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FOREWORD

The tenth National Development Plan (NDP 10) marks the last leg in achieving the aspirations of Botswana's long-term vision, *Vision 2016; Towards Prosperity for All*. NDP 10 also takes us to the year 2016. Hence the theme of this Plan is, "***Accelerating Achievement of Vision 2016 Through NDP 10.***" NDP 10 is result-based and accords various sectors and stakeholders the opportunity to pay more attention to practical expectations and impacts of programmes and projects that they are expected to deliver.

The guiding principles of rapid economic growth, social justice, economic independence, sustained development and Botho as was the case with the previous Plans are still relevant in this Plan. The need to change the mindset of Botswana through encouraging talents, creativity, hard work and discipline should be at the forefront of our economic development agenda. Hence, the underpinning principles of Democracy, Development, Dignity, Discipline and Delivery have been chosen to be the roadmap of our development agenda during NDP 10 and to the Vision 2016 goals.

Since Independence in 1966, there has been a notable transformation of the country's economy from least developed, to one of an upper middle-income status. Botswana has also made achievements in areas such as: development of infrastructural facilities across the country; a more than tenfold increase in per capita income, stable democratic rule, good governance and sustained economic performance, among others. Real per capita income has increased significantly from P1 682 to P14 246.6 in 2008. The formal sector employment has grown over the same period from 25 000 to 308 600. We have also seen poverty levels among our people being reduced from as high as 59 percent in 1985/86 to 47 percent and 30 percent in 1993/94 and 2002/03,

respectively. Over time, the natural advantage of mineral resources has been converted into the basis for a more diversified economy which will be significantly less dependent on imports.

Despite all these achievements, challenges ranging from alcohol abuse, shortage of shelter, declining social values, environmental degradation, reckless driving, HIV/AIDS, unemployment, poverty to global competition still remain valid today. In addition to the above challenges, economic diversification, sustainable economic growth; public sector reforms and private sector development, financial discipline, rural development, and road accidents, still remain more visible as constraints to achieving Vision 2016 goals. The situation has been made worse by the recent global financial and economic crisis which has adversely reduced resources available for development initiatives. This has resulted in an unprecedented budget deficit of P31.9 billion over the NDP 10 Plan period. We must always be vigilant and guard against erosion of our democracy, improve productivity in agriculture, develop appropriate skills and empower the youth. Particular attention should be paid to diversification and use of our resources in a sustainable way.

On a regional and international context, Botswana is a member of the Southern African Customs Union (SACU), Southern African Development Community (SADC) and World Trade Organization (WTO), all of which require common policies and strategies, as well as the need to open up markets. Being a member of these bodies as well as signatory to the Interim Economic Partnership Agreement with the European Union (EU) and African Growth Opportunity Act (AGOA) with the USA, offers Botswana opportunities for a large export market base which will continue to be exploited. To this end, Government will

continue to provide the necessary infrastructure for private sector growth and ensure that the environment is conducive for this sector to take the lead in economic growth, development and diversification. As we strive to achieve long-

term targets, goals and aspirations of Batswana, we must emphasise *the need to deliver on our planned programmes and projects as proposed in the Plan within the stated time frame and within our means.*

Lieutenant General Seretse Khama Ian Khama
President of the Republic of Botswana

INTRODUCTION

This tenth National Development Plan (NDP 10) runs from 1st April 2009 to 31st March 2016. NDP 10, therefore, will run for seven (7) years instead of the usual six (6) years to ensure that it coincides with the end of Botswana's long term, Vision 2016. The Theme for NDP 10 is "***Accelerating Achievements of Vision 2016 through NDP 10.***" This theme calls for all stakeholders to double-up their efforts in ensuring that the country's aspirations are achieved within the next seven years.

Another deviation from past Plans is the formal introduction of the Integrated-Results Based Approach (IRB) into the development planning process in NDP 10. IRB puts more emphasis on achieving impact/results (value addition). This was augmented by a monitoring and evaluation component to check on achievement of intended results going forward.

In addition to the nation's principles of rapid economic growth, social justice, economic independence, sustained development and both, the Plan preparation was guided by the five Ds of Democracy, Development, Dignity, Discipline and Delivery. The principle of delivery refers to the successful implementation of programmes and projects within time and costs while at same time transforming the lives of Botswana for the better, leading "***towards prosperity for all***".

Economic performance during NDP 9 points to the fact that, the economy performed worse than expected, with real GDP growth averaging 4.6 percent in the first five years but falling by 3.3 percent in the final year. This translates into actual GDP growth of 3.3 percent per annum compared to a target of 5.5 percent per annum projected at the beginning

of NDP 9. As a result of this slow economic growth, progress towards meeting Vision 2016 objectives has not been achieved and hence the need to accelerate its achievement through NDP 10. On a positive note, overall total revenue and grants increased at a trend rate of 15.5 percent per annum while government expenditure increased in real terms by an average of 5.2 percent per annum for the six years of NDP 9. Hence a cumulative surplus of P14.1 billion was realised over the NDP 9 Plan period partly because of increases in SACU revenues and under spending of the development budget. The overall formal sector employment grew on average by 2.3 percent per annum from 282 000 in 2003 to 308 600 in 2008. Total unemployment rate has reduced from 19.5 percent in 2001 to 17.6 percent in 2005/06 and reduced further to 17.5 percent in 2008.

The projections for NDP 10 indicate that the economy will grow on average by 3.1 percent, with the mining sector expected to grow by 0.2 percent while the non-mining private sector will grow by 5.6 percent. Total government expenditure is capped at P245.6 billion of which P185.6 billion will be spent on the recurrent budget, while P60 billion will be expended on the development programme. This expenditure framework will result in a cumulative deficit of P31.9 billion over the NDP 10 Plan period since the likely available resources to Government will only be P213.7 billion. This deficit can only be financed from a combination of borrowing and drawing down on

Government savings. However, on the former option, it should be emphasised that Government domestic and foreign borrowing as well as debt guarantees are limited to 40 percent of GDP (i.e., 20 percent of GDP for domestic borrowing and 20 percent of GDP as external debt). It must also be noted that foreign exchange reserves have been declining since the beginning of the global crisis. Total foreign exchange reserves declined from P72.4 billion in November 2008 to P55.1 billion in August 2009. At the same time, the Bank of Botswana Balance Sheet shows that the Government Investment Account which is part of foreign exchange reserves owned by Government, declined from about P32 billion in November 2008 to P22.8 billion in August 2009.

Going forward, the strategic thrust of development policy, as has been the case with past Plans, will be to accelerate diversification of the economy. The need to achieve this objective has become even more critical in view of the global financial and economic crisis and the envisaged decline in diamond and SACU revenues. The basic strategy for

NDP 10, therefore, places emphasis on creating a conducive environment for the private sector so that it plays a major role in driving economic development. This will entail putting more emphasis on maintenance of productive infrastructure, providing infrastructure needs for the private sector as an engine for economic growth, and continued investment in appropriate skills targeted to the needs of the domestic job market (particularly the private sector). Emphasis will also be on leveraging additional support for the service export, compared to merchandise export in view of the associated high transport costs, with the latter.

I, therefore, urge all Botswana and development partners to look forward to the next seven years with great vigour and inclusive participation by all in the transformation of our nation and aim towards attaining our ultimate objective of “*towards prosperity to all*” by 2016.

O. K. Matambo
Minister of Finance and Development Planning

ABBREVIATIONS AND ACRONYMS

AEIN	Africa Environment Information Network
AGC	Attorney General's Chambers
AGOA	Africa Growth and Opportunity Act
AIDS	Acquired Immunity Deficiency Syndrome
ALDEP	Arable Lands Development Programme
APC	armoured personnel carriers
APPA	Atmospheric Pollution Prevention Act
APU	Anti-Poaching Unit
ARCA	Agricultural Resources Conservation Act
ART	Anti-Retroviral Therapy
ARV	Anti-Retro-Viral
ASYCUDA	Automated System for Customs Data
ATM	Automated Teller Machine
ATTC	Automotive Trades Technical College
AU	African Union
BAC	Botswana Accountancy College
BAIS	Botswana AIDS Impact Survey
BBS	Botswana Building Society
BCA	Botswana College of Agriculture
BCET	Botswana College of Engineering and Technology
BCP	Botswana Congress Party
BCSC	Botswana Civil Service College
BDC	Botswana Development Corporation
BDF	Botswana Defence Force
BDP	Botswana Democratic Party
BEAC	Business and Economic Advisory Council
BEC	Botswana Examinations Council
BEDIA	Botswana Export Development and Investment Authority
BGCIS	Botswana Government Communication Information Service
BGCSE	Botswana General Certificate of Secondary Education
BHC	Botswana Housing Corporation
BIAC	Botswana Institute of Administration and Commerce
BIDPA	Botswana Institute for Development Policy Analysis
BIH	Botswana Innovation Hub
BIUST	Botswana International University of Science and Technology
BMC	Botswana Meat Commission
BMMS	Botswana Museum and Monument Service
BNEPS	Botswana National Examinations Processing System
BNF	Botswana National Front
BNPC	Botswana National Productivity Centre
BNSC	Botswana National Sports Council
BOB	Bank of Botswana
BoBCs	Bank of Botswana Certificates
BOBS	Botswana Bureau of Standards

BOCCIM	Botswana Confederation of Commerce, Industry and Manpower
BOCODOL	Botswana College of Distance and Open Learning
BOTA	Botswana Training Authority
BOTEC	Botswana Technology Centre
BPC	Botswana Power Corporation
BPSC	Botswana Public Service College
BR	Botswana Railways
BSB	Botswana Savings Bank
BSE	Botswana Stock Exchange
BTB	Botswana Tourism Board
BTC	Botswana Telecommunications Corporation
BTEP	Botswana Technical Education Programme
BTV	Botswana Television
BWTI	Botswana Wildlife Training Institute
C	Centigrade
CAA	Civil Aviation Authority
CAAT	College of Applied Arts and Technology
CBNRM	Community-Based Natural Resources Management
CBO	Community-Based Organisation
CCTV	Closed-Circuit Television
CDPU	Certificate and Diploma Programmes Unit
CEDA	Citizen Entrepreneurship Development Agency
CHBC	Community Home-Based Care
CID	Criminal Investigations Department
CITES	Convention on International Trade in Endangered Species
CITF	Construction Industry Training Fund
CIUs	Collective Investment Undertakings
CJSS	Community Junior Secondary School
CKGR	Central Kalahari Game Reserve
CMS	Case Management System
CMS	Central Medical Stores
CoE	College of Education
CPMS	Computerised Personnel Management System
CRC	Central Resource Centre
CSO	Central Statistics Office
CTO	Central Transport Organisation
CTVE	College of Vocational and Technical Education
DA	District Administration
DBES	Department of Building and Engineering Services
DBFO	Design, Build, Finance and Operate
DCA	Department of Civil Aviation
DCEC	Directorate on Corruption and Economic Crime
DDC	District Development Committee
DFI	Development Finance Institution
DFRR	Department of Forestry and Range Resources
DGS	Department of Geological Survey

DIS	Directorate of Intelligence and Security
DIT	Department of International Trade
DIV	Divisional
DLGD	Department of Local Government and Development
DLS	Driving License System
DMS	Department of Meteorological Services
DNFE	Department of Non-Formal Education
DOTS	Directly Observed Treatment
DPCF	Debt Participation Capital Funding
DPP	Directorate of Public Prosecutions
DPSM	Directorate of Public Service Management
DRC	Democratic Republic of Congo
DRTS	Department of Road Transport and Safety
DTCB	Diamond Trading Company Botswana
DTEF	Department of Tertiary Education Financing
DVET	Department of Vocational Education and Training
DWA	Department of Water Affairs
DWNP	Department of Wildlife and National Parks
DWWMPC	Department of Waste Water Management and Pollution Control
EAC	East African Community
EAD	Energy Affairs Division
EDF	European Development Fund
EFA	Education for All
EFTA	European Free Trade Association
EIA	Environmental Impact Assessment
EMIS	Education Management Information System
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FET	Faculty of Engineering and Technology
FIFA	International Football Federation
FMD	Foot and Mouth Disease
FSAP	Financial Sector Assessment Programme
FTA	Free Trade Area
GABS	Government Accounting and Budgeting System
GDN	Government Data Network
GDP	Gross Domestic Product
GEMVAS	Government Employee Motor Vehicle and Residential Property Advance Scheme
GFATM	Global Fund for AIDS, Tuberculosis and Malaria
GFCF	Gross Fixed Capital Formation
GICO	Government Implementation Coordination Office
GIS	Geographic Information System
GNP	Gross National Product
GRS	Government Reserve Storage

GSM	Cellular and Computer Surveillance System
GTC	Gaborone Technical College
Ha	Hectare
HAART	HIV/AIDS Anti-Retroviral Therapy
HIES	Household Income and Expenditure Surveys
HIV	Human Immuno-Deficiency Virus
HLCC	High Level Consultative Council
HQ	Headquarters
HRD	Human Resource Development
HRDP	Human Resource Development Plan
HRH	Human Resource for Health
HRP	Human Resource Planning
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organisation
ICD10	International Classification of Disease 10
ICT	Information and Communications Technology
IDM	Institute of Development Management
IDP	Integrated Development Planning
IEC	Independent Electoral Commission
IEPA	Interim Economic Partnership Agreement
IFSC	International Financial Services Centre
IGIS	Integrated Geographic Information System
IHS	Institute of Health Sciences
ILEA	International Law Enforcement Academy
IMF	International Monetary Fund
IMIS	Integrated Management Information System
IMR	Infant Mortality Rate
IRBB	Integrated Results-Based Budgeting
IRBM	Integrated Results Based Management
ISO	International Standards Organisation
IT	Information Technology
IWRM	Integrated Water Resources Management
JC	Junior Certificate
KPI	Key Performance Indicator
KPP	Keynote Policy Paper
KRA	Key Result Area
KTP	Kgalagadi Trans-frontier Park
kV	Kilovolt
LAC	Livestock Advisory Centre
LAs	Local Authorities
LAN	Local Area Network
LDC	Least Developed Country
LEA	Local Enterprise Authority
LGSC II	Second Local Government Structure Commission
LIPWP	Labour-Intensive Public Works Programme
LPG	Liquified Petroleum Glass

LSU	Livestock Unit
M&E	Monitoring and Evaluation
MCM	Million Cubic Metres
MCST	Ministry of Communications, Science and Technology
MDG	Millennium Development Goal
MDRF	Macro Development Results Framework
MEA	Multi-lateral Environmental Agreement
MERCOSUR	Common Market of the Southern Cone
MoESD	Ministry of Education and Skills Development
MEWT	Ministry of Environment, Wildlife and Tourism
MFDP	Ministry of Finance and Development Planning
IMIS	Integrated Management Information System
MIS	Multiple Indicators Survey
MLG	Ministry of Local Government
MLH	Ministry of Lands and Housing
MLHA	Ministry of Labour and Home Affairs
MMEWR	Ministry of Minerals, Energy and Water Resources
MOFAIC	Ministry of Foreign Affairs and International Cooperation
MOH	Ministry of Health
MP	Member of Parliament
MSP	Ministry of State President
MTI	Ministry of Trade and Industry
MTTC	Madirelo Training and Testing Centre
MW	Megawatt
MWT	Ministry of Works and Transport
MVA	Motor Vehicle Accident Fund
MYSC	Ministry of Youth, Sport and Culture
NAPC	National Action Plan on Culture
NAMPAADD	National Master Plan for Arable Agriculture and Dairy Development
NBC	National Business Conference
NBFI	Non-Bank Financial Institution
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
NCQF	National Credit and Qualifications Framework
NCS	National Conservation Strategy
NCSA	National Conservation Strategy Agency
NCTPN	National Committee on Trade Policy and Negotiations
NDB	National Development Bank
NDDC	National District Development Conference
NDP	National Development Plan
NEL	National Environmental Laboratory
NEMIC	National Employment, Manpower and Incomes Council
NFTRC	National Food Technology Research Centre
NGO	Non-Governmental Organisation
NHRDP	National Human Resource Development Plan
NHRDS	National Human Resources Development Strategy
NIGIS	National Integrated Geoscience Information System

NSC	National Stakeholders Conference
NWMP	National Water Master Plan
NWMPR	National Water Master Plan Review
O&M	Organisation and Methods
OAG	Office of the Auditor General
OAP	Old Age Pension
ODMP	Okavango Delta Management Plan
ODS	Ozone Depleting Substances
OP	Office of the President
OOS	Out-of-School
PAs	Protected Areas
PAC	(Parliamentary) Public Accounts Committee
PBRS	Performance Based Reward System
PDL	Poverty Datum Line
PDSF	Public Debt Service Fund
PEEPA	Public Enterprises Evaluation and Privatisation Agency
PHN	Public Highway Network
PLWHA	People Living with HIV/AIDS
PMS	Performance Management System
PMTCT	Prevention of Mother to Child Transmission
POID	Public Officers' Identity Document
PPADB	Public Procurement and Asset Disposal Board
PPP	Public-Private Partnership
PPS/PBRS	Personnel Performance System/Performance Based Reward System
PSRU	Public Sector Reform Unit
PTF	Production and Training Farm
PV	Photovoltaic
R&D	Research and Development
RAD	Remote Area Dweller
RADP	Remote Area Development Programme
RBB	Integrated Results-Based Budgeting
RBM	Results-based Management
RDC	Rural Development Council
RHT	Routine HIV Testing
RIIC	Rural Industries Innovation Centre
RIPCO	Rural Industries Promotion Company
RNPE	Revised National Policy on Education
RSA	Republic of South Africa
RST	Research, Science and Technology
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	Severe Acute Respiratory Syndrome
SDR	Special Drawing Right
SCOPI	Standing Committee on Project Implementation
SHHA	Self Help Housing Agency
SIDA	Swedish International Development Agency

SKIP	Sectoral Keynote Issue Paper
SLIMS	State Land Integrated Management Systems
SLMS	Student Loan Management System
SME	Small and Medium Scale Enterprise
SMME	Small, Medium and Micro Enterprise
SOE	State of the Environment
SOER	State of the Environment Report
SOUR	Statement of User Requirements
SSG	Special Support Group
SSHA	Self Help Housing Association
S&T	Science and Technology
S&T	Signalling and Telecommunications
STI	Sexually Transmitted Infection
SR	Severity Rate
TA	Tribal Administration
TA	Technical Assistance
TB	Tuberculosis
TE	Tertiary Education
TEC	Tertiary Education Council
TEC	Total Estimated Cost
TEDF	Tertiary Education Development Fund
TEI	Tertiary Education Institution
TEMIS	Tertiary Education Management Information System
TEP	Tertiary Education Policy
TEPP	Tertiary Education Private Providers.
TFCA	Trans-Frontier Conservation Area
TIDCA	Trade, Investment, Development and Cooperation Agreement
TLIMS	Tribal Land Integrated Management System
TNMC	Tati Nickel Mining Company
TRIPS	Trade Related Intellectual Property Rights
TSA	Tourism Satellite Account
TWG	Thematic Working Group
UB	University of Botswana
UDC	Urban Development Committee
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
USA	United States of America
USD	United State Dollar
VAT	Value Added Tax
VCT	Voluntary Counselling and Testing
VDC	Village Development Committee
VIP	Ventilated Improved Pit (Latrine)
VRL	Vehicle Registration and Licensing System
WB-BNAPS	World Bank-Botswana National HIV/AIDS Prevention Support Project

WCNPA	Wildlife Conservation and National Parks Act
WDC	Ward Development Committee
WEF	World Economic Forum
WHO	World Health Organisation
WITS	Work Improvement Teams
WMA	Wildlife Management Area
WTO	World Trade Organisation
WTTC	World Travel and Tourism Council
WUC	Water Utilities Corporation

SECTION 1: INTRODUCTION

CHAPTER 1

COUNTRY AND PEOPLE

INTRODUCTION

1.1 This Chapter is about the country of Botswana and its people. It discusses Botswana's constitutional framework, administrative structure and international links, as well as its physical features. It is meant to inform readers who are not familiar with the country.

1.2 Specifically, the second section of this chapter presents the constitutional framework and the administrative structure, while the third section illustrates the physical features of Botswana. The fourth section is about the people of Botswana, including patterns of settlement and main population characteristics.

1.3 Chapter 2 considers population and development issues, which are important for planning, policy-making and interventions aimed at improving the quality of life. Chapter 3 describes the planning approach and the Macro Development Results Framework underlying the Plan. A detailed review of economic developments during the last Plan period (2003/04 – 2008/09) is provided in Chapter 4, followed in Chapter 5 by the macroeconomic strategy to be pursued during NDP 10. Projections of government revenue, expenditure and manpower are discussed in Chapter 6. More information on the review and development of particular thematic areas and sectors is given in Chapters 7 to 15, and Chapter 16 covers Monitoring and Evaluation.

THE REPUBLIC OF BOTSWANA

Constitutional Framework

1.4 Botswana attained self-governance in 1965, after 80 years as a British Protectorate and became Independent on 30th September, 1966. It is a non-racial country and maintains freedom of speech, freedom of the press and freedom of association, and affords all citizens equal rights. All these are enshrined in the Constitution of Botswana, which also provides for a unicameral legislature. Members of the National Assembly are directly elected from the constituencies. They elect four additional specially elected members.

1.5 The Presidential candidate of the Party with a majority of directly elected members of Parliament assumes office. The President selects his Ministers from among the members of the National Assembly. The Vice President is nominated by the President, for approval and endorsement by members of Parliament, and presides over the Legislature. The President is head of the Executive arm of Government and presides over Cabinet. He/she must dissolve Parliament and hold a general election within five years of the previous election, and may do so sooner.

1.6 The first national election was held in 1965. Since then, elections have been held every five years since 1969. The Botswana Democratic Party (BDP) won the first election, and has been returned to power on each subsequent occasion. The most recent general election was held in October 2009. Seven political parties contested the 57 parliamentary constituencies in the 2009 elections, when the BDP won 45 parliamentary seats, the Botswana National Front (BNF) won 6 seats

and the Botswana Congress Party (BCP)/ Botswana Alliance Movement (BAM) won 5 seats and Independent candidate won 1 seat. The rest of the parties did not win any seats. Most of the councils in major cities and towns are run by administrations composed of the ruling party who have won most council wards and therefore have the majority of seats. Such cities and towns include Gaborone, Lobatse, Francistown and Selibe Phikwe .

1.7 There is a Ntlo ya Dikgosi (House of Chiefs), comprising 35 traditional leaders, which advises on matters affecting custom and tradition, including reviewing draft bills before their consideration by Parliament.

1.8 An independent judiciary with a High Court is presided over by the Chief Justice. Subordinate courts are Magistrates' Courts, which have original jurisdiction to try all offences except capital offences, such as murder and treason. Some cases are heard by local chiefs and headmen, or their representatives, and decided in accordance with customary law. The High Court is the appeals court for both branches of the judiciary. A Court Of Appeal deals with appeals from the High Court.

