBAL COMMITMENT)	CATEGORY	AMOUNT	RISK L, M, H	FORECASTS 2006						FORECASTS 2007								
					1st SEMESTER		2nd SEMESTER		TOTAL 2006		ESTIMATION of RISK FACTOR FOR PAYMENTS			1st SEMESTER		2nd SEMESTER		TOTAL 2007	
					INDIVID. COMMIT. A	PAYMENTS B	INDIVID. COMMIT. A	PAYMENTS B	TOTAL indiv. COMMIT. A+A'	TOTAL PAYMENTS B+B'	Low L	Medium M L+M+H-B-B'	High H	INDIVID. COMMIT. C	PAYMENTS D	INDIVID. COMMIT. C	PAYMENTS D	TOTAL indiv. COMMIT. C+C'	TOTAL PAYMENTS D+D'
TOTALS on NEW GLOBAL Commitments:			11,500,000		0	0	3,397,000	749,000	3,397,000	749,000	0	704,000	45,000	1,025,000	730,000	300,000	725,000	1,325,000	1,455,000
02-2006	Support to NSAs	PROJECT	6,000,000	L	0	0	2,172,000	474,000	2,172,000	474,000	0	449,000	25,000	725,000	460,000	0	405,000	725,000	865,000
02-2006	Support to MLG	PROJECT	3,000,000	L	0	0	1,225,000	275,000	1,225,000	275,000	0	255,000	20,000	300,000	270,000	0	270,000	300,000	540,000
2nd Sem 2007	Tcf II	PROJECT	2,500,000	L	0	0	0	0	0	0	0	0	0	0	0	300,000	50,000	300,000	50,000

Annex 3 (ct'd)



BOTSWANA

EDF FORECASTS 2006 - 2007

== SUMMARY SHEET ==

(amounts in €)

PAYMENTS	FORECASTS 2006			ESTIMATION OF RISK FACTOR			Low + 50% M	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low	Medium	High		1st SEMESTER	2nd SEMESTER	TOTAL 2007
PAYMENTS on ONGOING INDIVIDUAL commitments	5 777 520	7 247 438	13 024 958	8 550 058	2 374 900	2 100 000	9 767 508	2 794 000	2 272 243	5 066 243
PAYMENTS on NEW INDIVIDUAL commitments	17 115 000	10 661 200	27 776 200	26 717 500	911 200	147 500	27 473 100	3 689 500	13 920 000	17 809 500
PAYMENTS on NEW GLOBAL commitments	0	749 000	749 000	0	704 000	45 000	352 000	730 000	725 000	1 455 000
TOTAL PAYMENTS	22 892 520	18 657 638	41 550 158	35 267 558	3 990 100	2 292 500	37 292 608	7 213 500	16 917 243	24 130 743
%	55%	45%		89%	10%	5%		30%	70%	

INDIVIDUAL COMMITMENTS	FORECASTS 2006			ESTIMATION OF RISK FACTOR			Low + 50% M	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low	Medium	High		1st SEMESTER	2nd SEMESTER	TOTAL 2007
NEW INDIV. commit. on ONGOING GLOBAL commitments	19 842 000	13 577 000	33 419 000					5 180 000	11 175 000	16 355 000
NEW INDIV. commit. on NEW GLOBAL commitments	0	3 397 000	3 397 000					1 025 000	300 000	1 325 000
TOTAL INDIVIDUAL COMMITMENTS	19 842 000	16 974 000	36 816 000	31 248 229	3 535 474	2 031 296	33 015 968	6 205 000	11 475 000	17 680 000
%	54%	46%		85%	10%	5%		35%	65%	

GLOBAL COMMITMENTS	FORECASTS 2006			ESTIMATION OF RISK FACTOR			Low + 50% M	FORECASTS 2007		
	1st SEMESTER	2nd SEMESTER	TOTAL 2006	Low	Medium	High		1st SEMESTER	2nd SEMESTER	TOTAL 2007
TOTAL NEW GLOBAL COMMITMENTS	9 000 000	0	9 000 000	9 000 000	0	0	9 000 000	0	2 500 000	2 500 000
%	100%	0%		100%	0%	0%		0%	100%	

REDUCTION OF OLD RAL (projects decided before 2001)	FORECASTS 2006			ESTIMATION OF RISK FACTOR			Low + 50% M
	TOTAL 2006	Low	Medium	High	Target 2006		
DECOMMITMENTS on ONGOING GLOBAL Commitments	2 752 474	2 752 474	0	0	2 752 474		
DECOMMITMENTS on ONGOING INDIV. Commitments	312 960	13 439	0	299 521	43 489		
PAYMENTS	5 081 768	4 921 768	85 000	75 000	4 924 268		
TOTAL REDUCTIONS	8 157 202	7 697 681	85 000	374 521	7 740 181		
%		94%	1%	5%			

RAL	SITUATION on 31/12/2006		SITUATION on 31/12/2005	
	ALL PROJECTS	PROJECTS decided before YEAR 2001	ALL PROJECTS	PROJECTS decided before YEAR 2001
€ Ongoing GLOBAL COMMITMENTS	185 330 000	81 695 000	150 695 027	73 897 523
R A C	78 841 859	6 927 087	77 392 733	4 192 613
R A P	10 588 925	4 090 228	48 406 631	1 733 001
R A L	96 410 784	11 017 315	95 735 767	5 697 614
% RAL / € GLOBAL COMMIT.	53%	13%	50%	7%
Nbr of years to absorb RAL	3		3	

Number of EXTENSION REQUESTS on GLOBAL Commitments - 2006: 0

CATE	CATEGORIES 'OLD RAP'			AMOUNT		%		Nbr of Contracts	
0	File not found / missing			0	0%	0	0%		
1	Ongoing valid legal commitment			3 777 268	92%	1	17%		
2	Final report awaited, incomplete or being examined			0	0%	0	0%		
3	Financial report awaited, incomplete or being examined (e.g. advance payment not yet justified)			5 438	0%	1	17%		
4	Audit to be carried out at commission's request			305 504	7%	3	50%		
5	Audit completed, results being examined			0	0%	0	0%		
6	Legal dispute ongoing			0	0%	0	0%		
7	(Final payment and/or de-commitment (shortly to be) initiated in OLAS or to be requested)			1 018	0%	1	17%		
8	Other			0	0%	0	0%		
	Not indicated			0	0%	0	0%		

GLOBAL COMMITMENTS ON AVAILABLE EDF ALLOCATIONS UNTIL END 2007

SUMMARY of COUNTRY ENVELOPE A & B AT 31-12-2005		AMOUNT	SUMMARY of DECOMMITMENTS OVER THE PERIOD OF 2006-2007		AMOUNT
CUMULATED TOTAL GLOBAL COMMITMENTS on 31/12/2005		52 395 000	TOTAL EDF AVAILABLE COUNTRY RESOURCES		66 981 469
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2006		9 000 000	USE OF AVAILABLE RESSOURCES in %		95%
TOTAL NEW GLOBAL COMMITMENTS FORSEEN in 2007		2 500 000	EDF COUNTRY RESSOURCES THAT COULD BE LOST		3 086 469
TOTAL GLOBAL COMMITMENTS		63 895 000			