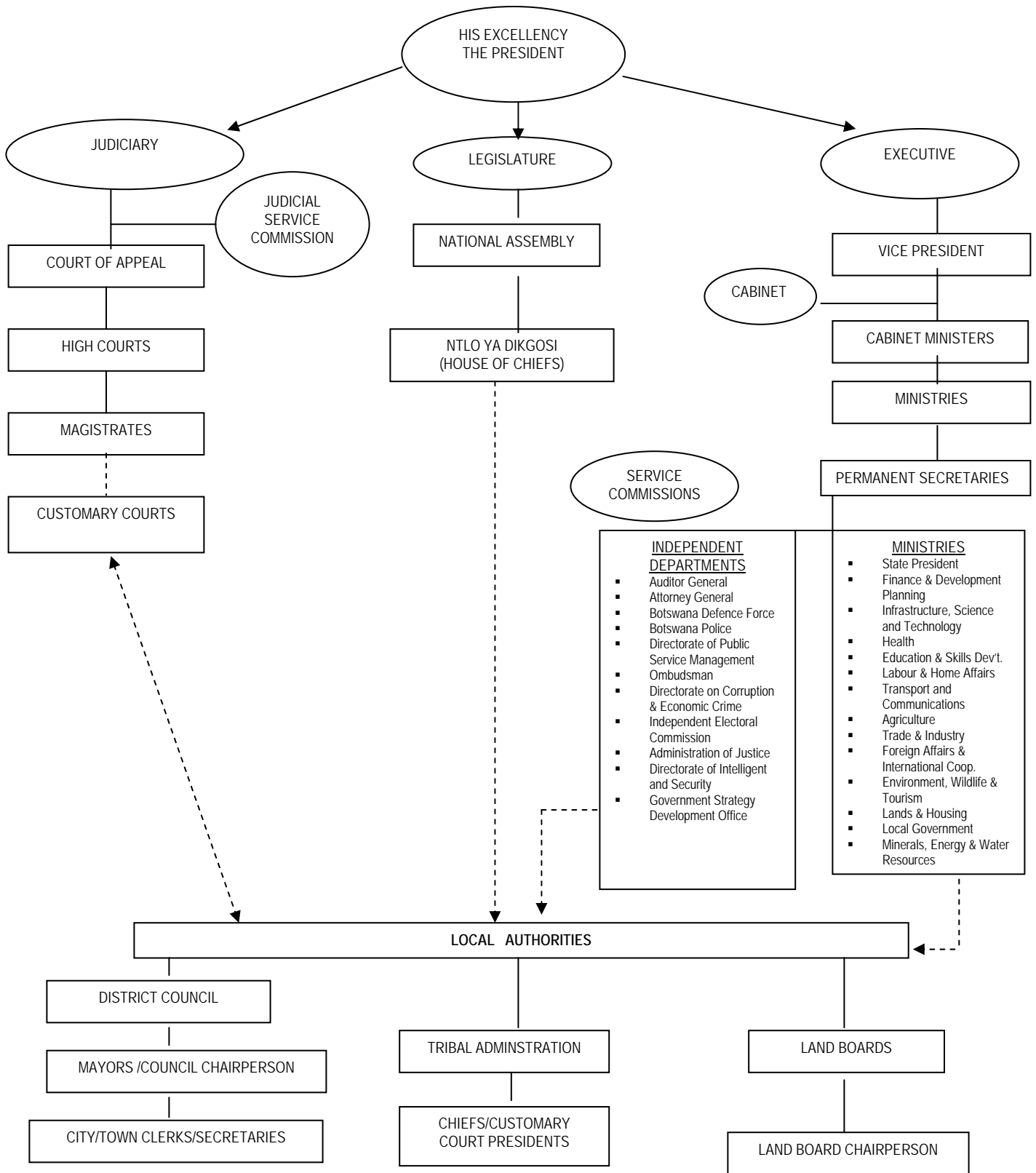
Administrative Structure

1.9 The main components of the Central Government are depicted in Chart 1.1. The Permanent Secretary to the President is the head of the Civil Service. Each Ministry is headed at an official level by a Permanent Secretary. The civil service falls under the Directorate of Public Service Management.

1.10 Gaborone became the capital city of Botswana at Independence. The country is divided into administrative districts. The Central Government is represented in each District by the Department of District Administration, headed by a District Commissioner. There are 16 Administrative Districts and associated Councils as shown in Table 1.1. There are City Councils for Gaborone and Francistown, Town Councils for Lobatse, Selebi-Phikwe, Jwaneng and a township authority for Sowa Town

1.11 At the local level, District, City and Town Councils have elected councillors and additional councillors are nominated by the Minister of Local Government. At the political level, a Town/City Council is headed by the Town/City Mayor, while administratively it is headed by the Town/City Clerk. On the political side, a District Council is headed by a Council Chairperson and a Council Secretary on the administrative side. Both the Chief Executives and their supporting staff are recruited by the Department of Local Government Service Management.

CHART 1.1: THE BOTSWANA GOVERNMENT ORGANISATIONAL CHART



Source: Directorate of Public Service Management

Table 1.1 Administrative Districts and councils

District Councils/Administrative Districts	
1	Gaborone
2	Francistown
3	Selebi-Phikwe
4	Lobatse
5	Jwaneng
6	Sowa Township
7	Southern
8	South East
9	Kweneng
10	Kgatleng
11	Central
12	North East
13	North West
14	Chobe
15	Ghanzi
16	Kgalagadi

Source: Independent Electoral Commission

International Links

1.12 Botswana plays a full role in the international community. The country is a member of various international organisations, such as the United Nations, the World Bank, the International Monetary Fund (IMF), the

World Trade Organisation (WTO), the African Union (AU) and regional bodies, such as the Southern African Customs Union (SACU) and the Southern African Development Community (SADC). The headquarters of SADC is located in Gaborone.

GEOGRAPHY AND ENVIRONMENT

Physical Features

1.13 Botswana is a landlocked, semi-arid country of 582,000 square kilometres, about the same size as Kenya and France. It shares a border with Zimbabwe, South Africa, Namibia and Zambia. Map 1.1 shows Botswana's location within Southern Africa, while Map 1.2 provides a more detailed look at the Republic of Botswana.

1.14 The country is relatively flat, at roughly 900 metres above sea level, with gentle undulations and occasional rocky outcrops. Botswana's physical environment of dry, mainly sandy and poor soils accounts for its varied population distribution. The population is concentrated in the eastern parts of the country. These are better suited for arable production due to relatively favourable climatic and soil conditions.

Map 1.1: Location of Botswana in Southern Africa



1.15 Due to the semi-arid climate, most rivers and streams in Botswana are ephemeral, most valleys are usually dry, except during the rains. Perennial rivers include the Okavango and Chobe, which have their sources outside the country. The Makgadikgadi Pans represent the inland drainage basins into which some rivers, such as the Moseitse, Nata and Boteti, flow during the wet seasons.

Climate

1.16 Because of the country’s location in the sub-tropical high pressure belt of the

southern hemisphere, in the interior of Southern Africa and away from oceanic influences, rainfall is low and temperatures are high. There is high inter-annual variability of rainfall, and drought is a recurring element of Botswana’s climate. Drought adversely affects the already fragile food and agricultural situation in the country and seriously impairs the rural economy and socio-cultural structures. However, the Government has a well thought out and well tested way of coping with drought.

Temperatures

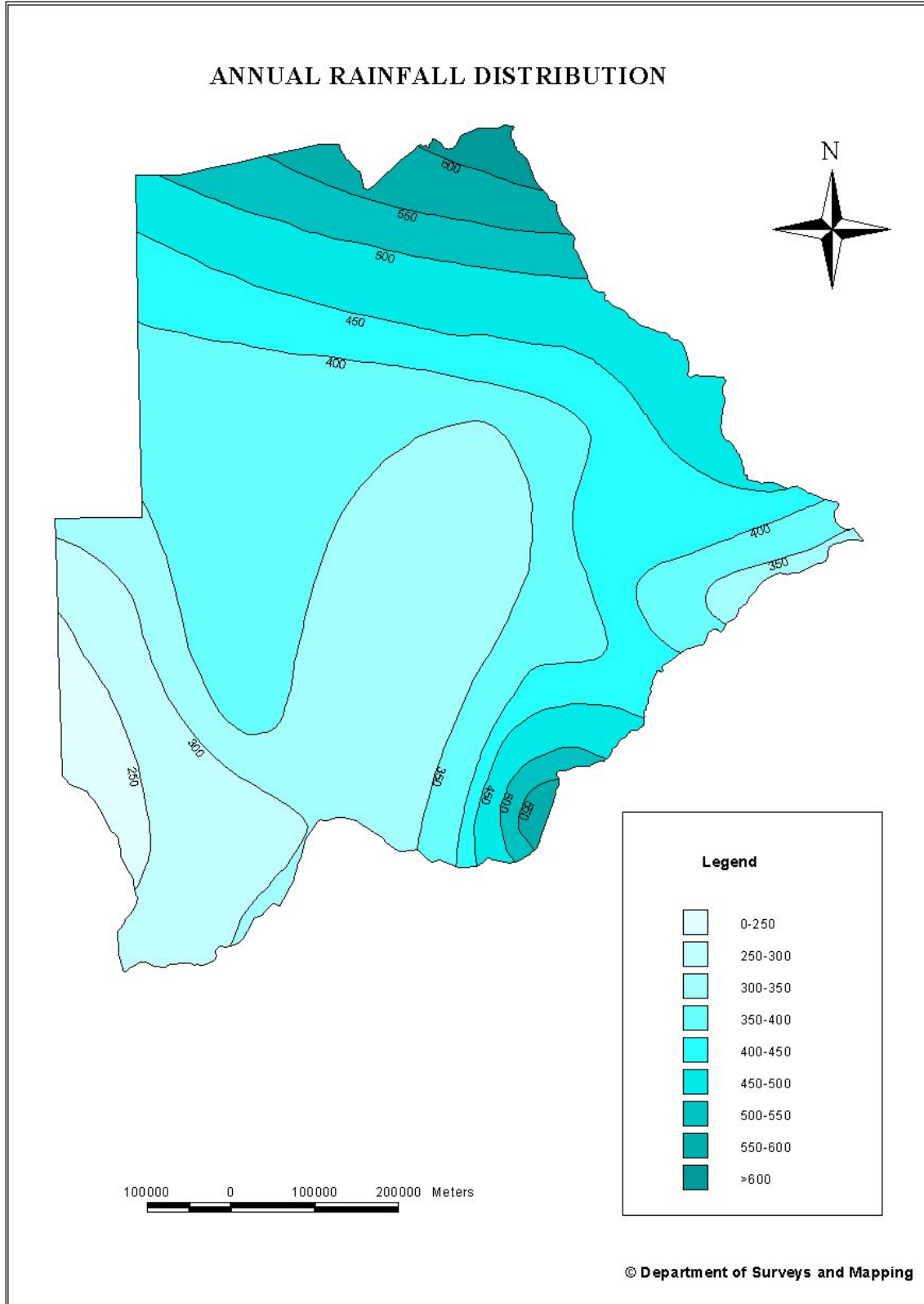
1.17 The mean monthly maximum temperatures range between 23°C to 25°C in the northern parts of the country and 21°C to 23°C in the Southern parts. The lowest mean monthly temperatures vary between 1°C to 5°C over the eastern areas and 5°C to 7°C in the northern parts of the country. The highest mean monthly temperatures range between 22°C and 24°C and are recorded in the month of January.

Vegetation and Soil

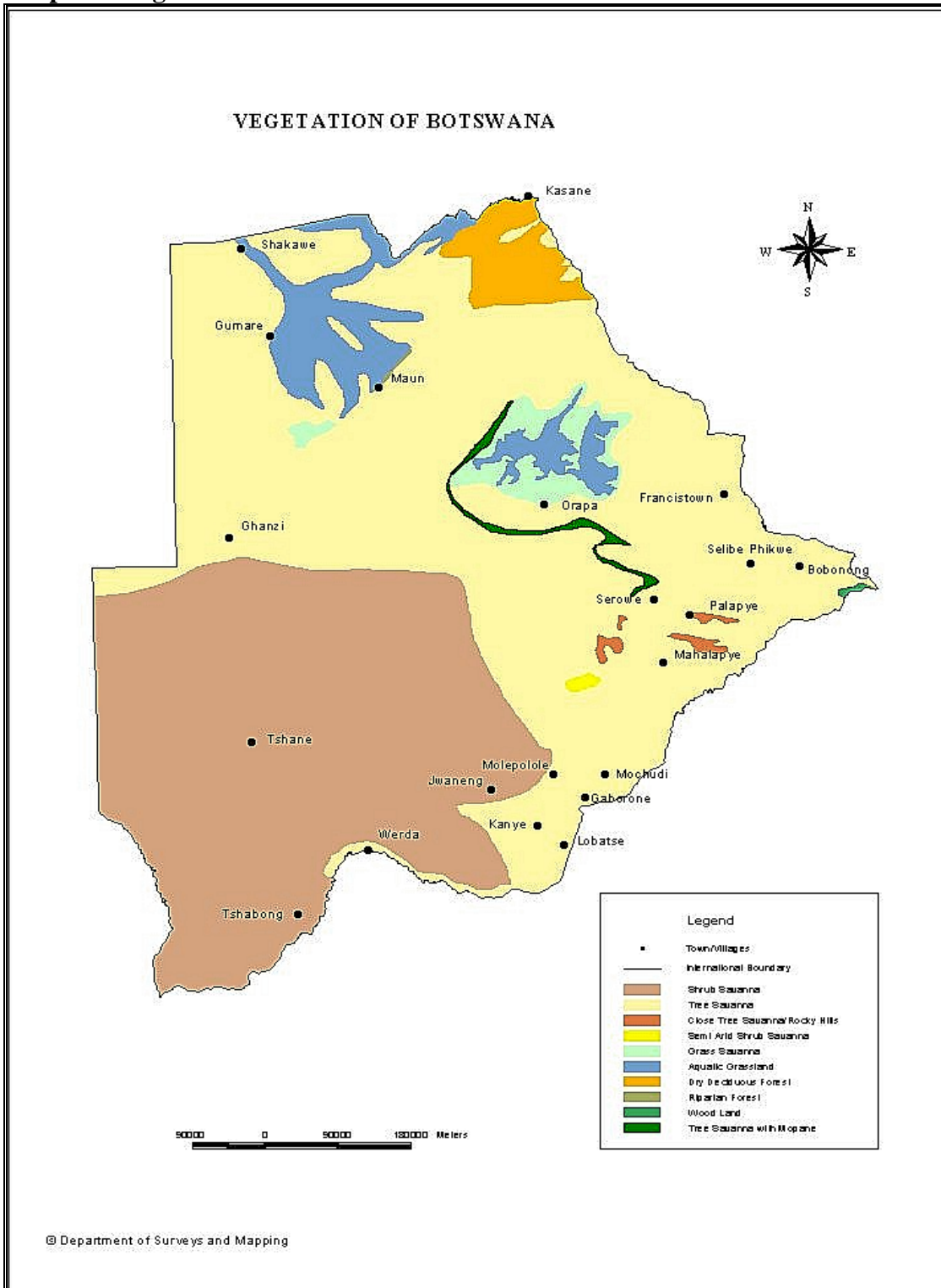
1.18 Vegetation types are closely correlated with climate as a comparison of Map 1.3 (rainfall) and Map 1.4 (vegetation) shows. The vegetation, apart from the bush swampland of the Okavango Delta, is sparse because of long, dry periods each winter season and recurring summer drought. The

Chobe District in the north has comparatively high rainfall and therefore sustains belts of indigenous forest and dense bush and some exploitable hardwood resources. The Makgadikgadi pans, located further south are surrounded by treeless grass savannah. The mopane tree dominates the north-east and the hinterland of the Okavango, while more than half of the country supports scrub and tree savannah. The tallest trees and most dense forest are found in areas where there are good rains and best soils, while drier regions, mostly in the south and western parts of the Kalahari, support only a low scrub savannah. Low rainfall and poor soils are found particularly in the Kalahari, so that the rangeland supports, at best, low density livestock and wildlife. Rangeland degradation occurs when the carrying capacity is exceeded, leading to a change in the vegetation patterns of the range.

Map 1.3: Annual Rainfall Distribution



Map 1.4: Vegetation of Botswana



Natural Resources

1.19 The natural beauty of Botswana is found in its wilderness, wildlife and cultural diversity. It includes range and arable land, a large wildlife population, and a variety of minerals. Some of the last great populations of wild animals left in Africa are found in Botswana; they constitute a tourist attraction that has yet to be fully exploited. More importantly, they make an important contribution to the subsistence economy of the country. Large areas of the country are designated as National Parks and Game Reserves, as shown in Map 1.5. In addition, a considerable amount of game is found outside the reserves, although the wildlife population has been depleted in the more populated areas. Of particular importance for tourism are the Chobe National Park, which contains massive concentrations of large game, and the Okavango Delta, which, besides its outstanding natural beauty, teems with wildlife. Livestock agriculture and game often represent competing uses of marginal land. Careful management is required to ensure that such land is used to its best advantage.

1.20 A lot of mineral exploration has been undertaken in recent years, and much continues to be discovered about Botswana's mineral resources. The thick sand covering much of the country obscures the underlying geology, although the eastern part of the country is relatively well mapped geologically. Diamond mines at Orapa, Letlhakane, Jwaneng and the "B/K pipes" near Orapa and Damtshaa are in production and continue to be the main source of revenue for the economy. Copper-nickel is mined

at Selebi-Phikwe, Selkirk, Phoenix and Mowana; and other potentially exploitable copper resources are known to exist. The exploration for gold deposits has, particularly at Mupane, resulted in proven reserves of approximately 795,000 ounces of gold which can be extracted in a space of at least five years. Mining of coal at Morupule is relatively small-scale at present, but reserves of billions of tonnes have been proven. Salt and soda ash deposits at Sua Pan, which are effectively unlimited, are now being exploited.

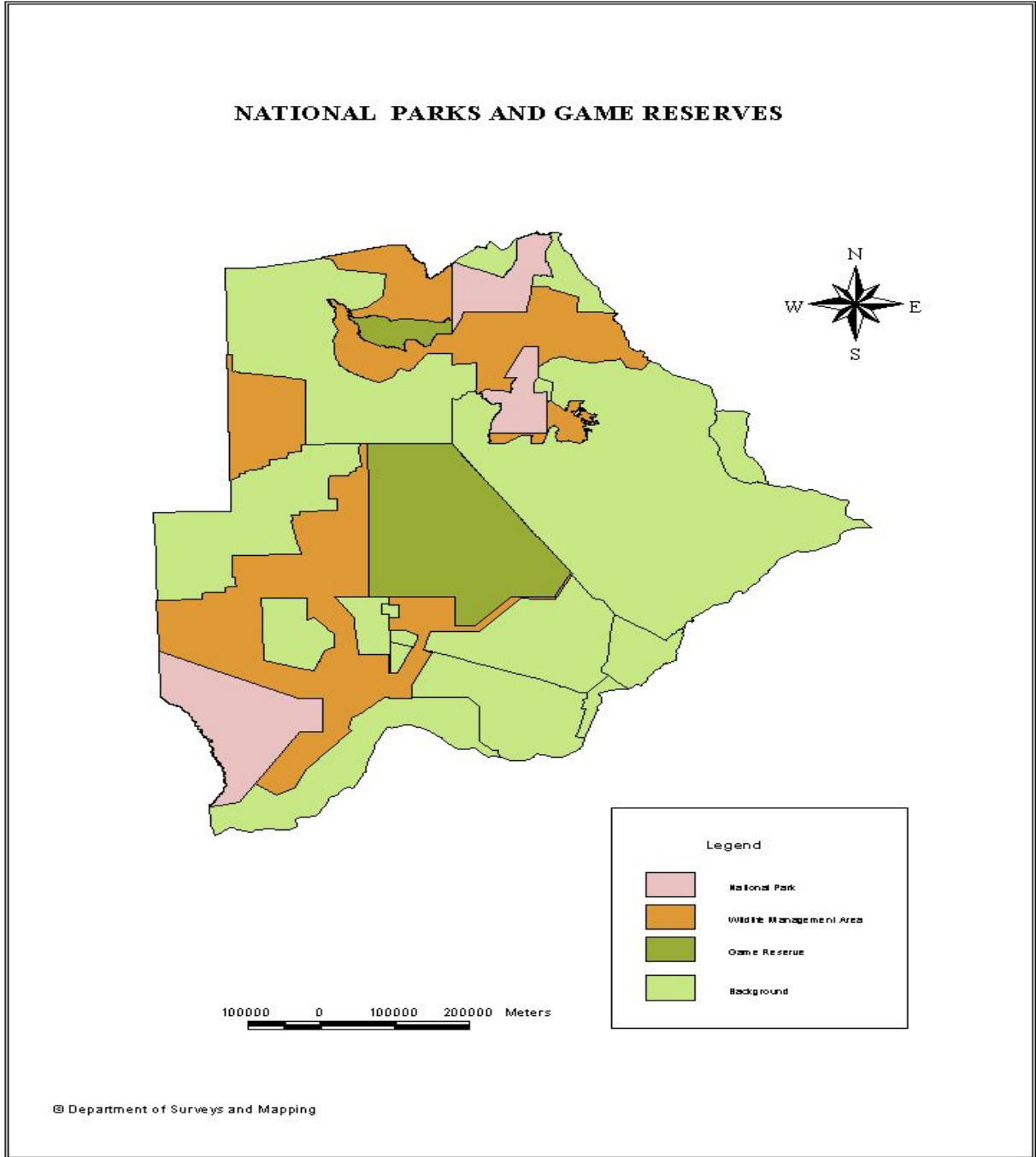
PEOPLE

Main Population Characteristics

1.21 Population characteristics presented in this chapter are based on the 2001 Population and Housing Census, the most recent national census. The 2001 census yielded a de facto population count of 1,680,863, compared with 1,326,796 in 1991. The population was estimated at 1.8 million in 2008.

1.22 Botswana's population grew at an average annual rate of 2.4 percent during the inter-census period between 1991 and 2001, slowing down substantially from the rates of natural increase recorded in the earlier population censuses. While the AIDS pandemic contributed to the decline in the rate of population growth in recent years, there was a decline in the growth rate even prior to the onset of the HIV/AIDS era. The current estimate of the population growth rate is approximately 1 percent.

Map 1.5: National Parks and Game Reserves



1.23 Factors such as declining infant and child mortality rates, declining fertility rates, increased female participation in economic activities, increased literacy rates, access to better healthcare, etc., have had a profound effect on population growth. A summary of the demographic indicators that emerge from a comparison of the 1971, 1981, 1991 and 2001 censuses is presented in Table 1.3. The main demographic features of Botswana's population over the past 30 years are

reflected in the fertility rate declining from very high levels in 1971 and 1981, and an increasing mortality rate and decreasing life expectancy over the decade from 1991 to 2001. There has been a notable decline in all the fertility indicators since 1981. Life expectancy at birth, which had increased from 55.5 years in 1971 to 65.3 years in 1991, decreased to 54.4 years in 2006 as a result of HIV/AIDS.

Table 1.2 Demographic Indicators: 1971 to 2006

Population Characteristics	Census 1971	Census 1981	Census 1991	1998 Botswana Demographic Survey	Census 2001	2006 Botswana Demographic Survey
Enumerated Population	574,094	941,027	1,326,796	1,588,745	1,680,863	1,773,240
Male	262,121	443,104	634,400	749,000	813,583	851,655
Female	311,973	497,923	692,396	840,000	867,280	921,585
Non-Batswana	10,861	15,677	29,557	42,00	60,716	59,245
Botswana Nationals Abroad	45,735	42,069	38,606	*	28,210	*
Male (000's)	36.7	32.6	27.9	*	16.8	*
Female (000's)	9.1	9.4	10.7	*	11.4	*
Population Distribution (%)						
0-4	17.6	18.8	14.6	12.6	11.6	12.0
5-14	29.9	28.8	28.6	27.3	25.0	23.4
15-64	46.9	47.6	51.8	54.6	58.2	58.2
15-49	39.4	40.8	45.5	47.9	52.0	52.3
65+	5.6	5.1	4.9	5.5	5.0	5.0
Percentage of Females aged 15-49 (out of total females)	42.8	42.9	46.5	49.4	52.4	52.7
Dependency Ratio (per 100)	113	110	93	83	72	68
Child-woman Ratio (per 1000)	759	819	602		430	442
Sex Ratio (Males per 100 Females)	84.0	89.0	92.0	89.0	93.8	92.4
Percentage Urban	9.0	17.7	45.7	45.0	54.2	59.6
Population Density (per km)	1.0	1.6	2.3	2.7	2.9	3.0
Birth, death and fertility rates						
Crude Birth Rate (per 1000)	45.3	47.7	39.3		28.9	29.7
Crude Death Rate (per 1000)	13.7	13.9	11.5	10.1	12.4	11.2
Natural Rate of Increase (% per annum)	3.1	3.4	2.7	*	1.7	1.9
General Fertility Rate (per 1000 women aged 15-49)	189	210	161	*	107	108
Mean age at childbearing	30.5	30.6	30.0	*	30.3	*
Total Fertility Rate (births per woman)	6.5	6.6	4.2	3.4	3.3	3.2
Infant Mortality Rate	97	71	48	51	56	48
Child Mortality Rate	56	35	16	17	19	26
Under 5 Mortality	152	105	63	67	74	76
Life Expectancy at Birth (years)	55.5	56.5	65.3	62.0	55.7	54.4
Males	52.5	52.3	63.3	59.6	52.0	48.8
Females	58.6	59.7	67.1	64.5	57.4	60.0
Mean Age (years)	23.4	22.7	23.0	*	24.8	25.2
Males	22.6	22.0	22.4	*	24.2	24.1
Females	24.1	23.4	23.5	*	25.3	26.3
Median Age (Years)	15.0	15.3	16.8	*	20.1	21.9
Males	13.5	15.0	16.0	*	19.4	20.0
Females	16.7	16.5	17.4	*	20.8	22.7

Note: * indicates that data are not available from the Surveys

Source: Central Statistics Office: National Censuses 1971, 1981, 1991 and 2001; 1998 and 2006 Botswana Demographic Surveys

CHAPTER 2

POPULATION AND DEVELOPMENT

INTRODUCTION

2.1 Population and development issues, and their economic and social ramifications, are important for planning, policy-making and interventions at all levels. They matter for addressing population welfare concerns regarding the quality of life and standard of living, and for the achievement of development goals. Therefore, countries and the international community at large frequently formulate and implement population and development policies and programmes, such as the International Conference on Population and Development - 1994 Plan of Action and the Millennium Development Goals (MDGs), and periodically monitor the achievement of their goals and targets.

2.2 Botswana's concerns over population and development issues date back to Independence. The first National Development Plan (NDP) (1968-73) had, as its major objective, the goal "to raise the standard of living of the people of Botswana." The same commitment was reiterated in the following NDP (1970-75), which observed that "if it proves feasible to restrain population growth, it should be possible to achieve a systematic improvement in the overall standard of education, which is a fundamental prerequisite to attaining high per capita productivity and, hence, income."

2.3 Vision 2016 added new dimensions to the population and development concerns in Botswana. The importance of having a long term development planning perspective has been recognised from the early years of Botswana's Independence. The National Vision 2016, "A Long Term Vision for Botswana: Towards Prosperity for All", provides a blueprint for the country's

development path until the year 2016. The Vision outlines what Botswana aspires to be by 2016 by identifying pillars to be reached, as well as challenges and opportunities that should be exploited to attain the national aspirations. The Vision outlines the country's aspirations as being a nation that is "educated and informed", "prosperous, productive and innovative", "compassionate, just and caring", "safe and secure", "open, democratic and accountable", "moral and tolerant" and "united and proud". The Vision recognised that it would be necessary "to manage population growth in Botswana if its people are to be adequately catered for in terms of education, health and service provision." It also acknowledged that "Botswana has a small population with a large resource base." This can be seen as an advantage in that changes can be introduced more quickly.

2.4 The intricate interrelationships between population and development have been the subject of discussion and debate at a number of international conferences. However, a consensus was developed at the 1974 World Population Conference in Bucharest, and re-affirmed at the 1984 International Conference on Population. The conferences agreed on the need to consider the broad issues of the interrelationships between population and sustained development. The 1994 International Conference on Population and Development built on this consensus, but with a broader mandate on development issues, reflecting the close relationships between population, poverty, patterns of production and consumption and the environment, underscoring that none of these issues can be considered in isolation.

2.5 This paradigm shift reflects the recognition that population as a factor and a beneficiary of development is central to social and economic planning and, therefore, must be integrated into the mainstream development planning process. As a result, Government adopted a comprehensive, multi-sectoral National Population Policy in 1997. The Policy provides a framework to ensure that the dynamics of population and development are taken into account in mapping out long term prospects. Since the impact of policies and programmes cannot be evaluated realistically within the medium-term time frame, a long term planning perspective, such as Vision 2016, is necessary. The National Population Policy has been reviewed to align it with the latest developments, including the MDGs.

2.6 In 2000, the Government of Botswana, along with other governments, signed the Millennium Declaration. Most importantly, the declaration committed Botswana to alleviating extreme poverty and its related socio-economic problems. The Declaration commits countries to achieve eight goals by 2015. These include: “eradicating extreme poverty and hunger”; “achieving universal primary education”; “promoting gender equality and empowering women”; “reducing child mortality”; “improving maternal health”; “combating HIV/AIDS, malaria and other diseases”; “ensuring environmental sustainability”; and “developing global partnerships for development.”

2.7 The resource needs to achieve these goals are substantial. The 2005 United Nations World Summit of the Millennium Development Goals recognised this challenge and called on countries to “develop and adopt by 2006, and implement comprehensive national development strategies to achieve the internationally agreed development goals and objectives, including the Millennium Development Goals.” Botswana has undertaken a detailed inventory of the full range of public interventions and investments

needed to meet or exceed the MDGs, along with the associated costs of doing so, and the most feasible way of financing these interventions. This MDG needs assessment and costing exercise is, therefore, fundamentally about the meaningful integration of MDGs into National Development Plan 10 to ensure that Botswana accelerates progress to achieve both the National Vision 2016 objectives and MDG goals. Some details of the progress made with respect to the MDGs are provided in the following section.

PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS (MDGS)

2.8 The MDGs to be achieved by 2015 overlap considerably with the goals of Vision 2016. The report of Botswana's Millennium Development Goals Based Strategies has provided estimates of the cost of the programmes needed to reach the MDGs. These have been incorporated into National Development Plan 10 to the extent possible, given the public expenditure strategy adopted on the basis of the government revenue that will be available during NDP 10 (see Chapter 6). Progress towards the MDGs includes the following:

- *Eradicate extreme poverty and hunger.* The proportion of people living below the Poverty Datum Line fell from 49 percent in 1993/94 to 30 percent in 2002/03, and is estimated to have declined further to 23 percent by the end of NDP 9. The percentage of children under the age of five, who were underweight for age, was reduced from 12.4 percent in 2000 to 4 percent in 2006.
- *Universal primary education.* In 2004, the net enrolment rate for the primary school age group, those between 7 and 13 years, was 98.5 percent. The Ministry of Education and Skills Development

(MOESD) uses the statistic for net enrolment of those between 6 and 12 years (89.5 percent). These high attendance rates were achieved despite education not being compulsory, although there are no fees for government primary schools.

- *Promotion of gender equality and the empowerment of women.* Botswana's performance improved, or remained satisfactory, on several of the measures of gender equality and female empowerment. The ratio of girls to boys in primary and secondary education remained above 100 percent, as did the ratio of young literate females to males. There was also an improvement in the percentage of women employed in the non-agricultural sectors of the economy: from 38.4 percent in 1995, to 40.2 percent in 2000, and 42.4 percent in 2006. In contrast, the percentage of women in Parliament dropped to 6.55 percent in 2009, from 11 percent in 2004.
- In addition, progress was made during NDP 9 on the following:
 - Gender mainstreaming in line ministries;
 - Some laws amended to make them gender responsive;
 - Reviews of gender in sectoral policies; and
 - Ratification and acceding to regional and international instruments on gender.
 - *Reduction of infant and child mortality.* As noted in the section on health below, HIV/AIDS reversed progress made previously in reducing both infant and child mortality. Infant mortality increased from 48 per thousand live births in 1991, to 56 per thousand in 2001. Similarly, the mortality rate for children under five increased from 63 per thousand in 1991, to 74 per thousand in 2001 (Table 1.2).
- *Improvement of maternal mortality rates.* The maternal mortality rate was 167 per

100,000 live births in 2006 compared to 326 in 1991. The Government aims to reduce maternal deaths to 150 per 100,000 live births by 2011. Some progress has been made, but it has been made more difficult by the high HIV/AIDS prevalence among women in the reproductive age group. This is so despite improvement in the high proportion of births attended by skilled health personnel, which was 97 percent in 2000 and 96.1 percent in 2003.

- *Combat HIV/AIDS, malaria and other diseases.* There has been some improvement with respect to HIV prevalence, for the first time in many years. HIV prevalence among pregnant women aged 15-49 decreased from 37.4 percent in 2003 to 32.4 percent in 2006. The HIV prevalence rate for the adult population of reproductive age (i.e., those aged between 15 and 49) was 29 percent in 2002, 31 percent in 2003 and 28 percent in 2005. [Botswana Second Generation HIV/AIDS Surveillance Technical Report, 2006]. HIV prevalence among the 15-19 year age group has fallen from a peak of over 30 percent in 1995, to 17.5 percent in 2006. There has also been a recent fall in HIV prevalence among those aged 20-24, from 30.6 percent in 2003, to 29.4 percent in 2006. This suggests that Government's extensive HIV and AIDS information, education and communication campaign has had some salutary effects on behavioural change among younger people.
- However, HIV prevalence remains high. In part, this could be attributed to a positive impact that the availability of free Anti-Retroviral (ARV) therapy has had in prolonging the lives of people living with HIV. The incidence of tuberculosis has tended to get worse in recent years, because HIV/AIDS reduces resistance to this and other diseases,

although there was a slight reduction in the incidence of tuberculosis in 2005.

- *Ensure environmental sustainability.* Progress with respect to environmental sustainability was made on a number of fronts during NDP 9, including the introduction of State of Environment reporting and the production of natural resources accounts for livestock, minerals and water, in order to mainstream environmental issues into the planning process. In addition, Environmental Impact Assessment (EIA) legislation came into force in May 2005, along with the subsequent promulgation of environmental regulations. Government also ratified several multilateral environmental agreements, including: a National Action Plan under the United Nations Convention to Combat Desertification; a Biodiversity Strategy and Action Plan under the United Nations Convention on Biological Diversity; and the designation of the Okavango Delta as a Wetland of International Importance. Also, the Okavango Delta Management Plan was developed and adopted.
- Some environmental problems remain, however, including: the absence of legislation for coordinated environmental management planning; the absence of district environmental coordinators; inadequate institutional capacity at the Department of Environmental Affairs, which results in delays in reviewing and approving EIA reports; the lack of capacity to develop natural resource accounts, resulting in gaps in the accounts; and the absence of recycling of wastewater and waste materials in urban areas.
- *Develop global partnership for development.* This goal involves developing an environment conducive for beneficial trade and foreign direct investment (FDI), cooperating with the private sector to make available the benefits of new technologies, especially

Information and Communication Technology (ICT), and reducing the specific problems faced by Botswana as a landlocked country. With respect to technology, Botswana is ranked seventh in Africa and 66th out of 133 countries globally, according to the Global Competitive Index 2008. While this relative position appears moderately attractive, there is an urgent need to improve the ICT infrastructure for all businesses, in particular if Botswana is to increase those service exports which rely on improved access to the internet. This is particularly relevant in overcoming the impediments to development inherent in being a landlocked country.

POPULATION SITUATION AND DEVELOPMENT PROSPECTS

Population Size and Growth

2.9 Botswana's population has increased over the years, from 574,000 in 1971, to 941,000 in 1981, 1,327,000 in 1991 and 1,681,000 in 2001. The rapid growth from 1971 to 1991 was the result of the country's high birth rate and declining mortality rates, which were due to the improved health of the population. However, since 1991 the rate of population growth has been declining, growing only 2.4 percent per annum over the decade to 2001. A declining trend in the growth rate of the population is projected out to 2016. The population is projected at 1,776,000 in 2008 and 1,977,000 by 2016.

Fertility

2.10 The total fertility rate (i.e., the average number of children that would be born to a woman over her lifetime) declined sharply from 6.6 children per woman in 1981 to the 1991 level of 4.2, and to a current level of about 3.3. This decline has been rapid and the total fertility rate is now lower than the stated population policy

target of reducing fertility to 3.4 by 2011. The thrust of the revised population policy will change from trying to encourage lower fertility to that of maintaining fertility at a level above the population replacement level.

Mortality Rates

2.11 Along with the declining total fertility rate, there is evidence of increasing mortality rates. Mortality rates have increased in recent years after a sustained decline during the period from Independence to 1991. The crude death rate increased from 11.5 to 12.4 per 1000 between 1991 and 2001, reversing somewhat the earlier gains. Infant mortality has also increased from the low of 48 per 1000 in 1991 to 56 per 1000 in 2001. The increases in mortality rates have impacted heavily on the life expectancy at birth. After a sustained increase from 55.5 years in 1971 to 65.3 years in 1991, life expectancy declined dramatically to 55.5 in 2001, and declined further to 54.4 in 2006. The increases in mortality rates and reduced life expectancy are largely due to the impact of HIV and AIDS. The financial and human resources needed to fight the HIV/AIDS epidemic have been substantial, diverting resources from other socio-economic challenges facing the country.

2.12 Despite the continuing decline in the population growth rate and the total fertility rate, the population of Botswana will continue to grow for some years to come, largely due to the built-in momentum of growth arising from high fertility of the past years and the youthfulness of the population.

Marital Status

2.13 The marital status of the population has changed considerably over the past three decades, reflecting the significant changes that have occurred in social relations and family structure. Data from the 2001 population and housing census indicate that

the institution of marriage is declining. Only 17% of the females eligible for marriage were actually married in 2001, in contrast to 44.4 percent and 41.5 percent in 1991 and 1981, respectively. Related to this, the number of never-married men and women has steadily increased over the three census periods 1971-2001.

Population Age Structure and Momentum for Growth

2.14 Botswana has a relatively young population, with 35.6 percent of the population aged below 15 in 2006, down from 47.5 percent in 1981, 43.2 percent in 1991 and 36.7 percent in 2001. The declining proportion of those aged under 15 in the total population is due to the combined effects of increased child and infant mortality because of HIV/AIDS, a lower fertility rate due to the use of contraceptives among women of reproductive age, and greater participation of women in the mainstream economy. Despite the declining share of the total population, the youthful structure of the population has important implications for the education, training and skills development of the youth, as they move into the labour market, seeking employment. A disturbing picture for youth employment has already emerged, with the 2006 Demographic Survey showing that 66 percent of those aged 15-19 were unemployed, and 55 percent of those aged 20-24.

2.15 The working age population (i.e., those aged 15-64) more than doubled between 1981 and 2006. The annual growth rate of the working age population, of 3.4 percent between 1981 and 1991 and 3.5 percent between 1991 and 2001, was higher than the growth rate of the population. In 1981, 47.6 percent of the population was of working age. The proportion increased to 58.2 percent in 2001 and 59.2 percent in 2006. The increase in the working age

population presents major challenges in terms of providing job opportunities in order to achieve the Vision 2016 goals of full employment and elimination of poverty by 2016.

2.16 The changing age structure of the population has several major policy implications. The increasing share of the total population comprising the working age population has reduced the dependency ratio (i.e., the ratio to those aged 0-14 and 65+ to those age 15-64) dramatically, from over 1.12 in 1981 to 0.94 in 1991 and further to 0.72 in 2003. This decline is mainly due to the rapid increase in the working age population and the decline in the proportion of children under age 15 in the total population.

2.17 A second major demographic change involves the increasing urbanisation of youth. About 61.2percent of the youth (those age 15-29) lived in urban areas in 2001 compared to 55.5percent in 1991. Thus, while youth numbers are increasing, they are increasingly becoming concentrated in urban areas where education services and job opportunities are more available.

Migration, Population Distribution and Urbanisation

2.18 Migration and population trends in Botswana have important implications for the quality of life of people in urban and rural areas which warrant special attention. Botswana has been rapidly urbanising. Urbanisation is an inevitable consequence of economic development that must be recognised and provided for. Rapid urbanisation gives rise to increasing demand for urban-based services, such as housing, water and energy, which will require more financial and human resources.

2.19 Botswana defines an urban area as any locality with 5,000 or more inhabitants, with at least 75 percent of its workforce engaged in

non-agricultural activities. The proportion of the population living in urban areas had grown dramatically from 9 percent in 1971 to 54.2 percent in 2001 and 57.4 percent in 2006. It is projected to reach 65 percent by 2011. Rapid urbanisation is often associated with increasing urban poverty, rapid growth of slums, growth in informal sector activities and rising crime rates, among others. Through planned settlement development, Botswana has avoided the development of slums. Urbanisation also presents a wide range of opportunities, including increased access to public and private services, such as health and education. In addition, urbanisation will present opportunities for the development of markets and enterprises in cities and towns.

2.20 The Revised National Population Policy will address the challenges and opportunities of rapid urbanisation, and the implications of the changing population distribution on achieving the development planning objectives and improving welfare. As they have in the past, these evolving population distribution patterns will undoubtedly impact on development planning at the national level across all sectors, as well as at the local level for both rural and urban areas.

2.21 While some of urban population growth is due to natural increase, a high proportion results from migration from rural areas of persons in search of better life and services, and to the reclassification of formerly rural areas into urban areas. The policy environment to manage this trend has been improved. The Rural Development Policy of 2003 is aimed at guiding, harmonising and coordinating sectoral and other rural development activities. The development of the rural areas will make them more attractive to investment, which can serve to provide job opportunities in the rural areas.

2.22 In addition, the National Settlement Policy was adopted in 1998 with a goal to ‘provide a comprehensive set of guidelines for national physical planning and to provide a framework for guiding the distribution of investment in a way that reflects the settlement’s population size, economic potential, level of infrastructure and role as a service centre’. The National Settlement Policy has as its goal ‘reducing the rate of migration to towns’ by providing, where it is practical:

- similar levels of infrastructure and services to villages that are on the same hierarchical level with towns
- incentives for the location of job creating activities in rural areas and villages
- access to loans and financial resources of those living in rural areas and villages.

2.23 A further challenge involves the issue of increased international migrants, which will need to be addressed with strategies to maximise the benefits and minimise the costs associated with the new trends of international migration.

Population and Water Resources

2.24 Water is a scarce resource in Botswana owing to recurring drought conditions. Demand for water has increased considerably in urban areas where the population is growing rapidly. Increased consumption, combined with a very limited national recharge rate, requires constant sinking of new boreholes, leading to a significant fall in the groundwater table. To complement the underground water resources, Government completed the North-South Water Carrier project to transfer water from Letsibogo Dam in the north to the greater Gaborone area.

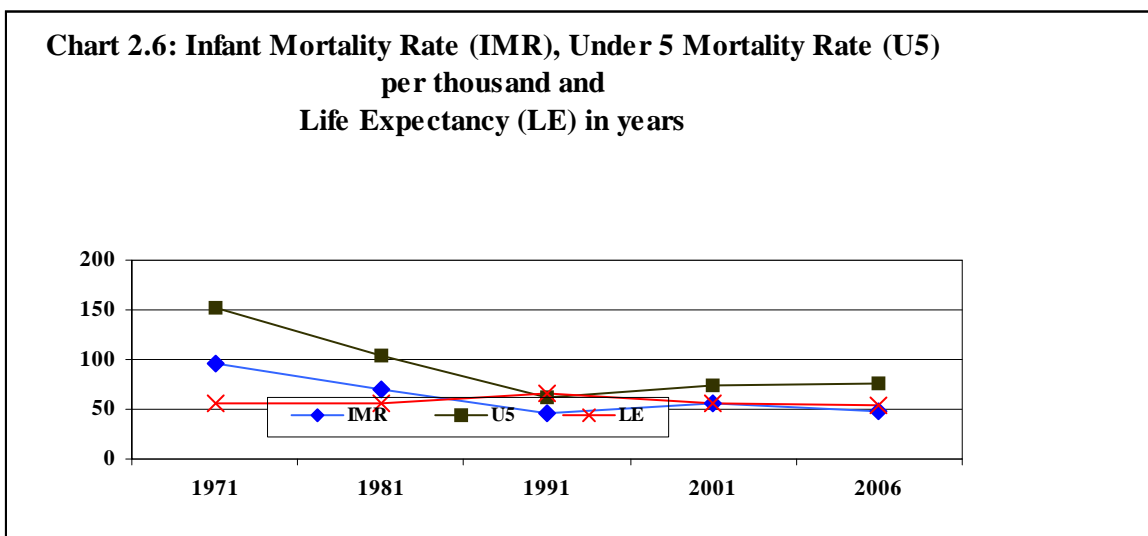
2.25 During NDP 9, Government undertook a number of water projects, including the Ntimbale Dam and its treatment works and pipeline. In a further effort to

augment groundwater resources, major dams have been proposed at Dikgatlong, Thune, Lotsane and Moseitse. The North-South Carrier II pipeline project should be started before the end of 2009. The completion of these projects will contribute to economic growth and the achievement of the Vision 2016 pillars, including access to safe drinking water in line with the MDGs. In 2000, 98 percent of the population had access to safe drinking water, up from 77 percent in 1996.

Health

2.26 Provision of sexual and reproductive health services, including family planning, will continue to receive emphasis. The demand for such services continues to grow with the increase in number of women of reproductive age (15-49). A number of achievements have been made in this area, as noted in the paragraphs above on progress towards the MDGs. In addition, use of modern methods of contraception has increased, from 32 percent in 1984 to 44 percent in 2001.

Chart 2.1 Infant Mortality Rate under 5 years



Source: Central Statistics Office

2.27 Programmes aimed at reducing teenage child bearing are having some of the desired results. Evidence is provided by the downward shift in teenage fertility from 96.6 births per 1000 teens aged 15-19 in 1991 to 64.0 in 2001. Estimates for 2007 show a decline in teenage fertility to 52.1 births per 1000 teens, from 237 in 1988. The downward trend in teenage fertility points to the desire to delay pregnancy or to decide against childbearing altogether. Teenage females are often at high risk of pregnancy complications, low birth weight, premature babies and unsafe abortions.

Population and Poverty

2.28 The Revised National Policy on Rural Development was adopted in 2002. Its aim is to reduce rural poverty, promote sustainable livelihoods, stimulate rural employment and income generation, diversify the rural economy, reduce dependence on Government, and maintain and improve rural capital. Despite Botswana’s economic achievements over the last 40 years, the country still faces serious challenges of poverty compared to countries

of similar economic stature. The 2004 Millennium Development Goals Status Report notes that “in Botswana, poverty is fundamentally a structural problem. It is a consequence of a narrow economic base, which limits opportunities for gainful employment; a poor endowment of agro resources; (and) a small and sparsely distributed population.” Collectively, these attributes translate into limited capacity for sustainable employment creation and poverty reduction.

2.29 As noted in paragraph 2.9, the poverty rate fell from 49 percent in 1993/94, to an estimated 23 percent by the end of NDP 9. Poverty has a moderate gender bias. In 1993, 50 percent of female headed households were poor compared to 46 percent for male headed households. The immediate causes of poverty identified by the Botswana Institute for Development Policy Analysis (BIDPA) in 1996 include: unemployment and underemployment, which are primarily determined by lack of education and skills; ill health, in particular HIV/AIDS, which takes people out of work (both those who are sick, and their carers), destroys accumulated wealth and creates new

groups of vulnerable people; lack of access to productive assets such as land, water and finance; and lack of access to markets.