Annex 4 - Project 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
- Education and Training Sector Policy Support Programme - 9 ACP BT 004-005

B. Non Focal Sectors:

B.1 Natural Resources

- Wildlife Conservation and Management Programme - 8 ACP BT 010

B.2 Capacity Building

- Support to the Ministry of Finance and Development Planning - 8 ACP BT 009
- Support to Fiscal Reform in Botswana - 9 ACP BT 002
- Technical Cooperation Facility - 9 ACP BT 003

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)⁶⁰ 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 €)	31/12/2004	2005	31/12/2005
Decisions	15,000,000	0	15,000,000
Commitments	10,935,556	0	10,935,556
Disbursements	1,350,148	5,538,551	6,888,699
Progress with implementation			
<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 at an extra cost of € 3.9 million borne by Government, in an effort to match the unprecedented demand of 100 applications per training place. 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 Colleges⁶¹. A Rider No 1 to the Financing Agreement has been approved in February 2003, extending the programme to 31.12.2008 and allowing for the fielding of technical assistance six months prior to works completion.</p> <p>A Technical Advisor - Design was contracted for 18 months from January 2001 under EDF funds, retained thereafter under DDF to assist in works tender evaluation and the supervision of the works contract⁶². A works contract was awarded in October 2003 to the joint venture John Sisk and Son (Africa) Ltd and C&H Builders (Botswana) for an amount of some 131 million Pula, starting from 08.03.04 for a period of 24 months. Progress as of 31st December 2005 reflects a 67% completion based on funds claimed for work done at that date. It is anticipated that the period of performance will be extended by a few months. Following prequalification and tendering in 2005, a contract was awarded to a consortium lead by Proman for the provision of technical assistance, which will be fielded in February 2006. Equipment and supplies will be procured early 2006 to ensure commissioning at the end of the construction phase in July 2006.</p>			

⁶⁰ The facilities for teacher training and the facilities for technical education will be administered jointly as one institution called the College of Technical and Vocational Education.

⁶¹ 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

⁶² As well as mobilising the design stage of the project 8 ACP BT 014 (augmentation of GTC/ATTC facilities)

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 BETP 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 BETP.</p>			
Financial implementation			
EDF funds(in €)	31/12/2004	2005	31/12/2005
Decisions	3,880,000	0	3,880,000
Commitments	23,100	0	23,100
Disbursements	21,249	0	21,249
Progress with implementation			
<p>A start-up Work Programme (WP) was approved, running from 1st August 2003 to 31st January 2004 to cover planning workshops and essential computer equipment. The design contracts (under GoB funding) were tendered in June and August 2004 and contracts awarded early 2005. Design were at a final stage at year end and submission of a tender dossier for approval by the EC is expected early 2006. The Technical Assistant for Key Skills was recruited in September 2006 and other technical assistance and equipment / supplies will be procured in relation to progress with the works contract which is scheduled to start at the end of 2006.</p>			

Education and Training Sector Policy Support Programme (E&T SPSP)

Project No: 9 ACP BT 004-5 FA 9442/BT signed 22.02.2006	Project Amount: € 52,260,000 (including € 8,060,000 from FLEX - Envelope B)
Dead line for the start-up event: n/a (EDF9)	Expiry date: 31.12.2009 (end of operational phase) D+3 date = 29.11.2008 (not for budget support)

Project description

The *specific objective* of the project is to support Government in:

- adequate financing and effective management of the Education and Training (E&T) sector;
- expanding equitable access to quality education and training with special - though not exclusive - emphasis on primary and secondary levels

Expected results are:

- a) 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 (MoE) 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.
- b) Expanded equitable access to quality education and training
 - 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.

The overall performance of the E&T Sector will be assessed through the monitoring of selected indicators (see below).

FLEX resources are provided to help Botswana to cope with the fiscal impact of the loss in export earnings in 2003, which affected the budget in general, with implications for public services, including education. FLEX funds will be disbursed as general budget support in an initial supplementary tranche, independently of sector indicators.

Education and Training Sector Policy Support Programme (E&T SPSP) - ct'd

<i>Financial implementation</i>			
EDF funds (in €)	31/12/2004	2005	31/12/2005
Decisions	0	52,260,000	52,260,000
Commitments	0	0	0
Disbursements	0	0	0
<i>Progress with implementation</i>			

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 (R1-5):</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 €)	31/12/2004	2005	31/12/2005
Decisions	14,000,000	0	14,000,000
Commitments	5,119,178	-27,748	5,091,430
Disbursements	2,204,158	786,913	2,991,078
<p>Essential equipment was procured early 2002 to facilitate the operations of the technical assistance (TA) team fielded from September 2002 onwards. After a very low start-up phase (October 2002 - May 2003), major adjustments were made to the technical assistance team composition and staffing, including: (i) Replacement of the Chief Technical Adviser in October 2003, ii) Establishment of an additional TA post (Senior Institutional Strengthening Adviser, SISA) to drive Institutional Strengthening (IS) and recruitment in October 2004), (iii) Upgrading of one of the 2 Community Services Advisers posts to a senior level (SCSA) (filled in February 2004). These changes however have not been effective in accelerating implementation, due to some institutional and managerial constraints. Delays incurred in R5 (IS), key area, have hampered progress in the other areas. No funding has been disbursed towards the 4 community-based projects approved under R3 due to delays in finalising a supportive CBNRM policy, which has generally hampered progress in R2 and 3. Training of Community Based Organisations has been carried out on a pilot basis.</p> <p>Very modest achievements in comparison to the programme objectives have been realised under the 2 successive work programmes (WPs) to November 2005, as exemplified by the low financial implementation of the project, apart from technical assistance. The project Mid-Term Review, completed in March 2005, outlined various weaknesses and made key recommendations concerning both programme design and management. Since then, various options have been considered by Government, including programme closure and downsizing. The MEWT indicated in December 2005 its wish to continue the programme with a reduced TA team. It is not yet clear whether a rider to the FA will be requested and what would then be its scope. A revised Log Frame and a draft WP3 are expected from the MEWT in Q1 of 2006.</p> <p>A financial audit of the two WPs will be fielded early 2006.</p>			

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 €)	31/12/2004	2005	31/12/2005
Decisions	1,400,000	0	1,400,000
Commitments	1,218,603	156,347	1,375,040
Disbursements	938,756	263,447	1,202,203
Progress with implementation			
<p>Long-term technical assistance has been provided for a period of slightly over 4 years from 1st July 2001 to the end of the project. Under the latter, the draft Country Strategy Paper / Indicative Programme (CSP/IP) was prepared in 2001 (and signed in April 2002) and preparatory work for EDF 9 was further undertaken in 2002-03 under other projects⁶³.</p> <p>Short term trainings (in country and abroad) has been undertaken, under successive WPs, in a number of areas, in particular project cycle management (including Monitoring & Evaluation, environment and other cross cutting issues, management of development projects), macro-economics, public sector budgeting, etc. These training were identified in an informal Training Need Assessment (TNA) within the Division for Economic Affairs (DEA). The assignment of a Planning Officer to the NAO Office from December 2002 onwards has allowed building some capacity and on-the-job training. Monitoring and facilitation of projects implementation was a continuous activity. A MTR was fielded in June 2003, concluding to a broadly satisfactory implementation of aid management and highlighting among others the need for a comprehensive training needs assessment. The latter, however, was not carried out in the remaining life of the programme, since a more integrated and comprehensive HRD strategy is envisaged under the E&T SPSP (9 ACP BT 4-5). The project ended in September 2005, with limited tangible and sustainable achievements.</p> <p>The last two work plans are currently been audited, prior to closure.</p>			

⁶³ 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.

Support to Tax Administration Reform (STAR)

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) D+3 date = 13.11.2006

Project description

The specific objective is to assist in the pre- and post launch arrangements for a successful launch of the Botswana Unified Revenue Services (BURS) during 2004 and its smooth operation from the onset.

Expected results are that the BURS will at the end of the project have:

- Appropriate structures, full compliment of staff and a HRD plan;
- Basic facilities/assets transferred from DoT/DCE to the BURS and a procurement plan for urgent needs;
- Management and operation systems in place (financial/budgeting, financial procedures/regulations, IT)

Financial implementation

EDF funds (in €)	31/12/2004	2005	31/12/2005
Decisions	750,000	0	750,000
Commitments	0	329,500	329,500
Disbursements	0	118,630	118,630

Progress with implementation

The law establishing the BURS was passed by Parliament in March 2004 and preparation arrangements made to launch the BURS mid 2004. A suitable candidate for the position of Adviser to the Commissioner-General was identified in December 2004 and recruitment procedures were completed early 2005, with the fielding of the expert for an initial period of 2 years from April 2005, extendible by 1 year. The project provides also for some short-term consultancies, limited equipment and training costs. A revised draft structure has been approved by the Board, while external consultants will make final recommendations for its implementation (job descriptions, pay scales, etc. With the upcoming appointment of the Director (Finance) and Director (Information technology), all senior positions of the BURS are now filled. Recruitment is under way for the important position of Principal Public elations Officer. The BURS is now seeking accommodation where all previous tax services can be accommodated together. A payroll software as well as BURS procedures and systems are being developed. An inventory was carried out of BURS assets to be formally vested and transferred by MFDP. A Strategic planning workshop took place in 2005 and a 2nd one is planned for early 2006.

Financing of the BURS is still entirely in the form of a GoB subvention (own revenue collection would quick in only from 2007/8 at the earliest). It is recommended that a MoU be entered into between the BURS and GoB to address transitional arrangements and exposure to liability during that period.

Technical Cooperation Facility (TCF)

Project No: 9 ACP BT 003 FA 9214/BT signed on 13.09.2004		Project Amount: € 1,385,000	
Dead line for the start-up event: n/a (EDF9)		Expiry date: 31.10.2008 (end of operational phase) D+3 date: 15.07.2007	
Project description			
<p>The project <i>purpose</i> is the identification and successful implementation of actions under the NIP and other EDF funds together with improved awareness among key actors in Botswana of general development and trade issues and of EU policies in these areas by means of training for beneficiaries in Botswana.</p> <p>Results include the identification, formulation and preparation of programmes to be supported by the EDF, support to implementation and monitoring, audits and evaluations, increased understanding of development and trade issues. They will be achieved through the provision of a Technical Assistance Facility (TAF), Training Support for Projects and Programmes (TSPP) and Conferences and Seminars (CS), as well as audit, evaluation and contingency.</p>			
Financial implementation			
EDF funds (in €)	31/12/2004	2005	31/12/2005
Decisions	1,385,000	0	1,385,000
Commitments	0	206,497	206,497
Disbursements	0	118,164	118,164
Progress with implementation			
<p>The preparation and implementation of the World Information and Technology Forum 2005 (WITFOR 2005) in August-September have been supported under a Work Programme. A study has been implemented in August to reorientate earlier proposal for a 4th Micro-Projects Programme into a programme building the capacity of the Ministry of Local Government and of Local Councils. A mission was fielded in June to propose a matrix of indicators for disbursement of sectoral budget support tranches under the E&T SPSP (9 ACP BT 04-5). An audit contracted was awarded for the audit of 5 work plans under 3 EDF8 projects. The audits are expected to start mid January 2006.</p> <p>It is anticipated that utilisation of the TCF will be accelerated in 2006 and early 2007. Several proposals are being discussed: support to the Directorate of Corruption and Economic Crime (DCEC) for a survey into corruption in Botswana, provision of technical expertise to the Public Procurement and Assets Disposal Board (PPADB), advice in trade matters in relation to the EPA negotiations, etc. The TCF will also help financing studies and consultative workshops for the programming of EDF10.</p>			

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 €)	31/12/2004	2005	31/12/2005
Decisions	30,000,000	0	30,000,000
Commitments	21,484,000	2,096,300	23,580,300
Disbursements	359,938	10,503,166	10,863,104
Progress with implementation			
<p>Following the signing of the Financing Agreement in February 2003, a four-year contract for technical assistance to the Ministry of Minerals, Energy and Water Resources was awarded early December 2003 after tendering. The long-term Technical Adviser took his duties in February 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>Under the on-lending agreement (OLA) signed between the BCL and Government in March 2004, providing for on lending of up to € 20 million to the BCL Mine, five tenders have been launched to the end of 2005, amounting a total of € 5.1 million. A similar OLA for Tati Nickel, of a smaller amount (€ 2 million), has been signed in April 2005 and the -single- tender for Tati was launched in October 2005 (exploration). Three and one drawdowns have been paid to date in respect of BCL and Tati OLAs respectively.</p> <p>A study into the potential for Economic Diversification of Selebi-Phikwe has been contracted in December, to be fielded early January 2006. Additional studies, including a mine closure study, are being prepared for implementation in 2006-07.</p> <p>The MTR of the project will be fielded in the second half of 2006 and will give special consideration to environmental matters.</p>			

Annex 5. Government commitments in the focal sector of EDF9 CSP/IP

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.

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.

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.

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.*

5. *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.

5.1 *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.

5.2 *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).

5.3 *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

5.4 *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

An update of the current approach towards indicators and targets for the focal sector under EDF9 is found under point 3.1, a.1, in the text. Indicators agreed for the disbursement of budgetary support under the E&T SPSP are found in Annex 6.