2.30 To continue its fight against poverty and alleviate its impact, the Government adopted the National Poverty Reduction Strategy in 2003. This aims to link and harmonise anti-poverty reduction initiatives, provide opportunities for people to have sustainable livelihoods through expansion of employment opportunities and improved access to social investment, and to monitor progress against poverty. Other schemes which contribute directly to poverty reduction include the Citizen Entrepreneurship Development Agency (CEDA), and various welfare programmes such as the 1980 Destitute Allowance Programme and the Old Age Pension Scheme.

Population and Education

2.31 Education has been a key development priority for Botswana since Independence. The Revised National Policy on Education of 1994 emphasised that Botswana's principal education goal is to produce a competent and productive workforce. Government also recognises that education is an important factor in achieving human development. By informing citizens, education sets the stage for awareness about individual rights and responsibilities. Botswana has made great strides in educational development over the years. For example, there was an increase in literacy rates from 68 percent in 1993/94 to 83 percent in 2007/08.

2.32 Primary school enrolments have remained high for Botswana, as noted in paragraph 2.10. A major challenge in the remote areas is pupils who drop out of school for a number of reasons, including desertion (students leaving without giving a reason), illness, pregnancy, expulsion and death. In 2003, desertion constituted 84 percent of

primary school drop-outs and 50 percent of secondary school drop outs.

POPULATION AND DEVELOPMENT POLICY AND STRATEGY FOR NDP 10

2.33 Past National Development Plans repeatedly emphasised the importance of reducing population growth because it was viewed as a factor that can retard economic growth and rising per capita incomes in the country. The reduction of population growth to enhance human resources development and productivity was singled out as one of the five strategic priorities of Government in the 1997-2003 planning period.

2.34 The demographic developments that took place from 1997 to 2009 necessitated a revision of the 1997 National Policy on Population and Development. Supported by sustained high economic growth, these developments included rapid urbanisation and other population movements, improvements in the delivery of social services, particularly health and education, promotion of reproductive health and development of programmes for combating the spread of HIV/AIDS and addressing its social and economic impact. Most crucially, the rate of growth of population was estimated to have fallen to about 1 percent by the end of NDP 9, so that the old policy of trying to reduce the rate of growth of population is no longer considered relevant. The Revised National Population Policy will emphasise improving survival rates for infants, and for women throughout their reproductive years.

2.35 The National Population Policy was further revised and updated to align it with achievement of the MDGs and Vision 2016. It emphasises the importance of investment in human capital and in social development. Investments in education, training and development of skills, creation of employment opportunities, housing, public health and social security systems will

empower families and individuals to improve the quality of their lives. The revised Policy will soon be submitted to Parliament for endorsement /approval.

2.36 Implementation of the revised Policy will require concerted efforts by the various multi-sectoral stakeholders, with the Ministry of Finance and Development Planning (MFDP) playing a coordinating role. The multi-sectoral National Council on Population and Development will oversee the policy's implementation. District structures have been established to coordinate implementation of the revised Population Policy at the district level, as well as to ensure integration of population parameters in the local planning processes.

HIV/AIDS

2.37 The HIV/AIDS pandemic has led to increases in mortality rates, particularly for infants and adults of reproductive age. This has impacted negatively on the quality of life, and run counter to the National Population Policy's objectives, for example of reducing infant mortality to 27 per 1000 live births and increasing life expectancy at birth to 71 years by 2011. The reverses in some of these quality of life indicators have made some of the Vision targets unattainable by 2016. The Population Policy's goals must be revisited to take into account these realities.

CONCLUSION

2.38 The emergence of the HIV/AIDS pandemic has reversed some of the hard earned gains of past development plans. The disease affects mostly the productive segment of the population. The disease also diverts resources that could have otherwise been used for other development endeavours. Government will continue, therefore, to explore more sustainable and cost effective delivery of services.

2.39 Sustained high economic growth will help in meeting the pressures resulting from (a) the deterioration in the quality of life due to HIV/AIDS and other diseases, and (b) changes in the composition of the population and rapid urbanisation. Emphasis should continue to be placed on investment in human capital development (e.g., education, training and building of skills and entrepreneurship) as a strategy for economic diversification and for the empowerment of individuals and families. This is intended to enable them to address their health, social and economic needs, and thereby improve their welfare. Such investments will foster the behavioural change needed to help Botswana win the war against HIV/AIDS.

2.40 There is need for developing relevant capacities for the management of population programmes, and for monitoring and evaluating their outcomes and impacts, and for coordination of activities aimed at achieving the population policy objectives. The existing population institutions, which are structured around the rationale of restraining population growth, will have to adapt to the changing direction of policy.

2.41 Successful implementation of a broad-based population policy will be largely determined by the institutional, human and organisational capacities to:

- Efficiently manage and implement programmes to achieve policy objectives;
- Accumulate information for monitoring and evaluation of programmes, for further policy and programme developments, and for the integration of population parameters in development planning;
- Undertake research on population issues and their linkages to social and economic development; and
- Develop tools for coordination of population and development activities across all sectors.

CHAPTER 3

NDP 10 PLANNING APPROACH AND MACRO DEVELOPMENT RESULTS FRAMEWORK

INTRODUCTION

3.1. Botswana's tradition of multi-year economic planning dates back to the time of Independence, with the drawing up of Botswana's Transitional Plan for Social and Economic Development. Since then, successive National Development Plans have aimed at guiding the development of Botswana's economy and drawing up programmes of public expenditure on recurrent and development projects, based on projected revenue resources of the Government. Botswana has undergone a tremendous transformation over the 42 years since Independence, but the basic approach to national development planning remains based on the enduring national principles of **democracy, development, self-reliance, and unity**. These principles are as relevant today as they have always been. But, they have been augmented with the Vision 2016 principle of 'Botho', which is engrained in Setswana culture, and refers to a state of being humane, courteous and highly disciplined in one's endeavours to achieve one's full potential as a human being, while encouraging social justice for all. These five national principles set the stage for the planning objectives of **sustained development, rapid economic growth, economic independence and social justice**, which are to be pursued throughout National Development Plan 10.

3.2. Vision 2016 represents Botswana's strategy to achieve socio-economic and political development that will transform the country into a competitive, winning and prosperous nation. The Vision reflects the aspirations of Botswana about their long-term future and is a result of extensive consultations with a wide spectrum of

individuals and institutions in the country. The Tenth National Development Plan (NDP 10) represents the blueprint of the National Vision, outlining the policies and key programmes aimed at achieving the Vision 2016 objectives during the 2009 to 2016 period. Achievement of the Vision objectives requires all stakeholders, whether Government departments, various private sector organisations, political parties, non-governmental organisations, families, parastatal organisations, Parliament and others, to play active and effective roles in the development process. NDP 10 has been developed with the active participation of non-state actors through the setting up of Thematic Working Groups (TWGs). This was to ensure that all development partners are intimately involved in the planning process, as well as during the implementation, monitoring, evaluation and reporting stages of the Plan.

NDP 10 PLANNING APPROACH

3.3. The preparation process for the tenth National Development Plan (NDP 10), which covers the period from April 2009 to March 2016, was guided by a multi-sectoral reference group. This is comprised of, among others, government officials from the Ministry of Finance and Development Planning, the Office of the President and other Ministries, together with representatives of the private sector, trade unions, non-governmental organisations, the Vision 2016 Council and the Bank of Botswana. The process of preparing the Plan commenced with Ministries and Independent Departments being requested to submit critical issues that emerged during

the implementation of NDP 9, and extensive stakeholder consultations, that culminated in the development of a Keynote Policy Paper (KPP) prepared by the Ministry of Finance and Development Planning. The KPP set out the critical macro policies, programmes and strategic issues that must be addressed by the Plan.

3.4. This was followed by Sectoral Keynote Issues Papers (SKIPs), prepared by Ministries and agencies, also in consultation with stakeholders, reviewing their NDP 9 sectoral areas and presenting the crucial issues and strategic challenges, including policies and programmes, that must be addressed in their respective areas of responsibility. On the basis of these SKIPs, and the comments received on them from stakeholders, the Ministry of Finance and Development Planning prepared the Macroeconomic Outline and Policy Framework for NDP 10, which involved extensive consultation with the line Ministries, Local Authorities, the NDP 10 Reference Group and the Economic Committee of Cabinet. It was subsequently approved by Cabinet in March 2008.

3.5. The Macroeconomic Outline and Policy Framework marked one of the major milestones in the preparation of the tenth National Development Plan. It begun with a suggested Theme for the Plan period, and outlined the development policy thrust for NDP 10 by defining priority areas of focus during the Plan period. After the overview of the broad policy framework and strategy for NDP 10, it then described Botswana's economic prospects in terms of Gross Domestic Product (GDP), government revenue and expenditure, and proposes resource allocations among Ministries based on defined priorities. The Macroeconomic Outline and Policy Framework formed the basis for the macro chapters of the Plan (Chapters 4, 5 and 6), which also guided the preparation of the sectoral chapters.

3.6. The procedure followed by Government in the preparation of National Development Plans is designed to foster participation of key stakeholders in the planning and project formulation process. This involves defining the general focus of the Plan, priority areas, Plan strategies, sectoral policies and expenditure programmes. Ministries, in preparing their sectoral chapters, take into account the current policy priorities, such as public sector reforms, including initiatives such as privatisation, Performance Management Systems (PMS), and the resultant Ministerial Strategic Plans, and align their submissions with the Vision 2016 goals and objectives.

3.7. Subsequent to that, guidelines were issued for the drafting of the Chapters of NDP 10, which went through similar stages of consultation and revision. Consultations were held with local and central government planners to discuss issues of common interest, particularly to ensure that Local Authority concerns were incorporated into the National Development Plan, and that local authority plans are logically and consistently linked to the National Development Plan, as well as to discuss the distribution of national projects amongst the various Local Authorities. Subsequently, in October 2008, a National Stakeholders Conference (NSC), in lieu of the more traditional National District Development Conference (NDDC), was held to consult further on the draft NDP 10. The NSC offered another opportunity for stakeholders, such as Local Authorities, the private sector, trade unions and NGOs, to comment further on the draft Plan and ensure that their views were taken on board in NDP 10. The draft Plan was subsequently discussed by the Economic Committee of Cabinet in June 2009 and later by Cabinet. National Development Plan 10 was approved by Parliament in August 2009; but, because its development programme had been approved by Parliament in the budget for 2009/10, its

implementation commenced on 1st April 2009.

3.8. NDP 10 is different from previous plans in three main respects. First, this Plan represents a shift from the previous plans in that it is the first explicit results (outcomes) driven National Development Plan. The Plan utilises the Integrated Development Planning (IDP) approach, which is an essential part of the Integrated Results Based Management (IRBM) framework. At the core of this approach is the concept of outcome-focused planning; i.e., planning that gives special emphasis and consideration to the outcomes the plan seeks to achieve.

3.9. Second, the NDP 10 plan period spans a seven (7) year horizon (2009-2016) in contrast to the previous six year plan periods of the last five NDPs. The implementation of the Plan thus coincides with the country's Vision 2016 time horizon (the fiftieth anniversary of Independence in 1966), when the nation will have to assess its achievement of the aspirations and targets set out in the Vision. Finally, the national implementation machinery for NDP 10 will be streamlined and strengthened through enhanced implementation arrangements and monitoring, evaluation and reporting systems to ensure the implementation of all the Plan's programmes and the achievement of all the desired results set out in the Plan.

3.10. The IDP approach adopted for the formulation and implementation of this Plan will:

- Improve the strategic planning, coordination and implementation of the Plan;
- Improve the human resource capacity and performance for successful service delivery and development management;
- Improve the monitoring and evaluation system to provide timely, accurate and reliable performance information to

support and improve the policy and programme decision-making for the Plan;

- Introduce and strengthen linkages between planning, budgeting, the personnel performance system, the Performance Based Reward System (PBRs) and monitoring and evaluation; and
- Focus NDP 10 programmes on the tangible results to be achieved by 2016.

The Integrated Results Based Management (IRBM) Approach

3.11. The IRBM system is based on the systematic and strategic identification of, and performance planning for, results at all levels, from the national, sectoral, ministerial and departmental, down to other lower levels. This system requires that all Key Result Areas (KRAs) and NDP 10 goals and programmes be results-oriented.

3.12. Under the IRBM approach, the accountability of individuals and institutions for specific results will also be established in a more systematic and structured manner. The results to be achieved by the various programmes set out in the Plan are specifically assigned to responsible entities during the planning stage. During implementation, the structured monitoring and evaluation mechanism will ensure rigorous performance tracking and reporting, leading to improved accountability for achieving the desired results by the responsible individuals and entities.

3.13. The IRBM system includes the following components:

- **Integrated Development Planning (IDP):** As the cornerstone of the IRBM System, the IDP approach maps out the national development priorities, providing a structured and systematic roadmap for all development

programmes and projects over the Plan period. The Integrated Development Planning approach begins with an analysis of the macroeconomy within the context of Vision 2016. The macroeconomic development priorities and results for NDP 10 are identified, along with associated key result areas (KRAs) to be achieved, key performance indicators related to the KRAs and the key contributors-stakeholders involved in the achievement of the KRAs. In this way, the approach ensures that all the development partners actively participate in the planning, implementation, monitoring and reporting of the National Development Plan.

- **Integrated Results-Based Budgeting (RBB) System:** The Integrated Results-Based Budgeting system ensures that financial resources are allocated on the basis of outcomes (results) to be achieved, by matching programme costs with programme results, and by comparative assessments of programme efficiencies, effectiveness and relative worth in producing the desired results. In this way, the prospect of obtaining value for money is enhanced.
- **Integrated Personnel Performance System/Performance Based Reward System (PPS/PBRS):** Under the Integrated Results Based Management system, the personnel performance system is integrated into the overall programme performance system. This provides for the employee's role and performance in an organisation to be linked with the organisation's performance at all levels; and their performance must be linked to the substantive programme performance (results) of the organisations in delivering the desired results during NDP 10.
- **Integrated Monitoring and Evaluation (M&E) System:** The best performing organisations are characterised by the presence and utilisation of a structured and systematic monitoring and evaluation system. The Integrated Results Based Management system has ensured that the monitoring and evaluation system be strategically woven into the entire performance framework of Government. This will result in regular performance monitoring and reporting by decision-makers at all levels. The NDP 10 monitoring and evaluation system is described in detail in Section VII of the Plan (Chapter 16).
- **Integrated Management Information System (MIS):** Decision-making is a critical function at both the policy and implementation levels. It is strongly influenced by the availability of timely, accurate, and reliable information. The management information system will make available critical performance information for NDP 10, which will be methodically utilised by decision makers at various levels to improve programme implementation performance at all levels on a regular and ongoing basis.
- **Electronic Government Support System:** The Electronic Government (E-Government) support system will provide the Information and Communications Technology (ICT) infrastructure and systems to facilitate and improve decision-making at the different levels, information sharing, and monitoring, evaluation and reporting for NDP 10.

The Integrated Results Based Management Approach in NDP 10

3.14. Developing the Macro Development Results Framework (MDRF) for NDP 10: Using the Vision 2016 Pillars as a basis, a task team was set up by the Ministry of Finance and Development Planning (MFDP), comprising of MFDP, the Vision Council, Government Implementation Coordination Office (GICO) and the Office of the President, to formulate the MDRF, which identified the KRAs and National Goals to be achieved during NDP 10. Based on the seven Vision 2016 Pillars, national level priorities were identified and defined as KRAs. There are 10 KRAs and 16 National Goals for NDP 10 (see Table 3.1). Under each KRA, one or more NDP 10 Goals have been identified, with indicators, targets and baselines specified for each goal. These National Goals are based on and take into account the

relevant aspirations, goals and targets as reflected in the Vision Pillars and approved national policies.

3.15. Each KRA and the associated NDP 10 Goals, along with their corresponding sectors, are assigned to a thematic area reflecting one of the Vision Pillars. All the sectors identified have their sector goals, indicators, targets and baselines for their respective targets; these goals are the responsibility of the various implementing entities. This enables the implementing entities to strategically and systematically link their programmes and results to specific sectors and NDP Goals and KRAs, clearly establishing the contributors to the objectives set out in the Plan. It also establishes the contribution and ownership of all outcomes and impacts from each sector, and institutions that contribute to the sector goals, NDP Goals and KRAs.

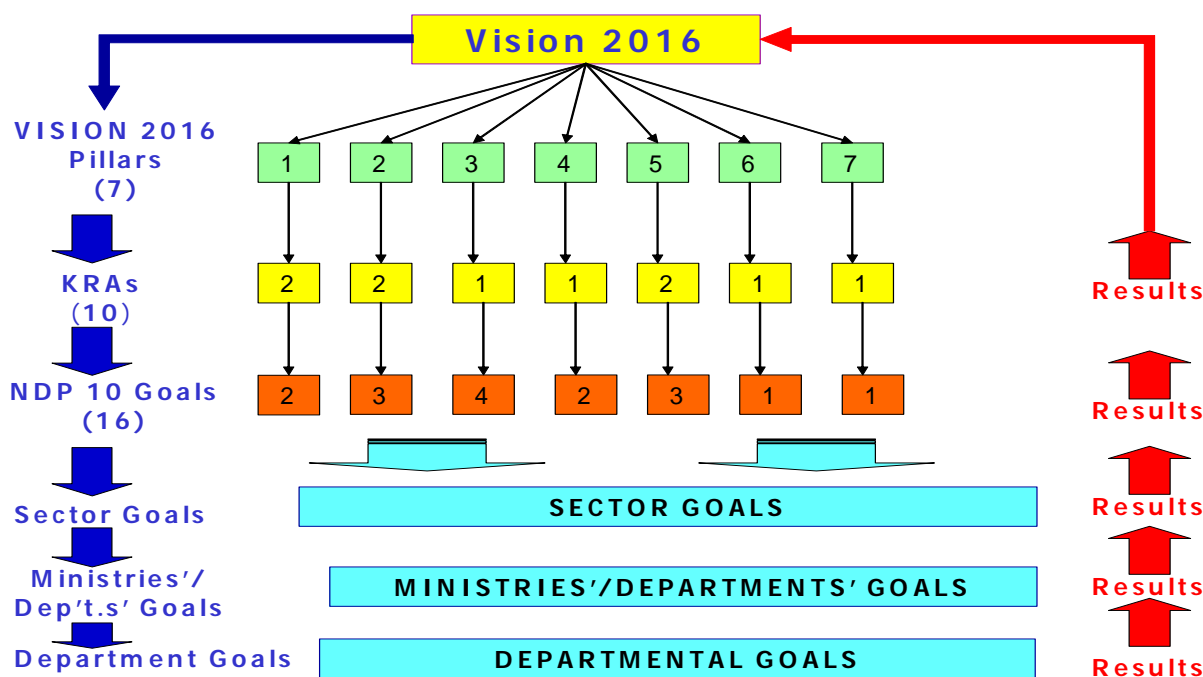
Table 3.1 Macro Development Results Framework: Vision 2016 and NDP 10

Vision 2016 Pillars	Key Result Areas	NDP 10 Goals	Lead Player
1. An Educated and Informed Nation	1. Competitive & Productive Human Resources 2. Knowledge Society	1. Adequate Supply of Qualified, Productive & Competitive Human Resources 2. Innovative & Productive Use of Information & Technology	MOE MIST
2. A Prosperous, Productive and Innovative Nation	3. Sustainable Economic Growth 4. Sustainable Environment	3. Sustainable Rapid Economic Growth 4. Well Developed & Reliable Infrastructure 5. Sustainable Management of Natural Resources	MFDP/MTI MIST MEWT
3. A Compassionate, Just and Caring Nation	5. Enhanced Well Being & Social Responsibility	6. Eradication of Absolute Poverty 7. Adequate Social Services 8. Affordable & Quality Healthcare 9. Prevent New HIV/AIDS Infections	MLG
4. A Safe and Secure Nation	6. Safe, Secure & Peaceful Nation	10. Public Safety & Protection 11. Territorial Integrity & Sovereignty	MSP
5. An Open, Democratic and Accountable Nation	7. Open & Transparent Governance 8. Participatory Democracy	12. Transparency & Accountability in All Public & Private Institutions 13. Enhanced & Sustained Participatory Democracy 14. Rule of Law	MSP
6. A Moral and Tolerant Nation	9. Morality & Tolerance	15. Enhanced Cultural Heritage & Diversity	MYSC
7. A United and Proud Nation	10. National Pride & Unity	16. Strong National Identity & Unity	MLHA

3.16. The Vision 2016 goals are cascaded down into the NDP 10 KRAs, national goals and objectives (Chart 3.1). These goals are systematically further cascaded down from

the KRAs to the National Goals, to sector goals and on to Ministries and Departments for implementation.

CHART 3.1: CASCADING VISION 2016 INTO NDP 10



Implementation at the local level

3.17. The identification and integration of grassroots level priorities and needs are important considerations in the IDP approach for NDP 10. This is to ensure that, while the integrated development planning approach from the national level identifies and integrates all major priorities at the macro level, the priorities and needs at the grassroots and other implementation levels are incorporated effectively into the macro priority areas at the national and sectoral levels. This is important to ensure that the NDP 10 activities at all implementation levels are logically and systematically linked with the national policies and priorities.

3.18. The IRBM approach has ensured the following focus in each component of the NDP 10 process:

- All NDP 10 programmes focus on the specific results to be achieved;

- Each sector programme has a results matrix that identifies the specific results to be achieved under the programme and how the results are linked to the relevant national development (NDP 10) goals; and
- During implementation, performance monitoring, evaluation and reporting will focus on the results to be achieved from the relevant programmes, in addition to the expenditures, outputs and implementation processes.

Thematic Working Group (TWG)

3.19. For each KRA, one or more themes were identified. Each theme was assigned to a Lead Ministry to form a TWG. The TWGs discussed and prepared the thematic and sector submissions that formed part of NDP 10. The TWGs have proved to be a useful mechanism for bringing all the development partners together to discuss and consolidate contributions to the NDP 10 process. This structure and mechanism will

be retained so that the TWGs can meet on a periodic basis when necessary to review and validate the implementation of their respective programmes under NDP 10.

Programme-Activity Approach for NDP 10

3.20. In line with the sector approach used for NDP 10, there is added emphasis on the achievement of results in NDP 10 through the use of a programme-activity approach. With this approach, the specific programmes of intervention are identified under each sector, and directly linked to the sector goals and NDP 10 (national level) Goals under the KRAs. Each of these programmes involves a course of action(s) or intervention(s) in pursuit of a sector goal, NDP 10 Goal and KRA. The sets of activities under a programme can entail one or more projects. The outputs of these activities are expected to help produce the specific outcomes and programme results that would serve to achieve the sector goal(s) and NDP 10 (national level) Goal(s).

Structure of Each Thematic Chapter

3.21. The Section and Chapter headings of the Plan are based on the Vision Pillars. The contents in each chapter are structured according to the cascading principle as below:

- Scope and nature of Vision Pillar, KRAs and National Development Goal(s);
- Sector Introduction explaining what the sector is about, its main features and the evolution of sectoral policy;
- Review of NDP 9, discussing the objectives, performance and constraints;
- Strategies for NDP 10, covering what is being sought, why and how it is to be achieved;
- Sector Performance Matrix, listing the key indicators for the outcomes and outputs, benchmarks and targets for NDP 10; and
- Summary of Programmes/Projects linked to different strategy focus areas.

SECTION II: MACRO CHAPTERS

CHAPTER 4

REVIEW OF ECONOMIC PERFORMANCE DURING NDP 9

Historical Background

4.1 At Independence in 1966, Botswana was one of the half dozen or so poorest countries in the world, by almost any measure. For example, there was almost no infrastructure, virtually no capital city or government buildings, very few public services (only 27 students passed their Cambridge certificate in the year before Independence), and there were only a few kilometres of tarred road.

4.2 The exploitation of minerals, initially diamonds and then copper-nickel, transformed the prospects of the economy, and in due course transformed the economy itself. The mining of copper-nickel has never provided Government with significant tax revenue directly, and at times the Government has had to provide subsidies and loans to keep the mine open. Nevertheless, the development of the mine, and the building of the related infrastructure, boosted revenue from the Southern African Customs Union (SACU). This revenue was further enhanced by the revenue-sharing formula negotiated in 1969 and in 2002. Diamond mining, on the other hand, proved extremely profitable with the Government receiving a large share of those proceeds.

4.3 These developments enabled Government to balance the recurrent budget by 1973, and for government revenue to exceed total government expenditure (recurrent and development combined) by 1984. For many years thereafter, the budget was in surplus. This enabled Government to avoid domestic borrowing, and to build up substantial financial savings in the form of reserves.

4.4 At Independence, about half of recurrent expenditure, and all of development expenditure was dependent on aid. In the early years after Independence, therefore, the Government had to satisfy the aid donors, initially the British, but in due course other donors, as to how their money was to be spent, and how it had been spent after the event. The system of planning and managing government expenditure developed at that time was continued basically unchanged into the period of large mineral revenues, and budget surpluses.

4.5 Essentially, development expenditure proposals had to include their future recurrent costs and demands on skilled manpower. The Ministry of Finance and Development Planning (MFDP) made sure, as far as possible, that the total of future recurrent costs could be met, and (with DPSM) that skilled manpower would be available. If the sum of future recurrent costs, and future demands on skilled manpower, came to more than was estimated to be available, then some projects were delayed or cut out altogether. Final expenditure proposals, together with statements of economic strategy and policy, for the whole economy and for each sector, made up the National Development Plans.

4.6 Each Plan is debated by Parliament, and thereafter it becomes illegal to spend on anything that is not in the Plan without going back to Parliament. With only a few exceptions, this system enable the Government to contain its expenditure within the capacity constraints of the economy, even when there are large budget surpluses.

Economic Development since Independence

4.7 Driven largely part by the expenditure of mineral revenues, but also by private sector investment in a relatively favourable investment climate, the Botswana economy grew extremely fast. In the 42 years to 2007/08, the real growth of GDP averaged 8.7 percent per year. The Government's expenditure strategy largely avoided making the non-mining sectors of the economy uncompetitive and unprofitable (avoided the "Dutch Disease" suffered by so many mineral-rich economies the main indicator of which is a rising real exchange rate). This enabled the economy to make significant progress with economic diversification.

4.8 One indicator of economic diversification is that Botswana has become significantly less dependent on imports. As a small economy with a small population, imports remain extremely vital. Nevertheless, the ratio of imports of goods and services to GDP has fallen very substantially. In the 1970s, it was just under 70 percent. During NDP 9, it averaged just over 33 percent, indicating a remarkable structural change. It also shows that the private sector in Botswana has been regionally competitive, in that producers of most tradable goods (with the exception of agricultural goods) must compete without protection with imports from the rest of SACU.

4.9 There was a reversal of economic growth, which is hoped will be temporary, in the final year of NDP 9, as a consequence of the global economic crisis. GDP is estimated to have fallen by 3.3 percent in the year ending March 2009, and is forecast to have fallen by more than 10 percent in the year to June 2009. Renewed growth will depend on recovery of global demand, especially the demand for gem diamonds.

4.10 Mining was a form of economic diversification initially, from when the economy depended heavily on exports of beef and migrant labour remittances. Since then, government revenue, especially from diamond mining, has been used to build infrastructure and to provide education and training. In this way, the natural advantage of mineral resources has been converted into the basis for more diversified economic growth.

4.11 For many years, education has been receiving the largest share of total government expenditure. The commitment to universal senior secondary education, and other education commitments, indicates that the sector continues to receive priority. For example, recurrent expenditure on education averaged 28 percent of total recurrent expenditure in the three years to 2009/10.

4.12 Competition will get tougher, because the common external tariffs of SACU are being reduced. In addition, the Southern African Development Community (SADC) trade protocols will remove both tariff and non-tariff barriers on agricultural imports. This will have only a marginal effect on the non-agricultural sectors. Botswana already has free trade with SACU, which comprises more than 85 percent of SADC GDP. The SACU members of SADC comprise most of Botswana's immediate neighbours, who are crucial trading partners for a landlocked country. Botswana also has a trade agreement with Zimbabwe, which could become significant again when the Zimbabwe economy recovers.

4.13 Other indicators of economic diversification include:

- non-traditional merchandise exports (defined as total merchandise exports excluding diamonds, copper-nickel and beef) have largely maintained their share of total exports in the long term, despite

the extraordinarily rapid growth of diamond exports;

- real growth of service exports (averaging 4 percent during NDP 9);
- some modest import substitution in services, as the ratio of imports of services to GDP fell from 9.0 percent in NDP 8, to an average of 8.1 percent in NDP 9.

4.14 Table 4.1 shows the changes in the structure of GDP since 1966. The most striking feature is the increase in the share of mining and quarrying, from nothing to 48.9 percent in 1985/86, and a reduced but still large share of 31.9 percent in 2008/09 (down from 39.0 percent in 2007/08 because of the

impact of the global economic crisis on the demand for exports, especially diamonds). As a result, mining has displaced the earlier large share of agriculture, which has fallen to only 1.9 percent.

4.15 It is not just that the share of agriculture has fallen. That has happened to most sectors, because of the very large increase in the share of mining. More significantly, there has been a continuing downward trend in the *absolute level* of agricultural GDP in constant prices. There was a *declining trend* in real value added in agriculture over NDP 9 (of 0.1 percent per annum).

Table 4.1: Share of GDP by economic activity – selected years 1966 to 2007/08 (Percent)

Economic sector	1966	1985/86	2008/09
Agriculture	42.7	5.6	1.9
Mining and quarrying	-	48.9	31.9
Manufacturing	5.7	3.9	4.1
Water and electricity	0.6	2.0	2.4
Construction	7.8	4.6	5.2
Trade, hotels and restaurants	9.0	6.3	11.1
Transport	4.3	2.5	4.3
Banks, insurance and business services	20.1	6.4	12.8
General government	9.8	12.8	17.6
Social and personal services	-	2.5	4.4
Adjustment items	-	4.4	4.4
GDP	100.0	100.0	100.0

Source: Central Statistics Office

ECONOMIC AND SOCIAL DEVELOPMENTS DURING NDP 9

4.16 Economic growth has been below NDP 9 targets, and at a slower rate than that required to reach the Vision 2016 target. Progress with the social objectives of Vision 2016 and the Millennium Development Goals (MDGs) has been mixed, with some objectives having been set back by HIV/AIDS pandemic. However, there is evidence that the incidence of HIV/AIDS has slightly been reversed for the first time. The provision of ARVs and support for orphans has been rolled out extensively.

Growth of GDP

4.17 The Base Case Scenario for growth of GDP during NDP 9 was 5.5 percent per annum. Growth of GDP during NDP 9 can now be shown for the budget years corresponding to each year of NDP 9, as quarterly estimates of GDP have become available for the relevant years. The statistics of GDP growth shown in Table 4.2 are, therefore, for budget years ending in March.

4.18 GDP growth was estimated to have averaged 4.6 percent for the first five years of NDP 9. However, the average for the whole of NDP 9 was lower, at 3.3 percent (Table 4.2), dragged down by a decrease in

GDP in 2008/09 because of the effect of the global recession on mining. For comparison with NDP 10 projections (see Chapter 6, Table 6.2), the trend rate of growth for NDP 9 was 3.5 percent.

Table 4.2 GDP growth in NDP 9 : projections compared with actuals (percentages)

Year ending March	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Average
Projected growth	+5.1	+5.9	+6.6	+4.9	+5.0	+5.4	+5.5
Actual growth	+5.7	+6.7	+1.6	+3.9	+5.0	-3.3	+3.3

Note: preliminary estimate for 2008/09

Source: NDP 9 and Central Statistics Office

4.19 A breakdown of the contribution to GDP growth of mining, government and the

private and parastatal sector in NDP 9 is shown in Table 4.3.

Table 4.3: Growth of GDP 2003/04 to 2008/09, by major sectors (based on 1993/94 constant prices, percentages)

Years ending March	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Average
Mining	+6.5	+6.0	+2.0	+3.4	-1.7	-20.0	-0.7
General Government	+5.4	+7.7	+2.5	+2.2	+2.8	+9.7	+5.1
Private and Parastatal	+5.1	+6.9	+1.0	+5.0	+12.3	+6.7	+6.2
Total GDP	+5.7	+6.7	+1.6	+3.9	+5.0	-3.3	+3.3

Source: Central Statistics Office

4.20 Growth of **mining** GDP, which was still approximately 40 percent of GDP in “normal” years, fluctuated quite sharply. Average annual growth over the first five years of NDP 9 was 3.2 percent, but mining GDP fell sharply in the final year of NDP 9, with the major diamond mines closed down in the last quarter of NDP 9.

4.21 The contribution of **General Government** to GDP grew slowly in years three to five of NDP 9, partly because development budgets were underspent. Growth was sharply higher in 2008/09, as development expenditure accelerated.

4.22 The average rate of growth in the remainder of the economy, basically the **non-mining private and parastatal sector**, was higher at 6.2 percent. It accelerated in 2007/08 (12.3 percent), and remained

relatively high in 2008/09 (6.7 percent). Growth of the non-mining private sector is important for employment creation and poverty reduction and is also an important indicator of economic diversification. Initially the non-mining private sector was relatively unaffected by the global recession largely because Government expenditure was not only maintained, but the rate of growth in 2008/09 was exceptionally high. This benefited the non-mining private sector, but was not the only reason for its high rate of growth (see paragraph 4.104).

4.23 Further detail of GDP growth is shown in Table 4.4. Several service sectors grew faster than the average, most notably hotels and restaurants, transport and banking. Manufacturing also did well. The slow rate of growth of construction reflected in part by the decline in the Government’s

development expenditure until 2005/06. This decline was reversed in 2006/07 and

2007/08 where there was a notable surge.

Table 4.4 : Growth of GDP by economic activity in constant prices, 2003/04 to 2008/09 (annual percentage rates of change, budget years ending March)

Years	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Trend growth rate ^(a)
Economic sector							
Agriculture	12.2	-5.8	-4.6	-6.1	7.7	7.2	-0.1
Mining and quarrying	6.5	6.0	2.0	3.4	-1.7	-20.0	0.1
Manufacturing	2.7	6.9	4.7	7.2	14.1	1.7	6.7
Water and electricity	6.1	4.3	2.9	5.2	3.8	4.2	4.3
Construction	-5.3	3.0	-4.1	4.6	15.1	3.1	2.9
Hotels and restaurants	18.1	-4.4	17.2	32.0	11.3	10.1	14.2
Trade	10.9	-1.7	-0.2	0.7	11.4	4.9	3.4
Transport	-3.8	6.4	14.3	9.8	12.1	12.9	9.3
Banks, insurance and business services	0.9	3.6	10.4	7.2	8.9	15.7	7.7
General government	5.4	7.7	2.5	2.2	2.8	9.7	4.5
Social, personal services	4.8	11.4	9.1	1.1	7.9	7.7	6.9
GDP	+5.7	6.7	1.6	3.9	5.0	-3.3	3.5

Note: the trend growth rates in Table 4.4 are different from the average growth rates in Table 4.3. Trend growth rates are the slope of a line fitted to the GDP numbers; the 6-year averages in Table 4.3 are an arithmetic average of annual growth rates.

Source: Central Statistics Office

Progress with Vision 2016 target for GDP per head

4.24 The Vision 2016 target was that real GDP per head would triple during the 20 years from 1996 to 2016. Given expected population growth of 2 percent per annum, this required GDP to grow at an average of 8 percent per annum over the same 20 years.

4.25 In the first five years, ending in 2000/01, real GDP growth was above the Vision 2016 target, averaging 8.7 percent. But in the next five years, ending in 2005/06, GDP growth averaged only 4.4 percent. However, population was estimated to have grown at an average of only 1.0 percent per annum over the first five years of NDP 9, compared with 2.4 percent at the start of the Vision 2016 period in 1996. Population growth is projected to recover slightly, but only to about 1.2 percent, during NDP 10. This means that GDP does not need to grow as fast as originally

projected in order to deliver the Vision 2016 target for GDP per head.

4.26 In order to reach the Vision target of 8 percent for annual growth of GDP, growth in the second half of the Vision period would have had to be 9.5 percent annually. With the lower rate of growth of population, GDP per head will have tripled over the 20 years of Vision 2016 if GDP growth in the second half of the period is 7.5 percent on average. This would have made the Vision target for GDP per head more likely to be attained, before the onset of the global economic crisis. Sustained growth of 7.5 percent a year, without major new mineral development, would be difficult to achieve given the fall of GDP in the final year of NDP 9, and the start of the first year of NDP 10.

Table 4.5: Revised growth targets for Vision 2016

	1996-2001	2001-2006	2006-2016
GDP: Vision target	8.0%	8.0%	8.0%
GDP: actual	8.7%	4.4%	7.5% (<i>new target</i>)
GDP/head: Vision target	6.0%	6.0%	6.0%
GDP/head: actual	6.7%	3.2%	6.6% (<i>new target</i>)

Note: new targets in the Table as derived in the text of paragraph 4.26 above

Source: Vision 2016, CSO, MFDP calculations

Causes of Slow Growth in the first half of NDP 9

Government Expenditure

4.27 An important cause of the slow and declining rate of growth of the private sector, in the first half of NDP 9, was that the rate of growth of government expenditure slowed down during this period, (Table 4.6), and that the development budget was significantly under spent over the same period. Adjusting for inflation, the real value of government expenditure *fell* by an annual average of 3.8 percent over the first three

years of NDP 9 with development expenditure falling in constant price terms, by an average of 10.6 percent per annum over the same period, and by a further 3.0 percent in the following year. Recurrent expenditure also decreased in constant price terms, but by much less, with an annual average of 1.0 percent (see Table 4.6).

Table 4.6: Annual growth of government expenditure in NDP 9: constant prices (percentages)

Years ending March	2003/04	2004/05	2005 /06	3-year average	2006 /07	2007 /08	2008 /09	3 year average
Recurrent	4.1	-2.5	-4.6	-1.0	2.0	8.9	16.5	9.1
Development ^(a)	-5.6	-14.1	-12.0	-10.6	-3.0	50.2	53.4	36.5
Total expenditure ^(b)	-3.4	-1.7	-6.3	-3.8	1.3	17.5	23.8	14.2

Note: (a) excludes net lending/repayments to Government

(b) includes net lending/repayments to Government

(c) adjusted using consumer price inflation, September 2003 for the budget year 2003/04, etc.

Source: MFDP

4.28 Various reasons have been given for the under spending of government budgets. For recurrent expenditure, the reasons include difficulties with filling established posts (especially those requiring scarce skills), and procurement delays. For the development budget, the reasons include a lack of implementation capacity in some Government Ministries, the need for environmental impact assessments, slow land allocation, and difficulty with filling project posts because of unattractive

packages and the insecurity associated with project positions.

4.29 A further important cause of the slowdown in GDP growth, in the first half of NDP 9, was a decline in real terms of investment as measured by Gross Fixed Capital Formation (GFCF). The share of GFCF in GDP fell from 25.3 percent in the first year of NDP 9 (2003/04), to 21.9 percent in 2006/07, when it was actually lower in real terms than it had been in

2003/04. In 2007/2008, it grew by 20.4 percent, presumably driven by the upsurge in government development spending. It grew by a further 3.5 percent in 2008/09, reaching 26.7 percent of GDP in that year.

4.30 However, quarterly figures show that GFCF declined in the last two quarters of NDP 9. The target for GFCF in Vision 2016 was that it should average 40 percent of GDP over the 20 year period. The recovery in GFCF may prove to be short-lived, therefore. Sustained acceleration in private sector investment will require, among other things, an improvement in the investment climate. Strategies for such acceleration are set out in Chapter 5.

Reversal of the Trend in Government Expenditure

4.31 There was a reversal of the downward trend in government expenditure in 2006/07 with total expenditure increasing by 1.0 percent in constant prices. This change in the trend of government expenditure was greatly accelerated in 2007/08 and 2008/09 with total government expenditure increasing in real terms by 17.5 percent and 23.8 percent respectively in these two years. Most of this was caused by a phenomenal increase in development expenditure, which increased in real terms by more than 50 percent in each of the last two years of NDP 9. This meant that the real value of development expenditure more than doubled in two years (an increase of 130.4 percent). There was also acceleration of recurrent expenditure, but on a much smaller scale.

4.32 The 2007 Budget Speech noted that land availability, environmental impact assessment and design, hitherto constraints on growth, had been or were being resolved. In addition, Ministries are now allowed to proceed with pre-project planning for projects included in the budget, before the budget is approved by Parliament. This was

allowed for the first time in the period January to March 2007. The expenditure figures for 2007/08 suggest strongly that these reforms were effective, especially for development spending.

4.33 The ceilings for increases in development spending projected in Chapter 6 are based, therefore, on a very much higher starting point than appeared likely two thirds of the way through NDP 9. The upsurge in development spending will require increased recurrent spending to maintain the additional projects.

Share of Government Expenditure in GDP

4.34 In 2006/07, the ratio of government expenditure to GDP fell to 26.1 percent. It was 39 percent at the beginning of NDP 9. The exceptionally large increases in government expenditure in 2007/08 and 2008/09 increased the ratio to 42 percent.

4.35 The immediate problem of reduced government revenue during the global economic crisis, and the longer term prospect of declining diamond revenue after the end of NDP 10 (see Chart 5.1), suggests strongly that this ratio should not continue to rise. Eventual adjustment, to the estimated long-term ratio of government revenue to GDP, would become increasingly difficult to the extent that the ratio of government spending to GDP is allowed to increase in the intervening years.

4.36 A further compelling reason for not allowing the ratio of government expenditure to GDP to rise, for example to the Mid Term Review ceiling of 40 percent, is to reduce crowding out of the private sector. This happened on a large scale when Government's development spending increased very fast at the end of the 1980s. Before the global recession, there was a view that more, rather than less, development expenditure should be

undertaken during NDP 10, in order to create additional sources of revenue to offset the fall in diamond revenue expected after the end of NDP 10. This would be analogous to the use of aid to build infrastructure in the years immediately after Independence, in order to balance the budget at a later date.

4.37 The situation is now different. The almost complete absence of economic infrastructure in 1966 has been remedied, so that creating additional infrastructure as a stimulus to the growth of the private sector is very much less relevant than it was then. Moreover, most likely initiatives for additional development expenditure would create future recurrent expenditure liabilities.

4.38 To address some of these issues, the strategy set out in this Plan is firstly to contain government expenditure within the limits set by the expected levels of revenue, and the budget deficits that can be financed on a sustainable basis. Secondly, the strategy

is to shift the focus of government expenditure towards the needs of the private sector, for example, by spending on education, training and maintenance of existing infrastructure, *but within* the level of government revenue (and prudent borrowing) projected for NDP 10. This strategy is set out in further detail in the following two chapters.

Changes in Government Expenditure by Function in NDP 9

4.39 As can be seen from Table 4.7, total government expenditure and net lending is expected to have grown faster than the Consumer Price Index in the six years of NDP 9 (the table uses expenditure figures for 2008/09 from the revised budget as the breakdown of actual expenditure is not yet available). The real rate of increase totalled 34.3 percent over the six years of NDP 9, an average real annual rate of increase of 5.1 percent.

Table 4.7: Changes in government expenditure by function over NDP 9(P million, current prices, revised budget estimates for 2008/09)

	2002/03	2008/09 (revised estimates)	% change over six years
General public services (including defence)	4263	9419	120.9
Education	3549	7908	122.8
Health	1104	3204	190.2
Food and social welfare	401	528	31.7
Housing, urban and regional	1144	3029	164.8
Other community and social	549	1120	104.0
Economic services	2973	7786	161.9
Unallocated expenditure (a)	1727	2057	19.1
Total expenditure and net lending	15710	35877	128.4
Memo item: CPI 2006=100 (Sept)	71.6	121.8	70.1

Note: (a) mostly subventions to local authorities.

Source: Central Statistics Office

4.40 The largest increase was in expenditure on health, which rose by more than 190 percent, compared with the overall rise in expenditure of 128.4 percent. To a considerable extent, this reflects the cost of coping with the HIV/AIDS epidemic.

Within the total of health expenditure, recurrent expenditure rose by 148 percent, while development expenditure in the health sector in 2008/09 was more than 279 percent higher than in 2002/03. This reflected, in part, the building of new hospitals, and

HIV/AIDS clinics, across the country. A recent study of the impact on HIV/AIDS of the economy forecast a levelling off in the cost of coping with the AIDS epidemic.

Government Revenue

4.41 Total government revenue and grants increased at a trend rate of annual growth of 15.5 percent during NDP 9. The trend rate of growth is the slope of a line fitted to the values. This reduces the influence of starting or finishing values, which may deviate unusually from the trend. In constant price terms, the trend rate of growth was 5.5

percent. The ratio of total revenue to GDP fluctuated narrowly between 36 percent and 38 percent, averaging 37.5 percent.

4.42 Table 4.8 shows ratios of non-mineral government revenue to non-mining private sector output (GDP less mining and less general government), in order to remove the large impact of fluctuations in mineral revenue and output. For a long period up to 2004/05, this ratio fluctuated between 35 percent and 40 percent, but rose sharply in 2008/09, reaching 50.9 percent.

Table 4.8: Ratio of non-mineral revenue to non-mining private sector GDP, NDP 9 (percentages)

2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	NDP 9 Average
36.4	37.8	39.9	40.9	39.3	50.9	40.9

Source: MFDP and CSO

4.43 The main cause of the increase in non-mineral revenue as a proportion of non-mining private sector GDP was a sharp increase in SACU revenue, consequent on renegotiation of the SACU revenue-sharing formula, and the response to changes in some common external tariffs. South Africa reduced the common external tariff on some luxury goods, including luxury motorcars. The consumer response was so large that the customs revenue going to the common revenue pool increased sharply, and Botswana was entitled to a share of this increase under the new revenue formula. It seems unlikely that this will continue. This is supported by the forecast for 2009/10, using the budget estimates and forecast GDP figures: the ratio of non-mineral government revenue to non-mining private sector output is forecast to be about 35 percent.

Budget Outturn

4.44 The forecasts in NDP 9 (in the base case scenario) were for the budget to be in modest surplus throughout the period. In the first two years of NDP 9, the budget was roughly in balance, as forecast. In the following three years, the budget moved into substantial surplus, because of strong revenue receipts, substantial underspending of the development budget in 2005/06 and 2006/07, and continued with much smaller underspending in 2007/08.

4.45 The cumulative surplus was P16.6 billion in the first five years of NDP 9 (Table 4.9). In the remaining year of NDP 9, the preliminary outturn was a deficit of P2.6 billion. This reduced the cumulative budget surplus to P14.1 billion over NDP 9.

Table 4.9: Budget balance, outturn compared with NDP 9 forecasts (Preliminary outturn for 2008/09)

Year ending March	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
NDP 9 base case (P million)	102	136	162	137	76	303
Outturn (P million)	-78	574	4635	7660	3808	-2582
Outturn as % of GDP	-0.2%	1.1%	7.1%	10.1%	4.2%	-3.2%
Cumulative outturn (P million)	-78	496	5131	12791	16599	14107

Source: MFDP, Revised Budget Estimates for 2008/09

4.46 One consequence of the budget surpluses is that government balances at the Bank of Botswana increased sharply. In the calendar year 2006, the central government's deposits at the Bank of Botswana increased from P12.8 billion to P21.1 billion (107 percent of government expenditure in 2006/07). By the end of 2008, these balances were P31.4 billion. This was 127 percent of total government expenditure in 2007/08. Thereafter, the picture changed. By March 2009, government balances at the Bank of Botswana had fallen to P28.8 billion, and they continued to fall in the subsequent months.