Annex 6. Indicators in Education and Training Sector Policy Support Programme

I. General

- The indicators utilised to monitor the E&T SPSP consist of a mix of:
 - process indicators (accounting for 100%, 40%, 40% and 23% of the disbursement of the annual tranches 1 to 4 of budgetary support respectively); and
 - output/outcome indicators (marked "O/O" below, accounting for 0%, 60%, 60% and 77% of the disbursement of the annual tranches 1 to 4 of budgetary support respectively)
- While achievement of processes can be measured within a limited time frame, outputs and outcomes of these processes will express themselves with a certain time gap, often exceeding the duration of the programme. This is the case of the present programme. Therefore achievement of output/outcome indicators will result from processes and interventions undertaken prior to the programme and cannot be directly attributed to programme financing. They nevertheless result from the very policy that will be further supported under the programme, but has been implemented for some years.
- Given the already high levels of achievements in various education indicators in Botswana, it is anticipated that further gains will be slower to realise than if starting from lower levels. Hence targets are, for some indicators, modest improvements.
- For each of the education indicators, it is necessary to determine from what year the value of the indicator will be available at the time of assessment (the 1st one being in April 2006). Many of the education statistics will be available with a three-year gap, i.e. 2003 statistics will be issued towards the end of 2005, hence available in March/April 2006. The baseline value will then be the one of 2002 and the 1st target value for 2006 will be the one related to 2003. For other statistics, values are available within a much shorter time, and the value of 2005 would be available for assessment in April 2006.

II. Indicators and weights in disbursements according to the results of the E&T SPSP

1. **A favourable sustainability ratio of 1 or below in previous year's budget revised estimate (RE) - indicator for tranches 1 - 4.**

Tranche	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)	11/05	04/06	04/07	04/08
Budget revised estimate considered	RE 2004/5	RE 2005/6	RE 2006/7	RE 2007/8
Target value	≤ 1	≤ 1	≤ 1	≤ 1
Weight in disbursement	100%	15%	15%	15%

Result A. Adequate financing and effective management of the E & T Sector

2. Better targeting of needs and priorities and more effective allocation of financial resources: GoB undertakes an **Education Public Expenditure Review (EPER)** and the MFDP/MoE make relevant decisions in relation to its findings (indicators for tranches 2-3)

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	ToRs for Committee co-ordinating the EPER, work plan, human and financial resources for the review. Project memorandum for TA and approval of funds
Weight in disbursement	0%

Tranche 2	
Time of assessment (MM/YY)	04/06
Target to achieve	Tender launched
Weight in disbursement	6%
Tranche 3	
Time of assessment (MM/YY)	04/07
Target to achieve	Recommendations from study reviewed by GoB and action plan developed
Weight in disbursement	6%

3. More efficient management of resources: Following the recommendations of an **Organisation and Management (O&M)** review of the Ministry of Education, decisions will be made and implemented (indicators for tranches 2-3).

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	ToRs for Committee co-ordinating the MoE O&M review, work plan, human and financial resources for the review.
Weight in disbursement	0%
Tranche 2	
Time of assessment (MM/YY)	04/06
Target to achieve	Adoption of an action plan for implementation of the review recommendations
Weight in disbursement	3%
Tranche 3	
Time of assessment (MM/YY)	04/07
Target to achieve	Progress in implementing the action plan as agreed in the second JAA; Establishment documents reflecting new structures and posts
Weight in disbursement	3%

4. Adoption by Government of a **Human Resources Development (HRD) Strategy**, reflecting equal opportunities, to use Government resources more efficiently and to avoid fragmentation and duplication (indicators for tranches 2-3).

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	High level Committee to monitor the delivery of National HRD strategy study (ToRs Committee, work plan, human and financial resources). Tender launched.
Weight in disbursement	0%
Tranche 2	
Time of assessment (MM/YY)	04/06
Target to achieve	Inception report produced
Weight in disbursement	2%
Tranche 3	
Time of assessment (MM/YY)	04/07
Target to achieve	Official endorsement by GoB of the study; Implementation plan endorsed by the Committee, including timeframe, human and financial resources
Weight in disbursement	2%

5. Implementation of an effective *Education Management Information System* (EMIS)

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	Committee co-ordinating the development of EMIS (ToRs, work plan, human and financial resources)
Weight in disbursement	0%
	Tranche 2
Time of assessment (MM/YY)	04/06
Target to achieve	EMIS is rolled out and operational on a pilot basis: (i) training of IT personnel in MoE undertaken; (ii) A situation analysis for school administration and student management (SASM) is complete; (iii) Inception report based on implementation experience of EMIS
Weight in disbursement	6%
	Tranche 3
Time of assessment (MM/YY)	04/07
Target to achieve	EMIS is operational and servicing the publication of statistics, the prioritisation of annual recurrent allocation, project reviews and NDP 10 preparatory phase: (i) Incorporation by IT Unit of SASM situation analysis proposals (as agreed in 2nd Joint Annual Appraisal) and establishment of the SASM; (ii) The DPSW Grant Loan Management Information Module of the EMIS is upgraded to improve student loan recovery; (iii) A prototype for Data analysis and recording for Teachers' and Students' (DARTS) tool for the Office of the Co-ordinator is rolled out to facilitate distribution gathering and capturing on absenteeism data
Weight in disbursement	6%

B. *Expanded equitable access to quality education and training*

Equity is treated as a cross-cutting issue in access and quality and therefore indicated in brackets next to the indicator of access or quality.

B.1. Access

6. Following a review of its extent and nature, the apparent *lack of resources*, such as infrastructures (school classes in particular) and others (human, equipment, learning materials such as text books, etc.), including teacher training for the first and second levels, is redressed through an action plan which prioritises areas currently in greatest needs. (+ *equity*)

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	Team/Committee reviewing relevant studies and preparing interim report for the PSs of MoE and Ministry of Local Government.
Weight in disbursement	0%
	Tranche 2
Time of assessment (MM/YY)	04/06
Target to achieve	Final report presented by the Team/Committee
Weight in disbursement	2%

	Tranche 3
Time of assessment (MM/YY)	04/07
Target to achieve	Supplies and contracts awarded
Weight in disbursement	2%

7. **Increase in Net Enrolment Rate 6-12 years old in primary education (O/O).** NER 7-13 ranged between 95% and 100% between 1996 and 2002, and could hardly be significantly improved, it could mostly be maintained. An increase in the NER 6-12 would however both reflect the maintenance of high enrolment at primary level and the implementation of the MoE's policy of enrolment at 6 years of age rather than 7 years.

Target: annual increase of NER 6-12 by 1.0%

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		2002	2003	2004	2005
Baseline value / target		89%	90%	91%	92%
Weight in disbursement		0%	9%	9%	9%

Source of verification: Education Statistics, annual report, CSO

8. **Increase in TVET enrolment (O/O).**

Target: annual increase of enrolment in TVET by 2%

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		2002	2003	2004	2005
Baseline value / target		10,882	11,100	11,320	11,550
Weight in disbursement		0%	8%	8%	8%

Source of verification: Education Statistics (Table B25), annual report, CSO

9. **Basic skills programme (O/O).** A new Basic Skills Programme is developed and implemented, allowing the social inclusion of citizens with no qualifications. Endorsement of the corresponding blue print is expected in October 2005. A first batch of 15 students will be enrolled in Q3/2006 and a second batch of 30 students in Q3/2007 (+ equity).

Target: 30 students enrolled in the pilot BSP of MoE in Q3/2007 (assessment in April 2008, for tranche 4 only).

Weight in disbursement of tranche 4: 8%

Dropout rates at both primary and secondary levels are at rather low levels. The MoE makes significant efforts to ensure that dropouts are given opportunities to re-enter school. The indicator retained is the difference between the dropout rate and the re-entrance rate by dropouts at each of the primary and secondary levels, or "net dropout rate", defined as (Number of dropouts in year X - Number of re-entrants in year X)/total enrolment in Year X, all parameters at primary or secondary level.

	Primary level		Secondary level	
	2001	2002	2001	2002
Dropout rate	1.8%	1.6%	2.6%	2.3%
Re-entrance rate	0.7%	0.6%	0.5%	0.6%
Net dropout rate	1.1%	1.0%	2.1%	1.7%

10. Net dropout rate at primary level (O/O) (+ equity)

Target: the net dropout rate at primary level should remain at maximum 1% in each year.

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		2002	2003	2004	2005
Baseline value / target		1%	≤ 1%	≤ 1%	≤ 1%
Weight in disbursement		0%	9%	9%	9%

Source of verification: Education Statistics (Tables A3, A10 and A13), annual reports, CSO

11. Net dropout rate" at secondary level (O/O) (+ equity)

Target: the net dropout rate at secondary level should remain at maximum 2% in each year

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		2002	2003	2004	2005
Baseline value / target		1.7%	≤ 2%	≤ 2%	≤ 2%
Weight in disbursement		0%	9%	9%	9%

Source of verification: Education Statistics (Tables B2, B6 and B7), annual reports, CSO

- 12. Enrolment of female students across TVET (O/O).** The enrolment of female students in TVET institutions is significantly lower than male students (38.2% in 2002). GoB has in place of policy to increase the proportion of female students in TVET programmes. The indicator is Number of female students in TVET in Year X / Total enrolment of students in TVET in Year X. (+ equity)

Target: increase the enrolment of female students across TVET by 2% in each year

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		2002	2003	2004	2005
Baseline value / target		38%	40%	42%	44%
Weight in disbursement		0%	8%	8%	8%

Source of verification: Education Statistics (Tables B23), annual reports, CSO

- 13. Increased opportunities in TVET for students with learning difficulties.** The MoE intends to increase opportunities in TVET for students with learning difficulties, at the Gaborone Technical College in the framework of the augmentation of this college. Expansion of the facilities will not be completed before January 2008. In the meantime the MoE will proceed with curriculum development with the help of technical expertise, from June 2006 onwards. (+ equity)

Target: a blue print and training modules in two areas (hospitality and business) are available by end of 2007, for assessment in March 2008 (last tranche only).

Weight in disbursement of tranche 4: 8%

B.2. Quality

- 14. Adoption of a National Qualifications Framework (NQF)** to facilitate informed career choices and to improve regulations and quality standards, and of corresponding funding in Year 2007/8 and NDP10 preparatory phase (indicators for tranches 2-3).

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	High level Committee to monitor the delivery of the NQF study (ToRs Committee, work plan, human and financial resources). Tender launched.
Weight in disbursement	0%
	Tranche 2
Time of assessment (MM/YY)	04/06
Target to achieve	Inception report produced
Weight in disbursement	2%
	Tranche 3
Time of assessment (MM/YY)	04/07
Target to achieve	Official endorsement by GoB of the study; Implementation plan endorsed by the Committee, including timeframe, human and financial resources
Weight in disbursement	2%

15. Upon completion / revision of the study on the establishment of a *new inspectorate framework*, implementation of recommendations from the study.

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	Study revised
Weight in disbursement	0%
	Tranche 2
Time of assessment (MM/YY)	04/06
Target to achieve	Adoption of an action plan for implementation of the study recommendations
Weight in disbursement	2%
	Tranche 3
Time of assessment (MM/YY)	04/07
Target to achieve	Implementation of recommendations in study underway
Weight in disbursement	2%

16. *Increase in the proportion of grades A-C at PSLE (O/O)*. The proportion of candidates having effectively enrolled in the Primary School Leaving Examination (PSLE) and obtaining a rating grade A to C was 80.3% in 2004.

Target: *annual increase of this proportion by 1.0%*

Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)		04/06	04/07	04/08
Year of statistics	2004	2005	2006	2007
Baseline value / target	80.3%	82%	83%	84%
Weight in disbursement	0%	5%	5%	5%

Source of verification: ERTD reports

17. *Maintain the proportion of pupils not present for examination and those receiving an unclassified grade at PSLE (O/O)*. The proportion of pupils not present for examination and of those candidates having effectively enrolled in the Primary School Leaving Examination (PSLE) and obtaining an unclassified grade was 7% in 2004. (+ *equity*)

Target: *Maintain this proportion at maximum 7% (to be confirmed)*

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		2004	2005	2006	2007
Baseline value / target		7%	≤ 7%	≤ 7%	≤ 7%
Weight in disbursement		0%	7%	7%	7%

Source of verification: ERTD reports

18. **Maintain the proportion of grades A-C at BGCSE (O/O).** The proportion of schooled candidates having effectively enrolled in the Botswana General Certificate of Secondary Education (BGCSE) obtaining a rating Grade A to C was 40% (globally, for public and private schools) in 2004.

Target: *maintain this proportion by at minimum 40% (to be confirmed)*

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		2004	2005	2006	2007
Baseline value / target		40%	≥ 40%	≥ 40%	≥ 40%
Weight in disbursement		0%	5%	5%	5%

Source of verification: ERTD reports

19. **Increase in completion rate at CTVE (O/O).** The CTVE runs, amongst other teacher training programmes, a full-time diploma programme of a duration of 18 months since 2001. The first sizeable batch of students enrolled mid 2003 and graduated in 2004 (completion rate of 78% of full-time students enrolled, excluding those not completing for health reasons).

Target: *to increase this completion rate by 5% over 2 cycles (assessment in April '08 for tranche 4 only)*

	Tranche	Baseline	Tranche 2	Tranche 3	Tranche 4
Time of assessment (MM/YY)			04/06	04/07	04/08
Year of statistics		Enrol. mid '03; graduat. End '04	-	-	Enrol. mid '06; graduat. End '07
Baseline value / target		78%	-	-	83%
Weight in disbursement		0%	0%	0%	9%

Source of verification: CTVE reports

20. **Effective provision and integration of HIV/AIDS awareness in curricula provided at primary and secondary levels**

HIV/AIDS curricula will be developed distributed on a pilot basis and teachers trained, after which the materials will be evaluated and adapted for rollout.