4.47 Botswana remains very dependent on a small number of revenue sources, which can be volatile. The large reduction in mineral revenue in 2008/09 was an example of negative volatility. Contingencies, such as drought and foot and mouth disease, or power shortages, can require emergency expenditure. The Government's cash balances have made it possible for government expenditure to be maintained through short-term fluctuations in revenue, and to cope with the cost of contingencies such as droughts without having to cut back on other expenditure. In NDP 9, this was necessary in the final year of the Plan. In NDP 10, it is expected that both government cash balances and government borrowing

will be needed to finance deficits for several years.

Employment

Growth of Formal Sector Employment

4.48 The growth of formal sector employment has been one of the main ways of reducing poverty in Botswana. Hence the continued fall in poverty from 1993/94 to 2002/03 (Table 4.12), can be attributed in part to the growth of the informal sector. In the first five years of NDP 9, the trend rate of growth of formal sector employment was only 2.3 percent. This compares with the trend rate of growth of employment in the previous four years (3.8 percent).

4.49 Table 4.10 shows that private and parastatal employment grew more slowly than Government employment over the first five years of NDP 9. Moreover, some of the private and parastatal employment growth in the year to March 2006 can be attributed to a shift of some government functions from central government to newly created parastatals, including the Botswana Unified Revenue Service and the Local Enterprise Authority, and to the private sector. The underlying growth of private and parastatal sector employment was even less, therefore, than the slow growth shown in Table 4.10.

Table 4.10: Formal sector employment 2003-2008 (thousands, March each year)

March survey	2003	2004	2005	2006	2007	2008	Trend growth rate	2008 Sept	Six month increase
Private ^(a)	173.2	177.0	177.4	183.2	187.6	190.1	+1.9%	193.2	+1.6%
Government ^(b)	108.8	113.7	121.4	111.7	114.4	118.5	+2.8%	122.6	+3.5%
Total	282.0	290.7	298.7	294.9	302.0	308.6	+2.3%	315.8	+2.3%

Notes: (a) includes parastatal employment

(b) includes local government

Source: Central Statistics Office, based on surveys in March 2003 to 2008.

4.50 It is preferable for private sector employment to grow faster than government employment. This will become increasingly important during NDP 10, because of the expected decline in revenue from diamond mining.

4.51 The recent acceleration of annual growth in the non-mining private sector, to an average of 8.0 percent in the last three years of NDP 9, contributed to a faster creation of formal sector employment. Part of the explanation is that investment in the categories “machinery and equipment”, and “transport and equipment” accounted for the bulk of the increase in GFCF, comparing 2008 with 2005. They increased by 47.3 percent and 66.2 percent, respectively. The figure for employment-intensive construction was an increase of only 6.0 percent.

4.52 Long-term trends in the rate of unemployment show a more encouraging picture (Table 4.11). The sources for this table cover both formal and informal employment, including self-employment in agriculture which can vary quite sharply depending on rainfall and other factors.

Table 4.11: Long-term trends in unemployment

1995/96	2001 (Census)	2005/06 (LFS)
21.5%	19.5%	17.6%

Source: Labour Force Surveys and Population Census 2001

4.53 The 2005/06 Labour Force Survey shows underemployment of 17.6 percent (Table 4.11), and agriculture employment may have been boosted by good rains in the year of the 2005/06 survey. For these reasons, and because of inconsistencies in the Labour Force Surveys (LFS), the long-term trend remains somewhat uncertain.

4.54 The apparent decline in the unemployment rate, at the same time as the slow growth of formal sector employment and the reduction in poverty levels, suggest that there must have been strong growth of employment and self-employment in the informal sector.

Growth of the Informal Sector

4.55 The informal sector includes opportunities for entrepreneurs to develop businesses, some of which may grow and become part of the formal sector over time. It also includes much employment and self-employment providing very low incomes, while working for long hours in unsatisfactory conditions, for those who cannot get formal sector jobs. This aspect of the informal sector should be replaced by formal sector employment at better wages and in better conditions, as quickly as possible.

4.56 The 2005/06 Labour Force Survey shows that the numbers of self-employed grew at an annual average of 6.7 percent

over the 10 years since the 1995/96 Labour Force Survey. This compared with a growth rate of only 1.7 percent in "Paid Employees" as measured by the same surveys.

4.57 The category self-employed is not the same as the informal sector, but most (61 percent) of those in the informal sector were self-employed in 2005/06, and a further 23 percent consisted of unpaid family labour (most of whom worked in informal sector businesses). This latter category increased at an annual average rate of 18.1 percent over the same 10 years.

4.58 Care must be taken not to stifle the informal sector, which tends to flourish precisely because of the absence of government regulation and control. Public health and safety must be protected, and tax collected where practicable. The general practice is to leave the informal sector to self regulation with little intervention from Government.

Poverty

Changes in Levels of Income Poverty

4.59 The official measurement of "poverty" covers only "income poverty". It does not therefore take account of improvement in public services, including both access to services and the quality and quantity of services supplied.

4.60 Successive surveys of income poverty show that the percentage of *households* with incomes below the Poverty Datum Line (PDL) has continued to fall (Table 4.12). The percentage of *individuals* with incomes below the PDL has also fallen. The percentages for individuals are higher than the equivalent percentages for households, because poor households tend to be larger.

4.61 People living in female-headed households are more likely to be poorer

compared to those in male-headed households. However, the difference is relatively small: the percentage of those below the poverty line in female-headed households was 33.1 percent, and in male-headed households was 27.4 percent, in 2002/03. The gap has remained at about the same magnitude since 1985/86, indicating that poverty in female-headed households has been reduced at much the same rate as poverty in male-headed households. Among reasons for the difference is that female unemployment was (and is) greater than male unemployment.

Table 4.12: Successive poverty estimates, 1985-86 to 2002-03

Year of survey	Percentage of households below the PDL	Percentage of individuals below the PDL
1985/86	49	59
1993/94	38	47
2002/03	22	30

Note: results derived from Household Income and Expenditure Surveys (HIES); the 2002/03 survey used a new 2003 PDL so that the figures are not strictly comparable with those for earlier years.

4.62 The decline in percentage points of those below the poverty line between 1985/86 and 1993/94, for both households and individuals, was exceeded in the following period, as measured by the 2002/03 survey. In addition, progress with access to public services (reduction in public service poverty) continued, as shown by a wide range of data, for example on access to education, health services and clean water.

4.63 The statistics in Table 4.12 are based on Botswana's own calculations of the PDL for various categories of households, and in various parts of the country. An alternative is to use the criterion, widely quoted internationally, of those who live on less than US \$1 per day (recently revised to \$1.25 per day). Using the measure of those who lived on less than US \$1 per day in 2003, "only" 23.5 percent of the population

was defined as poor, because Botswana's PDL averaged more than \$1 per day.

4.64 The Vision targets were that the percentage of people in income poverty should be reduced by half, to at most 23 percent, in the first ten years of the Vision period (that is by 2006), and that by 2016 Botswana should have eradicated absolute poverty.

4.65 It is likely that the first target was met in 2009, or nearly met, but it is unlikely that the country will be able to meet the second target. Indeed, no country has a zero poverty rate, however measured. There is nevertheless good reason to think that economic growth and the Government's welfare programmes will generate further decreases in the levels of income poverty, as measured in Table 4.12, by 2016.

Safety Nets

4.66 Safety nets in Botswana include; old age pension, destitute allowance, World War II veterans programme, primary school feeding programme, the Vulnerable Group Feeding Programme, and many other drought relief programmes

4.67 A universal non-contributory old age pension has been introduced. Entitlement to the old age pension has been widely publicised, so that its coverage should be good. The old age pension has been raised to take account of inflation in most years. In 2009 it was P220 per month, paid to nearly 100,000 recipients.

4.68 The old age pension is not expected to raise all old people above the poverty datum line. It has to support an extended family in many cases. Nevertheless, it must have contributed to a reduction of the degree of poverty among old people and their dependents, some of whom have other sources of income.

4.69 The destitute allowance currently consists of a food basket and a cash allowance of P81 per month, which contributes substantially to reducing income poverty. Increasing numbers of people, currently more than 35,000, are paid the destitute allowance.

4.70 The World War II veterans programme still has more than 3,500 beneficiaries who receive P359 per month. The primary school feeding programme, the Vulnerable Group Feeding Programme, various drought relief programmes, the provision of a monthly food basket and other benefits in kind to orphans, support for Community Home Based Care patients, support for Remote Area Dwellers and the National Gender Programme Grant, contribute further to the reduction of poverty.

4.71 These various safety nets provide some of the explanation as to why poverty rates continued to fall from 1993/94 to 2002/03, despite the slow rate of growth of formal sector employment. They have continued to contribute to the poverty reduction that has taken place during NDP 9 (paragraph 4.62).

4.72 The expected decline in diamond revenue, after the end of NDP 10, will make it more difficult to maintain government expenditure on safety nets. This makes it all the more important for the private sector to provide employment and self-employment opportunities, in order to reduce the need for (and cost of) safety nets. Increased private sector growth will also generate increased government revenue, which will increase the Government's ability to maintain welfare programmes.

International Trade

Balance of Payments

4.73 The overall balance of payments was much stronger in the first five years of NDP 9 than the original NDP 9 forecasts. As a result of this, the foreign exchange reserves increased faster than had been forecast until the end of 2008. The global economic crisis led to the closure of the large diamond mines in the first quarter of 2009, and production was only partly resumed in the second quarter. At the same time, the Government maintained its expenditure levels, in order to sustain the level of output, income and employment in the rest of the economy. As a result, the foreign exchange reserves fell sharply in 2009, by approximately P2 billion a month in the six months to June 2009. The foreign exchange reserves were large enough for this to be possible without reducing them to critically low levels in 2009. Clearly this can only be sustained if the global economy, and the demand for gem diamonds, recovers soon enough.

4.74 A substantial proportion of foreign assets were switched from the official foreign exchange reserves to foreign assets held by the Public Officers Pension Fund (POPF), as a result of it being funded separately. Without this, the official reserves would have been higher.

4.75 The increase in the foreign exchange reserves to the end of 2008, in terms of the US dollar and the SDR (Special Drawing Right), was less than in Pula, but nevertheless substantial (Table 4.13). The reserves increased by just under 60 percent in US dollars (to US\$9.1 billion), and by 59 percent in SDRs (to SDR5.9 billion). In the first half of 2009, this progress was reversed as shown in Table 4.13. The SDR is a weighted average of the US dollar, the Euro, the UK pound and the Japanese yen with shares of 44 percent, 34 percent, 11 percent and 11 percent, respectively. The objective of foreign exchange reserve management is to maintain the purchasing power of the reserves in SDR terms.

Table 4.13: Balance of payments and foreign exchange reserves: overall balance, forecast and actual, 2004-2008 (Pula billions)

End of calendar year	2004	2005	2006	2007	2008	2009
Overall balance: NDP 9 forecast (a)	0.4	0.2	1.1	0.5	0.0	-0.1
Overall balance: actual	-0.3	7.0	10.3	10.7	7.5	...
Forex reserves: NDP 9 forecast (a)	44.4	45.8	48.0	49.8	51.1	52.3
Forex reserves: actual	24.2	34.6	48.0	58.5	68.6	55.1 ^(b)
Forex reserves in US\$ bn forecast	6.8	6.8	7.0	7.1	7.1	7.1
Forex reserves in US\$ bn actual	5.7	6.3	8.0	9.8	9.1	8.2 ^(b)

Note: (a) the NDP 9 forecasts were for national accounts years ending in June. The actual balance of payments statistics are for calendar years, so there is a mismatch of dates. The overall picture is broadly correct.

(b) June 2009

Source: Bank of Botswana

4.76 It is important to note that an increase in the value of the Pula, against the US dollar, for example, does not directly affect the US dollars held in the foreign exchange reserves. It is just that those dollars are then worth less in Pula, as

recorded in the official statistics of the foreign exchange reserves.

4.77 The buying power of the foreign exchange reserves, in terms of what they can purchase as imports, depends mainly on the

exchange rates of the reserve currencies against the South African rand, in which most imports are denominated. It does not necessarily follow, therefore, that a decline in the Pula value of the reserves reduces their buying power, or that an increase in the Pula value of the reserves increases their buying power.

4.78 The import cover provided by the foreign exchange reserves fluctuated sharply between 2004 and 2008. The reserves and the cover they provided remained exceptionally high by international standards, but Botswana faces high risks. This was demonstrated at the end of NDP 9 by the large decrease in receipts from most of the important commodity exports particularly diamonds.

4.79 A notional calculation, based on the rate of decline of the foreign exchange reserves in the six months to June 2009, and assuming that imports of goods and services increased at the same annual rate in 2009 as in 2008 (40 percent), would reduce import cover to 9.5 months by the end of 2009 (Table 4.14). It is likely that imports will increase less fast in 2009 because of mine closures and lower production in 2009, and that the reserves would therefore decrease less fast. However, if imports of goods and services increase at (say) 30 percent in 2009, and the reserves fall by P1.5 billion a month rather than P2 billion a month as in the first half of 2009, would indicate import cover of 11.5 months by end-2009. This would still be generous by international standards, but it is clear that the rate of decline could not be sustained if export demand does not revive.

Table 4.14: Fluctuations in import cover provided by the foreign exchange reserves

End of Year	2004	2005	2006	2007	2008	2009 ^(a)
Import cover (months)	16.9	22.1	30.2	26.0	23.0	11.5 ^(a)
Change in import cover (%)	-18.2	+30.7	+36.6	-18.8	-10.9	-50.0 ^(a)
Change in US\$ per Pula (%)	3.8	-22.3	-9.1	+0.4	-20.1	...

Note: (a) based on calculations in paragraph 4.84

Source: Bank of Botswana

4.80 The reserves enable the economy to cope with short term fluctuations in foreign exchange receipts, or the need to increase food imports during a drought year, for example. This has been shown in 2009, and on several earlier occasions.

4.81 The import cover provided by the foreign exchange reserves will probably decrease in the long term, as GDP and therefore imports grow, unless GDP growth is led by exports. The reserves, if still available, enable the economy to adjust more slowly than would otherwise be necessary to longer term problems, such as the loss of diamond export receipts in the 2020s.

4.82 The accumulated financial surpluses will not be spent on unproductive projects, or on projects that cannot be managed and maintained efficiently. In particular, the Government will avoid implementing projects during NDP 10 for which recurrent expenditure will not be available during subsequent Plans.

4.83 In normal (non-crisis) circumstances, Government will allow the foreign exchange reserves to *increase* until they can be used on productive and sustainable investment. The interest earned on them by the Bank of Botswana, and paid to the Government, is a useful addition to government revenue. On

the other hand, the high level of the foreign exchange reserves should not mean that the Government need not adjust to falling export receipts, because the timing and extent of any recovery is never known at the time. The reserves have provided the opportunity to adjust in a more carefully planned way than would have been possible with lower reserves.

The Trade Surplus and Merchandise Exports

4.84 The trade surplus grew substantially in the first half of NDP 9 (Table 4.15). In

part, this was because the nickel price increased by 144 percent, and because of a tripling of copper prices. This, combined with the depreciation of the Pula against the US dollar (the currency in which exports of diamonds and copper-nickel are sold) and increased nickel production, resulted in the Pula value (in current prices) of copper-nickel exports increasing by 450 percent over three years. A large part of the increase in copper and nickel prices was reversed during 2008 and 2009, and diamond exports fell drastically in 2009, so that the trade surplus fell in 2008, and became a trade deficit in the first quarter of 2009.

Table 4.15: Exports, imports and the trade balance: 2003-2008 (Pula billions, current prices)

Calendar years	2003	2004	2005	2006	2007	2008	2009 ^(a)
Merchandise exports	15.0	17.3	22.7	26.4	30.8	33.5	2.6
Merchandise imports	10.5	13.4	13.7	15.3	21.1	30.5	6.4
Trade balance (actual)	4.4	3.9	9.0	11.1	10.0	3.0	-3.8
Trade balance (NDP 9 forecast)	1.5	1.5	2.6	2.0	1.4	1.4	1.4

Note: (a) quarter to March 2009

Source: Bank of Botswana Annual Report 2008

4.85 Table 4.16 shows the changes in receipts from Botswana's main export commodities, in current price terms. Where the increase is greater than the increase in prices as shown in the bottom line of the table, the domestic purchasing power of exporters increased in real terms.

4.86 Apart from the substantial increase in the value of copper-nickel exports, there was a large increase in Pula receipts from textile exports in real terms. This probably arose from keeping the real exchange rate of the Pula competitive, and from privileged access to the US, South African and European Union markets. There was a real positive increase in the purchasing power of export

earnings for all the other major export commodities apart from vehicles.

4.87 There was a substantial fall in receipts from traditional exports (diamonds, copper-nickel and beef) in the first half of 2009. The major diamond mines were closed from January to mid-April, and full production was not resumed. There were also falls in export receipts from copper-nickel (minus 81 percent) and beef (minus 25 percent). Other commodity receipts appeared to be holding up, although not all the statistics were available. Statistics for only two quarters can sometimes mislead, but in this case they indicate how serious the global recession was affecting Botswana's exports and not just diamonds

Table 4.16: Selected merchandise exports, 2003-09 (P millions, current 2007 prices)

Calendar years	2003	2008	Change (%)	2009 first half	Change (%) ^(a)
Diamonds	11707	21456	83.3	5742	-50.4
Copper-nickel	695	5119	636.5	595	-81.3
Beef	260	530	103.8	181	-24.9
Sub-total	12662	27105	114.1	6518	-56.5
Soda ash	268	505	88.4	273	15.6
Textiles	227	1818	700.9		
Vehicles	443	236	-46.7		
Gold	...	382		118	-2.0
Sub-total	938	2562	173.1		
Other	1370	2465	79.9		
TOTAL	14970	32132	114.6		
Memo item					
CPI	77.2	123.7	60.2	129.4	4.6

Note: (a) change over first half of 2008

Source: Central Statistic Office

4.88 One indicator of export diversification is the growth of "non-traditional exports", defined as all exports except diamonds, copper-nickel and beef. Non-traditional exports kept pace almost exactly with traditional exports between 2003 and 2007. They grew at 64 percent and 61 percent, respectively. This was achieved despite a collapse in vehicle exports in 2006. Comparing 2008 with 2007, the pattern changed. Non-traditional exports were up 77 percent against a rise of 34 percent in traditional exports, but it is too soon to identify a trend.

4.89 The change in 2008 was partly attributable to the rise in "other" exports in Table 4.16. This category of exports is an

indicator of further economic diversification, as products not previously exported, or only previously exported in small quantities, are included in this item.

Service Exports

4.90 The measurement of service exports has become more difficult since the abolition of exchange controls, so that the statistics in Table 4.17 are not as reliable as those for merchandise exports, which can be observed and recorded at the borders. However, the positive picture of growth in service exports is consistent, and trends in each category are above the rate of inflation. So it appears probable that service exports are indeed growing in real terms.

Table 4.17: Service exports 2003-08 (P millions, current prices)

Calendar years	2003	2004	2005	2006	2007	2008	Trend growth rates (%)
Transport	342	390	434	474	507	571	10.3
Travel	2261	2578	2871	3136	3352	3773	10.3
Other	581	544	1191	890	1352	1824	26.3
Total services	3184	3512	4496	4500	5211	6168	13.7
Inflation (CPI, %)	9.2	7.0	8.6	11.6	7.1	12.6	9.4

Source: Bank of Botswana Annual Report 2007

4.91 As a result of the growth of service exports, and import substitution, the deficit on the services account of the balance of payments decreased substantially in the five years 2002-2006. In those five years, the deficit averaged P198 million, considerably less than the average of P964 million in the previous four years. The deficit has increased since then. It was P1.104 billion in 2007 and P1.631 billion in 2008 implying that service exports have grown, but service imports have grown faster.

4.92 Pula receipts from service exports in 2008 were P6.2 billion, which was almost as much as the P6.5 billion of non-traditional merchandise exports. Service exports were dominated by transport and travel, but other service exports grew faster, suggesting that there may have been some growth in new types of service exports. This could indicate that businesses are finding ways of avoiding the high transport costs of exporting physical goods.

Inflation and Real Interest Rate Control of Inflation

4.93 The rate of inflation is one of the most sensitive indicators of the success or otherwise of macroeconomic policy. It also has the advantage that statistics are available sooner than other indicators.

4.94 Annual inflation reached a temporary peak of 12.2 percent in the middle of 2003. During the next twenty-four months, inflation was reduced to between 6 percent and 8 percent. It then rose again, reaching a peak of 14.2 percent in April 2006. Thereafter, inflation fell steadily, averaging 7.2 percent in 2007 (Table 4.18), but it again rose rapidly in 2008. It peaked at above 15.1 percent in August, but fell rapidly in the first half of 2009, reaching 6.0 percent in July. This was the first time it had reached the Bank of Botswana's current objective for inflation that it should be in the range of 3 to 6 percent, since February 2002. From August 2009, inflation started to increase reaching 7 percent in September 2009.

Table 4.18: Inflation rates quarterly, 2003-2009(quarterly averages of monthly rates, (percentages))

	2003	2004	2005	2006	2007	2008	2009
January-March	11.0	6.5	7.3	13.2	7.1	9.1	12.1
April-June	11.4	6.9	6.5	13.4	6.9	12.6	8.5
July-September	7.9	6.8	9.3	11.0	7.7	14.8	6.4
September-December	6.7	7.7	11.3	8.8	7.7	13.9	
Annual average	9.2	7.0	8.6	11.6	7.2	12.6	

Source: Central Statistics Office

4.95 It is estimated that some 70 percent of the increase in inflation in 2008 was

caused by the increased prices of imports of food and petroleum products. These prices

are internationally determined, and therefore outside the control of the Botswana authorities. There was a reasonable prospect that the rate of inflation would fall again in the medium term, partly because the oil price fell to less than a third of its peak in the second half of 2008. It is for this reason that the Bank of Botswana raised interest rates only marginally in 2008, in order to avoid unnecessary damage to the domestic economy. Interest rates were lowered in the first half of 2009.

Real Interest Rates

4.96 Table 4.19 shows that the real cost of borrowing, as represented by the commercial banks' prime lending rate adjusted for inflation, has varied quite sharply in the last six years. This has happened when the rate of inflation has fluctuated over a relatively short period, and the Bank of Botswana has not reacted by changing nominal interest rates, or at least not until after a significant lag.

Table 4.19: Real prime lending rate 2002-08 (percent)

End of year	2003	2004	2005	2006	2007	2008	2009 ^(a)
Prime lending rate	15.8	15.8	16.0	16.5	16.0	16.5	13.0
Inflation rate	6.3	7.9	11.3	8.5	8.1	13.7	7.0
Real prime lending rate^(b)	8.9	7.3	4.2	7.4	7.3	2.5	5.6

Notes: (a) June 2009

(b) real rate calculated as $((100+\text{nominal rate})/(100+\text{inflation rate})-1)*100$

Source: Bank of Botswana

4.97 Frequent nominal interest rate changes are disruptive for private sector borrowers. A balance has to be struck between preventing the real cost of borrowing from becoming too high or too low, and avoiding frequent nominal interest rate changes. The year 2008 provided an example of this, with a rapid rise in inflation resulting in a sharp reduction in the real cost of borrowing. Monetary policy is made more difficult because the economy reacts to changes in interest rates with a significant time lag.

4.98 It is the future real cost of borrowing which is significant for borrowers, as this is what affects the expectation of profit using borrowed money. The current real interest rate is only a proxy for the future rate, in the absence of better information.