Tranche	Tranche 1 (for the record)
Time of assessment (MM/YY)	11/05
Target to achieve	Materials developed and distributed to pilot centres
Weight in disbursement	0%
	Tranche 2
Time of assessment (MM/YY)	04/06
Target to achieve	Teachers trained (30) and implementing contents of training
Weight in disbursement	2%
	Tranche 3
Time of assessment (MM/YY)	04/07
Target to achieve	Materials adapted after evaluation
Weight in disbursement	2%

Source of verification: MoE reports

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				2006				2007				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	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																											
Implementation started																											
Disbursement 2nd sectoral tranche																											
Disbursement 3rd sectoral tranche																											
Initial schedule			Revised schedule																								
Envisaged on project mode			Agreed as budget support																								

Title		Amount M€	2001		2002		2003		2004		2005		2006		2007	
			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	8,800	11,000	
		Flex (Env. B)										⁽¹⁾ 8,060	⁽²⁾ 8,060			
Non- Focal Sectors	Initial	Global commit.				9,400										
	Revised	Global commit.					0,033	0,750		1,385			9,000			2,500

⁽¹⁾ Global commitment, ⁽²⁾ disbursement

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	2004/05
Agriculture	4.6	3.6	2.6	2.3	2.1
Mining	37.0	33.9	34.7	33.9	38.1
Manufacturing	4.9	4.7	4.0	4.1	3.6
Trade, Hotels & restaurants	5.0	10.7	10.9	11.3	10.2
Others	48.5	47.1	47.8	48.4	46.0
GDP, excluding mining added value	63.0	66.1	65.3	66.1	61.9
Total GDP (10 ⁹ Pula)	10.6	12.7	18.5	21.0	22.7

In Constant prices 1993/94. Source: Annual Economic Report 2004, Republic of Botswana, February 2006.

Figure 8.2 - Inflation 2001-05

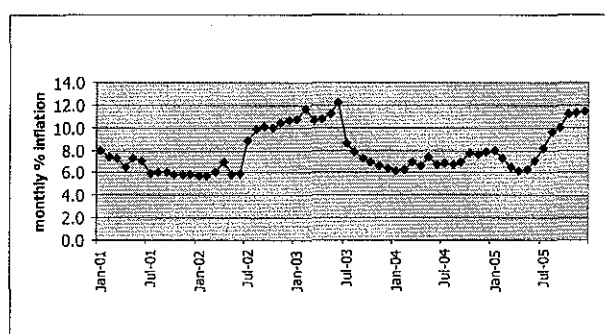


Figure 8.3 - Exchange rates 2002-05

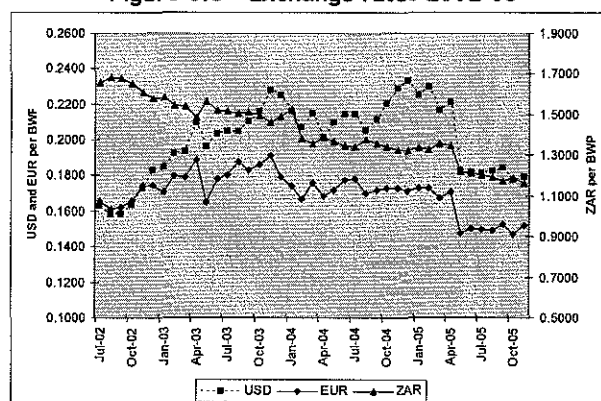


Table 8.4: Functional Classification of Central Government Expenditure

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 (2003) - %	94	41	59
Proportion of one-year old children immunised against measles (2003) - %	90	75	85
Proportion of population with sustainable access to an improved water source (2003) - %	95	58	79
Under-five mortality rate (2003) ⁽¹⁾ (‰)	112	179	88
Life expectancy at birth (2003) - years	36.3	46.1	65.0

⁽¹⁾ Respective values were, in 1990, 58 (Botswana), 180 (Sub-Saharan Africa), 104 (Developing countries) - Human Development Report HDR 2004, UNDP. Values for 2003 from HDR 2005, UNDP.

Figure 8.6. Evolution of the HDI in Botswana ⁶⁴

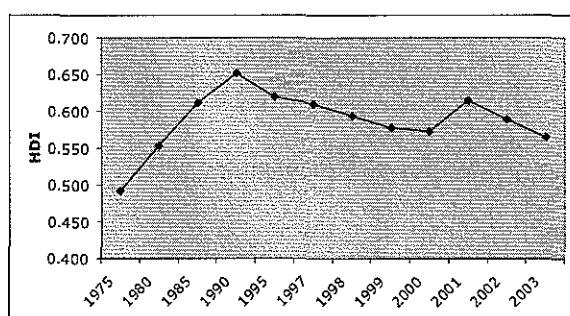
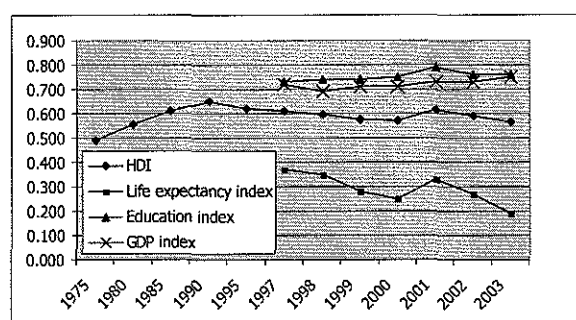


Figure 8.7. Evolution of components of the HDI in Botswana ⁶⁴



⁶⁴ From various Human Development Reports, including HDR 2005, UNDP

Annex 9. Donor matrix - an overview of donors' allocations to sectors (European Union ⁽¹⁾, USA and UN Agencies) - Disbursements in 2004 (ME)

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.

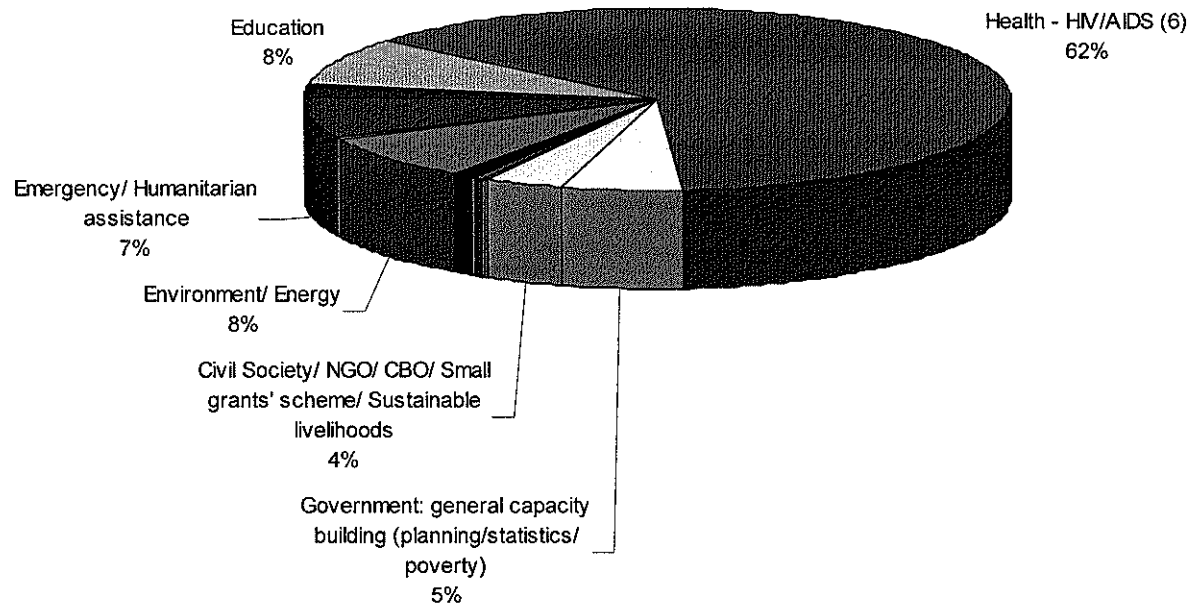
(5) Within UNICEF's Principal Programmes, the capacity-building support to Government and Civil Society is automatically built-in to all the programmatic interventions. The classification of the information/programmes has however been done according to the sector classification chosen for the donor matrix, 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.

Error! Reference source not found. (ct'd)

Support by Area (Million €)

Education	Health - HIV/AIDS (6)
Government: general capacity building (planning/statistics/ poverty)	Civil Society/ NGO/ CBO/ Small grants' scheme/ Sustainable livelihoods
Transport / storage	Communication
Banking / financial services/ Business/ Private Sector (6)	Agriculture/ Forestry/ Fishing
Trade and tourism	Environment/ Energy
Rule of Law/ Democracy and Human Rights/ Governance	Gender
Emergency/ Humanitarian assistance	Others



Annex 10. Economic Partnership Agreement

A. Preparation for EPA

(1) Level of preparation

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. The Government recognises the need for economic diversification, away from an over-dependency on minerals (diamonds), and that quality products are a pre-requisite for penetrating well-established markets. The 9th National Development Plan (NDP 9) establishes that the focus should be on developing competitive and self-sustaining manufacturing enterprises, requiring specialist knowledge and stronger linkages between firms and between the manufacturing sector and other sectors of the economy such as agriculture, tourism and mining. The private sector is seen as the main actor and regional integration as the way of accessing an expanded market, the role of the Government being to create an enabling environment.

The technical capacity in the Ministry of Trade and Industry (MTI), Department of International Trade, is quite limited although new recruitments have been undertaken recently. In addition, one of the existing senior staff is currently seconded as SADC EPA Chief Technical Advisor to the SADC Secretariat's EPA unit. Botswana's membership in two different Regional Integration Organisations (RIOs), SACU and SADC, also adds to the strain on capacities. Important trade negotiations currently being managed by the MTI include the implementation of the SADC Trade Protocol, SACU-US FTA negotiations, the recent conclusion of the Mercosur PTA, WTO DDA negotiations and the EPA negotiations. In the near future SACU negotiations on trade agreements with India and China will be added to this list.

A National Committee on Trade and Policy Negotiation was created in March 2004. It is coordinated by the MTI and includes representatives from public and private sectors, trade unions and NSAs. Its task is to advise government on policy formulation and positions pertaining to all kinds of bilateral and multilateral trade negotiations including regional integration initiatives. The Committee meets on a quarterly basis. In the meantime sub-committees on specific technical issues provide regular inputs.

(2) Level of implication in regional integration

Botswana is playing a very active and constructive role in the EPA negotiations of the SADC group. The Minister of MTI has been appointed Chief Negotiator of the group; Botswana's Ambassador in Brussels is coordinator at Brussels level. Botswana immediately seconded its Director for International Trade as Chief Technical Advisor to the SADC Secretariat when the decision to create an EPA unit was taken in 2004 and it was among the first to actually pay their financial contribution to the functioning of this EPA unit.

Stakeholders' opinion in Botswana has long been marked by a lack of awareness and information about the EPA and the opportunities and challenges it creates. This is slowly changing. There have so far not been strongly articulated anti-EPA positions. A number of information activities of the Delegation have aimed at raising the profile of the EPA and international trade questions in public opinion.

(3) Impact study on the effects of an EPA

An impact study was financed under the all-ACP Facility (8 ACP TPS 110) but it was limited to the agricultural sector.

The MTI informally signalled their intention to submit a request for financing of a general EPA impact study for the Botswana economy. The request would need to have the support from the NAO (Ministry of Finance and Development Planning) and could potentially be funded under the TCF.

(4) Actions proposed by impact study

The study on the agriculture sector produced the following main recommendations for action:

- ❑ Supply-Side Measures:
 - Technical assistance to enhance the competitiveness of Botswana's agricultural sector, including the beef industry. Other sub-sectors with potential include horticulture, cut flowers, dairy, veldt products, poultry and oil seeds;
 - Technical and institutional capacity building in trade policy analysis, multilateral negotiations and administering WTO-compliant EPA provisions (including SPS measures, food safety standards, and countervailing and antidumping laws).
- ❑ Phasing in reciprocity:
 - Implementation period of tariff reductions in sensitive sectors should be longer than it is currently provided for in the WTO (at least 20 years).
- ❑ Simple Safeguards:
 - EU should commit itself to allowing Botswana recourse to simple and pre-emptive safeguards. Improve monitoring systems as well as the capacity of relevant institutions to adequately diagnose problem areas;
 - Assistance to meet EU's food safety and SPS standards for agricultural exports.
- ❑ Taking Account of CAP Reform:
 - Assistance for restructuring the agricultural sector in particular and other related sectors affected by the introduction of such reforms and the rapid introduction of compensatory trade measures⁶⁵.
- ❑ Addressing fiscal issues
- ❑ Rules of origin under the proposed EPA should accommodate the developmental and trade concerns of the country.
- ❑ Trade Policy Reforms in Arable Agriculture:
 - SACU-wide tariffs on unprocessed grain should be reduced in line with the EU/SA FTA;
 - Both intra- and inter- SACU tariffs on processed sorghum and maize products should be maintained to prevent the adverse welfare effects of liberalization on Botswana's processing industry, including job losses;
 - For products that are currently not produced in the country such as wheat and powdered milk, SACU-wide tariffs should be removed. This would yield improved consumer welfare and food security. However, both intra- and inter SACU tariffs on processed wheat flour and bread would need to be maintained to promote agro-processing in Botswana.
 - Long periods of adjustment to tariff liberalisation should be allowed in particular in the broiler industry (as well as other non-traditional commodities during which it would be important to provide infrastructure and other facilities necessary to improve the competitiveness of these industries.