4.99 The high level of the real cost of borrowing in some recent years may have had a negative impact on the growth of GDP. There is no ideal real cost of borrowing, but a real prime lending rate above (say) 5 percent probably dampens private sector growth, particularly as many borrowers pay more than this. Against this, as the real cost of borrowing approaches zero or turns negative, there is a risk of encouraging the wrong sort of investment, in particular speculation in assets such as land and housing.

4.100 High nominal interest rates discourage investment, even if the real rate appears low because of inflation. A producer may borrow at, say, 16.5 percent, relying on inflation to reduce the real cost of borrowing to 2.5 percent because inflation is 13.7 percent at that time (these were the figures at the end of 2008). This is risky. The

producer's costs will almost certainly go up with inflation, as they include a wide range of goods and services. On the other hand, the price of the producer's more limited range of products might not increase with inflation. Or inflation might fall. Either or both of these events would increase the real cost of borrowing above what had been anticipated. These risks are lower, the lower is inflation. Manipulation of interest rates is, therefore, only a partial solution to the problem of inflation, and creates unwanted side effects the higher is the absolute level of inflation.

REVIEW OF NDP 9: SUMMARY AND CONCLUSIONS

4.101 Growth was slower than planned in the first half of NDP 9, and the growth rate was declining. However, the growth rate of the non-mining private sector picked up in 2006/07 and accelerated in 2007/08 (see Table 4.3). The recovery was driven in part, by a large increase in Government's development expenditure, which had been decreasing before then.

4.102 It is positive, though, that the non-mining private sector started to grow faster *before* the upsurge in government's development expenditure. This acceleration was therefore independent of government expenditure initially. The annual growth rate of the non-mining private sector increased consistently from a low of 0.1 percent in 2004/05, but then rose sharply. It averaged 8.0 percent in the last three years of NDP 9.

4.103 Investment, as measured by Gross Fixed Capital Formation, declined in real terms in the first half of NDP 9. Its share in GDP fell from 22 percent to 17 percent. It recovered to 25.3 percent in 2007/08 in response to the upsurge in development spending by the Government.

4.104 There was considerable growth in merchandise exports, but this was mostly because of high base metal prices and the impact of Pula depreciation on export receipts. The gains were badly eroded at the end of NDP 9 and the start of NDP 10 due to the global economic and financial crisis.

4.105 Service exports also grew steadily. There was particularly rapid growth in the unspecified category "other", so that the growth of service exports was not just in tourism and may have included new categories not previously exported on a significant scale.

4.106 The major issues for NDP 10 are therefore twofold. In the short term, Botswana cannot continue to generate growth by *increasing* government expenditure. There is some scope for sustaining the domestic economy by *maintaining* much of government expenditure – provided that the global recession ends quite quickly, and, in particular, that the demand for gem diamonds does not lag too far behind the recovery of global demand. Secondly, the Government will further do everything possible to promote private sector growth, so that it becomes less dependent on government expenditure and becomes the engine for economic growth and development.

CHAPTER 5

MACROECONOMIC STRATEGY FOR NDP 10

INTRODUCTION

5.1 This chapter provides an overview of the macroeconomic policy framework and strategy for the Plan period. More detailed strategies and policies are set out in the subsequent sectoral chapters.

5.2 Note that NDP 10 has been extended by one year so that it ends in the same year as Vision 2016. This makes possible a comparison between the projections for NDP 10, and the economic and social objectives of Vision 2016. However, the comparison is not exact, as NDP 10 ends at the end of March 2016, and therefore excludes three quarters of the calendar year 2016. Vision 2016 did not specify whether it was using calendar years, national accounts years (which used to end in June, but will in future end in December) or budget years (which end in March), but the general assumption has been that the Vision 2016 document referred to calendar years.

Economic Diversification

5.3 Previous Plans have emphasised the need for economic diversification but have had limited success in achieving this objective. Building on what previous Plans have achieved, the strategic thrust of development policy in NDP 10 will be to accelerate diversification of the economy, from dependence on diamonds towards growth of the rest of the private sector. The Government will, therefore, take every possible measure to make the economy more competitive, and more attractive to domestic and foreign investment. To the extent that this strategy is successful in accelerating growth of the non-diamond private sector of the economy, employment will increase, poverty will further be reduced, and

resources will be generated to achieve most of the objectives of Vision 2016. This is reflected in the NDP 10 theme: *"Accelerating Achievement of Vision 2016 through NDP 10"*.

5.4 The need for emphasis on the private sector has greatly increased, for two reasons. Firstly, the global economic crisis at the start of the Plan has badly affected the Government's diamond revenues. The timing and size of any recovery is unknown, so that in the meantime government expenditure will increase much less than previously projected.

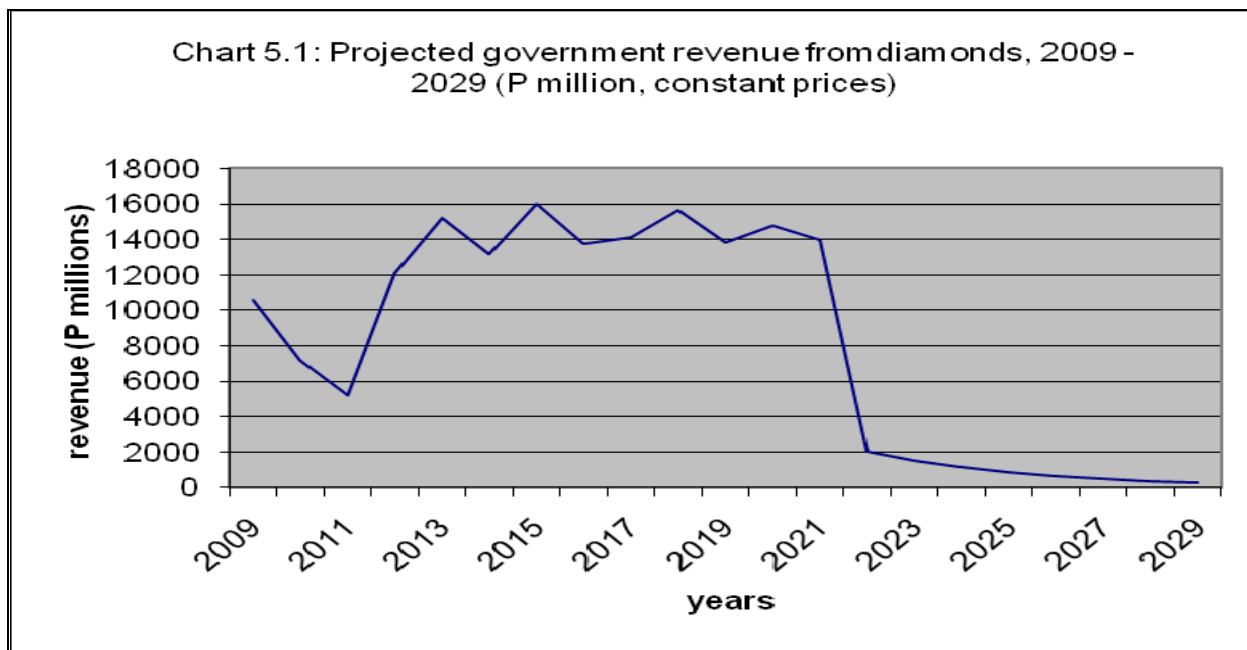
5.5 Secondly, the prospects of a decline in diamond revenue after the end of NDP 10 means that in the long run the private sector must depend less on the Government's expenditure from diamond revenue, and more on growth of those elements of the private sector which are independent of government expenditure. Current forecasts are that opencast diamond mining will be replaced by underground mining within the next 10 to 15 years, and that the major diamond mines will be exhausted by the end of the 2020s. Unless there are major new discoveries, government revenue from diamond mining will decline, at first slowly, and then rapidly (see Chart 5.1).

5.6 Mineral revenues, mostly from diamonds, fell from 48 percent of total government revenue in 2006/07 to 43 percent in 2007/08. During the last quarter of the budget year in 2008/09, when the major diamond mines were closed mineral revenue further declined to 31 percent of total government revenue and to a budgeted 28.0 percent in 2009/10. Adjustment to the loss of most of these revenues in the long

term will eventually require government expenditure to be kept at a lower percentage of GDP than would otherwise have been required. It might also require higher taxation on the rest of the economy.

However, increasing taxation of the non-diamond part of the economy would certainly affect economic prospects. Hence, the emphasis will most likely to restraint government expenditure.

Chart 5.1: Projected Government Revenue from Diamonds , 2009-2029(P million, constant prices)



Source: Ministry of Minerals, Energy and Water Resources

5.7 In the long-run, Government revenue will be a lower proportion of GDP than in the past, even if the non-diamond private sector grows rapidly enough to replace the contribution of diamonds to GDP. This is because diamond mining is considerably more profitable than the rest of the private sector, and the Government gets a higher proportion of diamond mining profits than it gets from taxing other private sector activity.

5.8 The ratio of government revenue to GDP in NDP 9 averaged 37.5 percent. During NDP 10, it is projected to average 30.4 percent, so that the rate of growth of government expenditure will have to be reduced in order to limit the size of budget deficits. Adjustment to lower levels of

diamond revenue would be made more difficult if the decline in diamond revenue, shown in Chart 5.1, and expected in NDP 11, were not anticipated in NDP 10. To account for this, Government will do everything possible to prevent its expenditure as a percentage of GDP to return to the levels obtained at the beginning of NDP 9. This is in light of that, in the first year of NDP 9, the ratio of government expenditure to GDP was 39.2 percent. It was about 40 percent in the final year of NDP 9, having fallen to a low of 30.0 percent in 2006/07.

5.9 Preliminary estimates of the ratio of revenue to GDP by the time that the diamond revenue is almost exhausted, in about 2029, are that it may be at or about 30

percent, *provided that* the non-mining private sector grows consistently, and quite fast.

5.10 The more immediate problem, for NDP 10, is how to respond to the current economic crisis, which has negatively affected the Botswana economy, and in particular the diamond mining and sales. Most of the diamond mines were closed in the first three months of 2009 (the last quarter of NDP 9). Even though the revenue projections in Chapter 6 assume a recovery in diamond production, and therefore in the Government's mineral revenues, in the third year of NDP 10, the projections for the overall budget are for a large cumulative deficit.

5.11 Recurrent expenditures are projected to increase annually by an average of about 1.1 percent in real terms in the last six years of NDP 10 (after a budgeted increase of 8.1 percent in the first year, 2009/10). This will enable the Government to continue to provide public sector services, and to provide the necessary recurrent expenditures associated with the recent upsurge in development expenditure.

5.12 In order to make room for these modest increases in recurrent expenditure, the projections show that development expenditure will have to be reduced steadily in real terms, by an average of 4.6 percent annually in the final six years of NDP 10 (after a budgeted decrease of 13.0 percent in the first year, 2009/10). Even after these cuts, the absolute level of development expenditure in the final year of the Plan will be more than it was in 2006/07. As such, the cuts are a correction to the extraordinary upsurge in development expenditure in 2007/08 and 2008/09, returning development expenditure to a more "normal" level. The net result, despite the very stringent projections for expenditure, is a projected cumulative deficit of P31.9 billion over the seven years of NDP 10.

More detail on the projections is provided in Chapter 6.

Strategy for a Land-Locked Country

Exporting Goods to Neighbouring Countries

5.13 Botswana is landlocked with high transport costs for imports and exports of merchandise (and for some service exports such as tourism). The partial exceptions are merchandise trade with neighbouring countries, and exports of high-value and low-bulk goods. Diamonds are the extreme example of the latter. In addition, the country has a small population and market base, and shortages of skilled labour. It follows that Botswana needs greater emphasis on exports of those goods and services that are least dependent on transport infrastructure in the form of road, rail and air transport, and use as little skilled labour as possible.

5.14 It also follows that every opportunity to export to neighbouring markets will be exploited, that the matching infrastructure (for example, the road to Kazungula and the Kazungula bridge) will be built and properly maintained, and that diplomacy will be directed to maximizing trade with neighbouring markets. Not all the high costs of international trade arise from being landlocked. Every effort will be made to reduce the regulatory and protectionist barriers to trade with neighbouring countries.

5.15 Botswana is fortunate in having as a neighbour the much larger economy of South Africa. This reduces the disadvantage of being landlocked, in that Botswana can export to South Africa at relatively low transport cost (to Gauteng and North West Province at least, if not to the more distant markets of Durban and Cape Town).

5.16 A further advantage is that the Botswana's economy is small in relation to that of South Africa (GDP in South Africa is about 25 times larger than GDP in Botswana). Exports from Botswana to South Africa should not therefore spark off pressure for protectionist measures from South African producers,[although that has happened in the past, despite the commitment to free trade within Southern African Customs Union (SACU)]. Nevertheless, exports to South Africa have grown consistently. The trend rate of growth from 2001 to 2008 was 23.6 percent in current prices, and thus well above average inflation of 8.4 percent in those years.

5.17 The Zambian economy was doing well before the global recession, growing at about 7 percent annually. Trade between the two countries is handicapped, though, by the bottleneck of the Kazungula ferry, and the failure to enforce axle weight restrictions on the road to the ferry. This latter problem has resulted in the road having to be rebuilt more than once. This makes it all the more important for the proposed bridge to be agreed upon and built as soon as possible, and for lorries to be inspected more frequently to prevent excess axle weights on the road.

5.18 Botswana has suffered from the economic crises in Zimbabwe, which was the second largest neighbouring economy after South Africa. However, the Zimbabwe economy has collapsed, and prospects for a speedy revival are uncertain. A recovery during NDP 10 of the Zimbabwe economy would be of great benefit to Botswana. The influx of people from Zimbabwe, driven out by economic down turn, has had mixed benefits and costs for Botswana. Coping with economic refugees has had economic and social costs, but an influx of labour, especially of skilled people, has benefited Botswana even though there is no research currently available on the balance of these costs and benefits.

Exporting Services Using Electronic Transport

5.19 An additional strategy for a landlocked country is to develop some type of service exports even though the full potential of service exports has not been assessed. The International Financial Services Centre (IFSC) is very skill-intensive, which is one reason why it has grown slowly. The 19 companies registered and operating with the IFSC employ 40 expatriates out of a total employment of 190.

5.20 Service exports using the Internet have negligible transport costs, once the basic infrastructure has been created. Botswana currently has relatively poor broadband access to the Internet. During the working day, access is often slow. One of the IFSC companies left Botswana during NDP 9, in part because of this problem. The other reason given was a shortage of relevant skills locally, emphasising the point that Botswana's current comparative advantage is in service exports which are less skill-intensive than those currently exported by IFSC companies.

5.21 Examples of services which could use relatively low-skilled labour (for example, secondary school leavers) include doing routine administration, data inputting and simple data analysis for foreign firms. So far, this type of activity has not been developed in Botswana on any significant scale.

5.22 Botswana has a surplus of school leavers with basic numeracy and literacy, and basic experience of computers, who could be trained to use standard software quite quickly. Botswana's financial strength means that the country can educate more of its population, to a higher level, than most other African countries, and should be able to continue to do so. This comparative advantage could be turned into employment-intensive growth of service exports.

5.23 In this context, future service exports will be able to make better use of the supply of secondary school leavers, while making fewer demands on the scarce supply of professional skills, than the IFSC. Service exports using email will, of course, avoid the high cost of surface transport incurred by imported merchandise inputs and merchandise exports.

5.24 Some service exports also suffer from a transport disadvantage, most notably tourism. Visitors to Botswana, including some of those from neighbouring countries, face heavy costs in getting to the country's main tourist attractions. Again, not all of these costs are inevitable, but can be reduced through administrative action. Despite these disadvantages, tourist arrivals appear to be increasing. Total arrivals in Botswana barely increased from 2002 to 2005, but arrivals by purpose of entry, show that those on holiday increased by a total of 59 percent over those three years.

Rationale for the theme of NDP 10

5.25 The theme for NDP 10 is "*Accelerating Achievement of Vision 2016 through NDP 10*". As noted above, this requires greater emphasis on growth of the non-mining private sector in order to reach the Vision target for a tripling of GDP per head. If such accelerated growth could be achieved, it would create more formal sector jobs, and make a major contribution to the reduction of poverty. As noted in Chapter 4, formal sector employment grew very slowly during NDP 9. Faster growth of the non-mining private sector would also generate increased non-mineral tax and non-tax revenue. Even if this is less than the decline in diamond revenue, it would assist the Government to reach (and improve on after 2016) those Vision objectives which depend on government expenditure.

5.26 Strategies to address the full range of Vision objectives are articulated in the sectoral chapters, which have been structured to link projects, strategies and policies with the Vision pillars. The broad macroeconomic strategy is further discussed below.

Economic Diversification and Poverty Reduction

5.27 The basic purpose of NDP 10 is similar to that of previous plans. For many years, the main thrust of economic policy in Botswana has been to diversify the economy, in order to reduce dependence on the mining sector in general, and on diamonds in particular, and to create poverty-reducing employment and self-employment opportunities. The domestic economy, although it has grown rapidly, remains small by international standards. This means that economic diversification has required import substitution on the one hand, and the development of increased non-diamond exports, of both goods and services, on the other hand.

5.28 Diversification is necessary in order to reduce the risk of being dependent on a few major export commodities, and to reduce further the very high dependence on imports that characterised Botswana at Independence even though it has been much reduced (see Chapter 4, paragraph 4.13).

5.29 The mining sector (especially diamond mining) employs relatively few people. The rest of the economy is much more employment-intensive, in providing both formal sector jobs and opportunities for self-employment. The non-mining economy provides some 18 times as many people with formal sector jobs, per unit of GDP, as the mining sector. Employment, broadly defined to include the self-employed and those working in the informal sector, is the most important way in which the benefits of revenue from diamond mining reach large

numbers of people. It is therefore the most important way of reducing "income poverty".

5.30 As noted in the review of NDP 9 in Chapter 4, Botswana has made good progress in reducing the incidence of income poverty, although much remains to be done, and income distribution, as measured by the Gini coefficient, has become more unequal. Even greater progress has been made with the reduction of public service poverty. Here too, much remains to be done, and some indicators have worsened because of HIV/AIDS.

Strategies for Accelerating Growth of GDP

5.31 One way of accelerating growth is to increase the rate of growth of government expenditure. This adds to the income of the recipients of government expenditure, and their spending adds further to growth to the extent that the spending is on locally produced goods and services. Government expenditure adds more significantly to development in the long run if it contributes to higher productivity, in both the public and private sectors. However, there are always limits to relying on this source of faster growth, set by tax receipts and prudent levels of government borrowing. The limits will be lower in the first years of NDP 10 because of the global economic crisis, and will be lower in the long run because of the forecast decline in diamond output and revenue.

5.32 The economic background for NDP 10 suggests strongly, therefore, that the emphasis of economic policy should be to reduce the historic dependence of the private sector on the growth of government expenditure.

5.33 The maximum for government expenditure proposed in the Mid-Term Review of NDP 9 was 40 percent of GDP.

The Mid-Term Review noted that the expenditure ceiling would need to be reviewed periodically, in order to maintain a balanced budget in the medium term. The situation at the beginning of NDP 10 is worse than this implies, in that even very tight control of government expenditure is projected to result in a large cumulative deficit in NDP 10. The projections are for a cumulative deficit in the first four years of NDP 10 of P37.3 billion. The projections then show small surpluses in the remaining years, and an overall deficit for the seven years of P31.9 billion.

5.34 Even if new large diamond mines are discovered, in order to have the same relative impact on the economy as did the existing mines, they would have to be several times larger than Orapa and Jwaneng, because of the growth of GDP since the existing mines were opened. This is highly unlikely.

5.35 Long-term growth projections (see Chapter 6) depend heavily on continued high rates of growth of the non-diamond private sector, and therefore on increasing the importance of removing every possible constraint on private sector investment, growth and competitiveness. It is therefore plausible that Government is continuing to support the private sector through productive investment in infrastructure, and in education and training relevant to private sector needs.

5.36 The long-term revenue projections discussed above suggest that it may be possible to sustain modest growth in government expenditure on social welfare programmes if the non-diamond sector grows successfully. The recent reductions in the incidence of HIV suggest that the cost to the Government of coping with the HIV/AIDS problem may eventually decrease.

5.37 There may be significant difficulties in accelerating private sector growth. On the one hand, reducing the constraints imposed by government regulations tends to be more difficult than increasing government expenditure. It has proved to be much more difficult to remove regulatory constraints on investment, than to spend money on new projects. Each regulation was introduced for a reason, and therefore may be difficult to abolish. Further, every regulation creates vested interests in its being maintained, and some have popular support. Progress on these issues will require strong leadership from as high a level as possible, as individual Ministries are less likely to act to reduce or remove “their” regulations. It also strongly suggests that new regulations should be introduced only after thorough analysis of possible unwanted side-effects.

5.38 Growth of both public and private sectors may be constrained at the beginning of NDP 10 by excess demand for construction capacity caused by the build-up to the 2010 World Cup in South Africa. This is, however, a relatively short-term constraint, and construction capacity has been increased by Chinese construction companies bidding for projects in Botswana.

5.39 The need to reduce the energy-intensity of GDP growth is increased in the short term by shortages of electricity supply in Southern Africa in the next five years. The expected increase in the cost of electricity will generate some energy-saving investment, and a reduction in demand from consumers, but Government action to support and accelerate this process will be a priority.

5.40 Future economic growth will take place in such a way that it is environmental sensitive. For example, the energy-intensity of GDP growth will be monitored, and strategies developed for reducing it.

SUMMARY OF BASIC STRATEGY FOR NDP 10

5.41 The implications for economic policy of this analysis point to the need for:

- Greater emphasis on the maintenance of productive infrastructure, but with limited capacity in the medium term for the large increases in investment of recent years;
- Increased emphasis on providing for the infrastructure needs of the private sector;
- Continued investment in education and training, again with an increased emphasis on the needs of the private sector, especially for manpower with relevant private sector skills;
- Further improving the business climate for private sector investment;
- Additional support (including improved internet access) for service exports, many of which have less of a comparative disadvantage than merchandise exports in exporting to countries other than Botswana’s immediate neighbouring markets.

5.42 Present education policy is broadly appropriate for service exports in particular, and for coping with globalisation more generally. Both require a flexible workforce capable of learning new skills, which in turn requires workers to have a sound basic education. The experience of other countries is that it is becoming less likely that individual workers will be able to keep the same job, using the same skills, throughout a working career, because of the rapidly changing economic environment. The best preparation for the training and retraining likely to be needed is good basic literacy and numeracy, plus some knowledge of how to use computers. At the tertiary level, the existence of some categories of graduate unemployment suggests strongly that there is a shift in emphasis from arts degrees to technical and scientific degrees in tertiary institutions.

5.43 These are the underlying arguments behind the proposed theme for NDP 10: *"Accelerating Achievement of Vision 2016 through NDP 10"*. If the strategy can be implemented successfully, it will indeed drive the economy towards meeting the economic and social goals of Vision 2016.

MACROECONOMIC STRATEGY FOR NDP 10

Fiscal Policy

5.44 A cumulative budget surplus was achieved over the six years of NDP 9, mostly because of the large surpluses from 2005/06 to 2007/08. Unfortunately, these surpluses, and those accumulated in earlier years, will be needed to finance the projected budget deficits in NDP 10. Alternatively, Government will borrow. In practice, financing the deficits will be undertaken by some combination of the two.

5.45 Unfortunately, this scenario means that Government's accumulated financial surpluses might not be available after the end of NDP 10 to ease the adjustment to lower levels of revenue during the following Plan periods. To the extent that the Government borrows, the cost of debt service will increase.