The Delegation has no concrete information on follow-up actions to the study by the government, which may not have adequately responded to Botswana's needs for concrete recommendations with respect to negotiating positions and interests.

2. Implementation of EPA related programmes

(5) Current support to the countries EPA preparation efforts

Whereas the focal sector for EC/Botswana cooperation consists of a sector policy support programme in education and training, the CSP/NIP also provides for support to non-focal areas, one of which being support to fiscal reforms. This has been done mainly through the provision of long- and short-term technical assistance (8th EDF) in support of the preparation, launch and administration of the Value Added Tax (introduced in July 2002), reform of Botswana tax administration into a Botswana Unified Revenue Services (BURS), and fiscal policy (9th EDF). The TCF could be used for activities (seminars, studies etc) related to the EPA preparation efforts should the Government so wish.

⁶⁵ E.g. Elimination of all remaining residual market access restrictions on Botswana's agricultural and value added food product exports to the EU.

In addition, Botswana benefits from assistance to SADC under the Regional Indicative Programme.

(6) Additional regional integration, trade and trade-related assistance needs:

Any additional needs in the area could be identified through an impact assessment study. A methodology for Trade Needs' Assessment study has been developed by HQ. The Delegation has proposed to the government to provide assistance under the TCF in view of the upcoming EDF 10 programming cycle. No response has been received so far.

3. Information and communication

(7) Information on EPAs made available to stakeholders

EPA related information has been made available. EPA issues were discussed with representatives of the national administration and they were informed about possibilities for financing of EPA related assistance needs. Several media briefings have been held at which trade and EPA issues were discussed. The response and coverage in the media was quite positive. The Delegation intends to regularly repeat these events in order to inform about the progress in negotiations.

Presentations about EPAs were given at conferences and a general awareness workshop on EPAs for public and private stakeholders was organised by the TRINNEX programme in Gaborone in August 2004. Information material on EPAs and related instruments (e.g. the Expanding Exports Help Desk) was widely distributed in particular to the private sector. Trade and EPA issues enjoy extensive coverage in the Delegation newsletter.

(8) Internal communication on EPAs

Externally, sustained efforts are necessary to communicate about EPAs and explain the approach. The EPA support facility under the 9th EDF RIP makes provision for specific technical seminars for public and private participants in the region to be organised by the SADC Secretariat. Moreover, an EPA workshop or discussions with stakeholders including the private sector could be considered in the margin of negotiation rounds in Gaborone.

Annex 11 - HIV. Poverty and unemployment in Botswana

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 (2nd Botswana AIDS Impact Survey)⁶⁶. Prevalence was highest in the age group 30-34 (40.2%). Women were more infected than men in most age groups, particularly at younger ages. Prevalence was higher in towns (22.0%) than in cities (19.9%) and rural areas (15.8%). Areas close to the eastern border were 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%; however in 2005, this rate declined to 33.4% and it is hoped that this downwards trend will be confirmed in the coming years. Similarly, prevalence in the age group [15-19] has decreased from 22.8% in 2003 to 17.8% in 2005⁶⁷.

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 52,500 were registered with the Department of Social Services end 2005, of which 96% were assisted with the food basket and 35% with school necessities. 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, end 2005, over 10,660 HBC clients registered, of which 60% were assisted with the food basket.

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 in the ARV treatment programme has increased for the 2nd consecutive year increased by two thirds over the previous year to 54,000 in 2005⁶⁸. At the end of the year, only 11% of the patients meeting the criteria did not access treatment. Infants consistently represent close to 10% of those on therapy, and women 60%. 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.

The number of people tested for the first time increased tremendously from mid 2004 onwards;

⁶⁶ Various documents from Government and UNDP report average rates of over 35%

⁶⁷ Budget Speech 2006/07, February 2006

⁶⁸ BHRIMS, Quarter Oct.-Dec. '05, Feb. '06

over 65,000 were tested in 2005, 44% of them in the age class [20-29], 55% women, and 28% positive. Intensification of efforts targeting men to know their HIV status seems to bear fruit and the last quarter of the year revealed an encouraging trend in this respect.

The proportion of women who tested for HIV at the antenatal clinic (ANC) increased from 74 to 83%, between January and September 2004, probably as a result of the new policy of systematic testing unless explicit opposition to it. However, the percentage of women who refuse to take the test at the ANC remained stable thereafter to December 2005 at 16-18%.

In 2005, 29-31% of the deliveries recorded were HIV positive, while earlier in the year 16% of HIV positive mothers were neither on prophylaxis or therapy. Additional efforts should be directed at public education on PMTCT benefits.

The number of people testing for HIV has more than doubled between 2004 and 2005 (to 142,500), probably an indication of better acceptability of testing and improved reporting from centres.

The use of condoms appears to have dramatically increased over the past years, in particular among the youth⁶⁹, 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 should be strengthened

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 resources⁷⁰. Large funding also originates from the private sector, notably the USA⁷¹. It is not easy to capture all financing from all sources while avoiding double counting⁷². An allocation of Government funds equivalent to 1.2 % GDP was made in the 2006/7 budget for HIV/AIDS programmes⁷³.

Poverty

Besides income poverty, Government recognises two other dimensions to poverty: capability⁷⁴ 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 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 respectively⁷⁶. Income disparities have been slightly reduced in cities and towns over the last 10 years while they have increased in urban villages and

⁶⁹ From 16% in 2000 to 72% in 2004 for the age group [15-24] - BAIS 11- 2004

⁷⁰ Excluding allocations from the Global Fund (18 MUSD over 2 years), not yet disbursed in 2003

⁷¹ 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.

⁷² Financing as Trust Funds through the UN may appear both under UN contribution and the Trust Fund donor

⁷³ Art. IV Consultation IMF, 2005

⁷⁴ Using UNDP capability poverty measure, which includes under-5 mortality rate, female illiteracy and rate of unattended birth

⁷⁵ Study of poverty and poverty alleviation in Botswana - MFDP - Vol. 1 - BIDPA 0211997

⁷⁶ 2002/3 Household Income and Expenditure Survey (HIES)

rural areas. Weakening of traditional solidarity mechanisms exacerbates the impact of vulnerability factors⁷⁷.

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.

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)⁷⁸. 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 investment in Education and Training (E& T) to address the problem of lack of skills⁷⁹.

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]⁷⁶.

⁷⁷ Botswana MDG report 2004 (final draft)

⁷⁸ The country's agricultural development programme, NAMPAAD, could however boost jobs in agro-processing industry and manufacturing

⁷⁹ 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.

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
IOC	Indian Ocean Commission
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
RIO	Regional Integration Organisation
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 Cooperation 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