5.46 The higher the level of government expenditure before the decline in mineral revenue, the greater will be the adjustment required, and the greater the shock to the economy in general, and to the level of public services that Government will be able to provide. The reverse argument applies. In other words, the rate of growth of government expenditure will be adjusted downwards during NDP 10. This is necessary in order to avoid excessive borrowing and its associated costs, and as preparation for the lower rate of growth of revenue expected in NDP 11 and thereafter.

This is also necessary so as to avoid having to cut government expenditure in real terms in future.

Exchange Rate Policy

5.47 The real exchange rate is calculated by taking account of the nominal exchange rate, and the relative rate of inflation in Botswana and in the economies of Botswana's main trading partners. A weighted average of the real exchange rate, using the relative weight of trade with different countries, is used to calculate the real effective exchange rate. Because Botswana trades with countries whose exchange rates vary quite sharply against each other, managing the real exchange rate is a difficult balancing act. If the real exchange rate appreciates, because inflation in Botswana has been higher than in important trading partners, and this has not been compensated by a depreciation of the nominal exchange rate, there are two possible policies.

5.48 It is extremely important for the diversification of the Botswana economy that there should be a competitive exchange rate. Unlike most economies enjoying large mineral revenues, Botswana has largely avoided an appreciation of the real exchange rate, which is the most obvious indicator of the "Dutch Disease". Botswana Government has largely avoided this by spending carefully, and saving revenues that cannot be spent productively. Most commonly, the Dutch Disease occurs because the revenues from a mineral boom are spent faster than can be used productively, because of the capacity limitations of the domestic economy. This drives up domestic prices, and therefore production costs.

5.49 Firstly, higher domestic costs reduced the ability of the non-mineral sectors of the domestic economy to compete with imports. Secondly, exporters of primary commodities receive less income after

paying higher costs, which leads to lower production in the short term, and lower investment in the longer term. Thirdly, higher domestic costs reduce the ability of exporters of manufactured goods to compete in export markets. Similar arguments apply to producers of services, both in competing with imports, and in exporting. Another way of expressing this is that overspending of mineral revenues causes the real exchange rate to appreciate.

5.50 On the one hand, Botswana could try and reduce the domestic rate of inflation below that of the country's trading partners, for long enough to reverse the real exchange rate appreciation. This is extremely difficult to achieve, and can take many years during which the real exchange rate remains overvalued. On the other hand, Botswana could devalue, but this increases inflation which runs the risk of reducing or eliminating any benefits of devaluation.

5.51 Prior to the devaluations of the Pula in 2004 and 2005, there was real exchange rate appreciation against several of the currencies of importance to Botswana's international trade, in particular the US dollar, the British pound and the Euro (see the Table 5.1). The US dollar has increased in importance because of the growth of textile exports to the USA under the Africa Growth and Opportunity Act (AGOA).

5.52 The real exchange rate of the South African rand against the Pula is particularly important for Botswana. More than 80 percent of merchandise imports come from South Africa. Because Botswana is a

member of the Southern African Customs Union, there are virtually no barriers to imports from South Africa (with the exception of agricultural imports). Consequently, nearly all Botswana producers of tradable goods and services have to compete with imports from South Africa. In addition, significant non-traditional exports are sold in South Africa, for which the real bilateral exchange rate against the South African rand is again crucial.

5.53 There was 7.5 percent devaluation in February 2004, and a second devaluation of 12 percent in May 2005. Although inflation did rise initially following the devaluations in 2004 and 2005, the authorities succeeded in bringing it quickly under control, through a combination of fiscal and monetary policy. The devaluations were mostly successful, therefore. All of the earlier real appreciation against the euro and the British pound was indeed more than reversed. Slightly more than half the earlier real appreciation against the US dollar was reversed. Textile exports to the USA also continued to rise. There were quite large movements in bilateral real exchange rates in 2008, with the indices moving in opposite directions for the rand and the British pound on the one hand, and the euro and the US dollar on the other hand. However, there was some reversal of the gains against the rand and the British pound in 2008. This situation demonstrated very clearly the difficulty of maintaining competitive real exchange rates against Botswana's different trading partners at the same time.

**Table 5.1: Changes in real bilateral exchange rate indices 2002-08
(September 2006 = 100)**

End of	Change 2002-04	2004	2005	2006	2007	2008	Change 2004-08
Rand (a)	-12.2%	99.3	92.8	97.4	95.7	108.6	9.4
US dollar	+39.2%	132.4	110.7	107.1	111.8	101.4	-23.4
Euro	+7.9%	120.3	116.8	102.5	96.4	90.2	-25.0
British pound	+14.5%	127.3	120.3	100.5	103.1	128.5	0.9

Note: (a) real exchange rate against the South African rand calculated using South African core inflation.

Source: Bank of Botswana Annual Report 2008

5.54 A crawling band exchange rate arrangement was introduced in 2005, replacing the fixed peg basket. This was so as to ensure continual stability of the Real Effective Exchange Rate (REER) without the need for periodic large discreet adjustments of the nominal exchange rate. The annual rate of crawl is determined on the basis of the differential between expected domestic inflation and forecast inflation for trading partner countries. It is implemented through daily small adjustments of the Nominal Effective Exchange Rate (NEER). This exchange rate arrangement supports the price stability objective by facilitating a continuous, orderly and less inflationary response to changes in economic fundamentals. In contrast, unpredictable large discrete adjustments (as implemented in the past) are less transparent and can result in sharp price increases. There is also the risk of introducing imbalances in the economy and undermining prospects for policy coordination and credibility.

5.55 The rate of crawl is thus determined using a forward-looking approach and revised on a regular basis. In the forward-looking scheme, the authorities determine, at a given time, the rate of crawl for a subsequent period; normally, the next twelve months. Maintaining a credible crawling peg/band mechanism imposes certain constraints on other economic policies such as monetary and fiscal policies, where these policies have to complement the exchange

rate policy. Since the introduction of the crawl, Botswana's inflation has been higher than that of its main trading partners and this has necessitated a downward crawl.

Monetary Policy

5.56 The principal objective of monetary policy, which is implemented by the Bank of Botswana, is to prevent inflation from moving outside a target range, currently between 3 and 6 percent. This range is considered to be consistent with achieving maximum sustainable economic growth. The inflation objective is closely linked to the objectives of exchange rate policy and fiscal policy. Indeed, all of the aspects of macroeconomic policy are closely linked to each other, because at the macroeconomic level each policy has an impact on all other macroeconomic policies.

5.57 The main weapon available to the Bank of Botswana for controlling the rate of inflation is the Bank Rate. Changes in the Bank Rate are reflected in commercial bank interest rates, most notably the cost of borrowing as reflected in the prime rate. The most creditworthy borrowers can borrow from commercial banks at prime rate or less, with other borrowers having to pay a higher rate of interest. Actual borrowing rates are normally expressed as so many percentage points above the prime rate, so that if prime rate changes, the cost of borrowing to all borrowers tends to change by the same number of percentage points.

5.58 To sustain a level of interest rates that is consistent with the monetary policy stance, the Bank of Botswana also influences the quantity of loanable funds in the banking system through the sale and purchase of Bank of Botswana Certificates (BoBCs). In an environment of excess liquidity in the banking system, as currently prevailing in Botswana, there could be a tendency for bidding down of interest rates, even when it is desirable to maintain them at a higher level. In these circumstances, the Bank of Botswana mops up the excess liquidity by selling BoBCs to the commercial banks, and pays an interest rate that is appropriate for a given monetary policy stance.

5.59 An increase in the cost of borrowing has an impact on the demand for credit and, in turn, on aggregate demand and, therefore, on inflation. If the cost of borrowing increases, borrowers may be forced to borrow less because the monthly debt service increases. Borrowers are then not able to borrow as much as previously, and the demand for goods and services is reduced with a dampening effect on inflation.

5.60 Credit growth is a useful indicator of prospective demand conditions and the likely impact on inflation. It is against this background that the Bank of Botswana, up to 2007, specified a range of credit growth that was consistent with the inflation objective. Another advantage of using the rate of credit growth as an indicator of demand is that the relevant data are available on a more timely and reliable basis than most other indicators.

5.61 However, demand for credit depends not only on interest rates; it is also influenced by other developments in the economy. In Botswana, these other influences include structural changes in the financial sector, greater competition

resulting in the introduction of new loan products, the general increase in incomes and the substantial loan amounts associated with large new investment projects. Moreover, in addition to domestic aggregate demand, there are other significant influences on domestic inflation, such as exchange rate and foreign price developments, changes in administered prices and inflation expectations.

5.62 The implementation of monetary policy during NDP 10 will, therefore, involve some departures from the approaches adopted in previous years. The inflation objective will be specified over a medium-term horizon (a rolling three-year period) and the medium-term inflation forecast will be used as the signal for policy response. The Bank of Botswana has made advances in estimating aggregate demand conditions and other influences on inflation. This facilitates a more comprehensive assessment of the inflation outlook for policy purposes.

5.63 The medium-term period used for forecasting inflation is also a reasonable period over which monetary policy can affect demand pressures and price developments. In the context of regular policy reviews, deviations of the medium-term inflation forecast from the target range would signal the need for a policy response. Monetary policy is, therefore, forward-looking. The currently observed level of inflation and the short-term forecast have already been determined by past developments, while short-term price movements are mainly influenced by shocks and do not respond to current policy action to any significant degree.

5.64 Monetary policy formulation during NDP 10 will also involve continuous enhancement of transparency and communication in order to sustain policy credibility, as well as to guide inflation expectations and better-informed

anticipation of policy direction by the general public. Appropriately anchored inflation expectations contribute to the attainment of the inflation objective, as price adjustments and demand for wage increases are more likely to be aligned to the price stability objective. Important elements of the communication and transparency strategy of the Bank of Botswana are the regular dissemination of the monetary policy framework, review of inflation developments, publication of the inflation forecast and routine announcement of decisions of policy review meetings, as well as pre-announcement of policy review schedules.

5.65 Success maintaining inflation within the target range should result in lower levels of interest rates in the economy, which would support investment and business growth. Therefore, during NDP 10, the Bank of Botswana will continue to use its best endeavours to control inflation, and to achieve the objective of maintaining it within the 3–6 percent range, without undermining sustainable economic growth.

5.66 Businesses can avoid the high cost of borrowing, and the risks associated with high nominal interest rates and high rates of inflation, by issuing shares. The yield on shares, representing the cost to the business of paying dividends, can be lower initially than the current interest rate because investors expect profits and dividends to increase with inflation. Businesses can by definition afford to pay higher dividends if their profits increase, while enjoying a lower initial cost of finance and not having to make any capital repayments. Dividends need not be paid, or can be reduced, when profits fall, whereas interest on loans is always due.

5.67 It is possible to issue shares privately, or through a public flotation on the Botswana Stock Exchange. To date, relatively few companies have issued shares

on the Botswana Stock Exchange, so that this source of finance has not been used by the majority of Botswana producers. During NDP 10, the Government will continue to make sure that current legislation and regulations do not impede the growth of the Stock Exchange (see Chapter 9, the section on finance, for further detailed discussion of financial strategy).

5.68 One aspect of interest rate policy is relatively unimportant in Botswana. In countries with major financial markets, changes in interest rates can cause large short-term capital movements, in other words large inflows or outflows of hot money. Such flows can cause abrupt and unwanted changes in exchange rates, force unwanted changes in interest rates, and put a strain on foreign exchange reserves.

5.69 Most crucially, inflows of hot money can be rapidly reversed, and this can occur independently of policy or events in the recipient country. It is risky, therefore, for hot money to be used for investment, because the economy might then have no provision against the possibility of a sudden outflow. That is the reason why some countries, for example Malaysia in the late 1990s, have taken measures to prevent inflows of short-term capital.

5.70 Financial markets in Botswana, the markets in equities and bonds on the Stock Exchange, are neither large enough nor liquid enough to attract significant inflows of short term foreign investment. Foreign investment on the Botswana Stock Exchange is mostly relatively long-term, because of the difficulty of selling either shares or bonds on a significant scale in the event of a change in interest rates, or for some other reason. Furthermore, Botswana has large enough foreign exchange reserves for any short-term capital movements to be absorbed, so that policy changes cannot be forced on the authorities by such movements.

5.71 Botswana is fortunate in not having to be concerned about this aspect of macroeconomic policy. This contrasts with South Africa, for example, where short-term capital movements can disrupt macroeconomic policy. The risk of large short-term outflows means that they have to be provisioned against. If financial reserves are not large enough, interest rates may have to be raised, or some other aspect of macroeconomic policy may have to be changed.

5.72 In the long run, Botswana would benefit from developing larger and more liquid financial markets. In particular, it would be of great benefit if more firms were to have access to the market in equities, as a way of raising capital relatively cheaply, and as a way of sharing risk with investors. Savers would also benefit from a wider range of domestic investment opportunities. This is particularly true of pension funds and insurance companies, who invest on behalf of individuals.

5.73 If, and when, domestic financial markets develop further, the authorities will have to develop policies to cope with short-term capital inflows and outflows, to avoid unwanted side effects arising from capital market development.

International Trade Agreements

5.74 Competition for Botswana producers has got tougher, and will get tougher in future, because the common external tariffs of SACU have been reduced, and a programme of further reductions is planned.

5.75 The Southern African Development Community (SADC) Free Trade Area was launched in 2008, but this will have a relatively minor effect on most of Botswana's trade (the principal exception is trade in agricultural goods). Botswana already has free trade with South Africa, whose GDP is about 75 percent of total SADC GDP. There is a free trade agreement with Zimbabwe, but this is currently of relatively little importance. It could become relevant when the Zimbabwean economy recovers. Transport links with other SADC economies are relatively poor or non-existent, and their economies are relatively small, so that significant increases in trade are currently unlikely. Zambia is a possible exception, although increased trade would be greatly facilitated by improving the transport links.

5.76 Agreement to an Economic Partnership Agreement (EPA) with the EU will not expose local producers to significant additional competition from EU merchandise exporters. South Africa already has a free trade agreement with the EU which affects Botswana equally as a member of SACU.

5.77 Research by BIDPA in 2000, on the impact of the EU (European Union)/South Africa trade agreement on the smaller members of SACU, showed a surprisingly small effect. In part, this was because many of the goods imported from the EU were not competing in the same market as SACU production. For example, cheap shoes produced in Lesotho, and sold to low-income consumers in South Africa, did not compete with expensive shoes imported from Europe for high-income consumers.

PRIVATE SECTOR DEVELOPMENT STRATEGY FOR NDP 10

5.78 The main issues constraining private sector growth, and the policy changes necessary to accelerate private sector growth during NDP 10, were identified by BOCCIM in 2008. This section brings out the main points of the proposed strategy for private sector development.

5.79 Botswana will pursue a three-pronged strategy aimed at supporting efforts by Government and the private sector to:

- Create a private sector enabling and supportive policy environment;
- Stimulate increased investment flows; and
- Enhance the competitiveness of the private sector.

5.80 There are two levels of international competitiveness which producers in Botswana need to achieve. First, producers of tradable goods and services in Botswana must be able to compete with producers in SACU, most notably in South Africa. The SACU market is protected by the Common External Tariff. Botswana has demonstrated its ability to compete within this protected market, through the large decrease in the ratio of imports to GDP, and its ability to export to the South African market, both already noted. A further achievement is that these trends have not been reversed in recent years, despite the lowering of the Common External Tariff.

5.81 Second, producers of goods and services exporting to markets outside the region must be able to compete with non-regional producers, without the protection of the SACU Common External Tariff. Botswana producers have had mixed success in exporting outside the region. Textile exports have grown rapidly, and not only to the United States under AGOA, but also to the European Union. There was an exceptionally large increase in textile

exports in 2007, almost maintained in 2008. However, it is doubtful that textile exports from Botswana would be able to compete without privileged access to those two markets.

5.82 Government intends to strengthen its capacity to enhance private sector growth. The objective is to improve the business climate, in particular by removing or minimizing the negative effects of all the existing administrative, bureaucratic and regulatory impediments to private sector development. The main components of the strategy for supporting and promoting private sector growth are set out below. It is worth noting first, though, that there are important positive aspects of the investment climate in Botswana.

The Investment Climate

Positive factors

5.83 Botswana has an extremely good record of macroeconomic stability and GDP growth. For 30 years, it was the highest in the world. Recently it has slowed, but growth remained positive except for the global recession year 2008/09. Economic growth was greater than the rate of growth of population in almost all years.

5.84 There are no exchange controls, and the economy has large financial resources to enable it to cope with exogenous shocks (see Chapter 4 on the import cover provided by the foreign exchange reserves, for example).

5.85 Commercial bank credit is available for those regarded by the commercial banks as being creditworthy customers, because commercial bank capital and liquidity greatly exceed legal requirements. It appears that the commercial banks in Botswana have not been affected by the global banking crisis, because, among other reasons, they

did not invest in what turned out to be toxic assets issued abroad. Occasional large corporate failures have inflicted losses on one or more of the commercial banks, but these have always been within their capacity to finance from current profits, so that it was not necessary to draw upon shareholders' capital and reserves. The capital base of the commercial banks rose by 38 percent in the year to June 2008, the growth of commercial bank lending continued, while lending backed by property was only 3 percent of GDP.

5.86 There is evidence, though, that bank lending in Botswana is inefficient. According to a World Bank study "... the banking sector does not do a particularly good job of allocating credit - in contrast to most countries, neither productivity nor wages are higher in firms with access to credit".

5.87 Since 2000, Botswana has had an excellent sovereign credit rating from two of the international credit rating agencies. At present, the Botswana Government does not need to use these ratings directly. It would be uneconomic in most circumstances to borrow abroad at commercial rates of interest, which are normally higher than can be earned on the foreign exchange reserves.

5.88 Nevertheless, the sovereign credit rating has some benefits for Botswana. First, it should make it easier for domestic companies to borrow abroad, by increasing the confidence of lenders in the Botswana economy and its sound management. Second, the prospect of a fall in the rating should be an important constraint on changes in government policy regarded as inappropriate by the credit rating agencies. The maintenance of Botswana's credit ratings suggests that this may be working as intended. Third, the credit rating improves the general investment climate and so reduces the high profit levels sought by investors in riskier countries.

5.89 The investment climate depends on a peaceful environment, including low levels of crime, corruption and road traffic accidents, and respect for the rule of law. Crime levels are substantially below those of other countries in the region, but are tending to rise, as are road traffic accidents. The Botswana Police Service has strategies to deal with these issues, which will continue to be important during NDP 10.

5.90 Labour productivity and total factor productivity are lower in Botswana than in a number of comparable countries, including South Africa, Namibia and Swaziland, although they are higher than in Lesotho as measured by the World Bank. However, median monthly wages in Botswana are lower than in Namibia and Swaziland, and very substantially lower than in South Africa. The median monthly wage in Botswana is only about 20 percent of the median monthly wage in South Africa.

5.91 As a result, unit labour costs in Botswana are approximately the same as unit labour costs in Namibia and Swaziland, and substantially lower than in Lesotho (about 60 percent) and South Africa (about 67 percent). On this measure, therefore, Botswana is in a relatively sound competitive position compared with its fellow members of SACU. This partly explains why not all of Botswana's textile exports, for example, are dependent on European and American concessions; some go to South Africa where they have to be fully competitive within SACU's external tariff.

5.92 Botswana is less competitive with some non-regional countries. The median firm in Botswana is more productive than in low-income countries within sub-Saharan Africa, and about as productive as in lower middle income countries in the sample. However, firms in Botswana are less productive than firms in upper middle income comparator countries.

Negative External Perceptions of the Investment Climate

5.93 Potential investors, particularly foreign investors, are aware of the World Bank's annual surveys of the investment climate in a large number of countries: "*Doing Business*". Botswana's overall ranking in successive editions of *Doing Business* got worse for several years, falling from 44th place in 2005 to 48th place in 2006 and 51st place in 2007.

5.94 There was a significant improvement in 2008, to 38th place but it got worsened to 39th and 45th place in 2009 and 2010, respectively. This was encouraging, but the improvement was mainly in aspects of doing business in which Botswana remain much worse than average. For example, there was an improvement in the ease of starting a business, but only from 102nd place in 2006 to 83rd place in 2010. There are 10 procedures, requiring 61 days, to start a business. This compares with 34 days in Kenya, 6 days in Mauritius, 26 days in Mozambique, 66 days in Namibia, and 22 days in South Africa. In best practice economies (New Zealand and Denmark), there is only 1 procedure, taking on average a day to complete. There is an urgent need, therefore, to reduce the number of procedures, and make them simpler.

5.95 The index for protection of investors worsened from 38th place in 2009 41st place in 2010. There were negligible changes in the other components of the overall index, and Botswana continued to rank poorly on the ease of dealing with construction permits (122nd), and even worse on the ease of trading across borders (150th).

Tax Regime

5.96 Botswana's tax rates have generally been low compared to comparator countries. This advantage has been eroded, however, by the reduction in tax rates, together with

the other investment incentives, which have been introduced in competitor countries. These countries have not only reduced their taxes, but have generally improved their economies and their political and investment conditions in general.

5.97 Furthermore, the tax system is complex, as are other regulations. According to *Doing Business 2010*, it currently requires an average of 140 hours for a business to comply with the Botswana tax regulations. There are still 19 different payments required in paying taxes, 6 documents required for every export, 9 for imports, and 29 procedures (up from 26 recorded in 2007) required for the enforcing of contracts.

5.98 The tax review, announced in the 2008 Budget Speech, will be benchmarked against the best foreign tax systems, such as those of Sweden, the United Arab Emirates and Vanuatu. There is an urgent need to simplify the tax structure in order to improve the compliance rate, to reduce the costs of compliance and administration, and to reduce the demand for scarce accountants and tax administrators.

Work and Residence Permits

5.99 One of the most important constraints on the private sector is a combination of the shortage of skilled labour and the difficulty of getting work and residence permits for non-citizen employees. Skilled labour shortages are being made worse by the impact of HIV/AIDS, although the effects are mitigated by the provision of Anti-Retroviral (ARVs).

5.100 Shortages of skilled labour add to the importance of making the recruitment of foreign skills as straightforward as possible. International research finds a strong correlation between the ease of importing skills and skilled labour, on the one hand, and rapid economic growth, on the other hand. Private sector employers in Botswana

reported that it was difficult to obtain residence and work permits for skilled foreign workers, but delays have been greatly reduced (Chapter 9, paragraph 9.318).

5.101 Requirements for work permits, permanent residence, and citizenship will continue to be, therefore, be reviewed to make it easier to acquire skilled human resources. The ongoing drafting of Bills to amend the Immigration and Citizenship Act, and the Employment of Non-Citizens Act, will be an opportunity to improve Botswana's skills base.

Future Progress with Deregulation

5.102 The fact that some constraints have been reduced, or removed altogether, does not necessarily reduce the negative impact of other constraints. For example, the time taken to register a company has been drastically reduced through computerisation, which in itself is excellent. Unfortunately, though, the removal of one constraint may push the investor up against others.

5.103 A major effort will be made during NDP 10, to reduce the constraints on investment, and for this to show up in the widely published international indices, in order to sustain private sector growth even further. This applies particularly to foreign investment. Private sector investment may have responded to other stimuli, for example real exchange rate depreciation, but it would increase faster when the burden of regulations are reduced.

Continued Macroeconomic Stability

5.104 Macroeconomic stability is a necessary (although not a sufficient) condition for private sector growth, and especially for attracting investment, both domestic and foreign. Botswana's ranking on the Global Competitiveness Index 2009/10 fell 10 places to 66th from the year

before, mainly because of a worsened macroeconomic situation. Botswana dropped 19 places (from 22nd to 41st) on macroeconomic stability. It is clear, for this reason among others, that the fiscal rule of the balanced budget should be restored as soon as possible. Among other benefits, this will minimise the need to raise interest rates. High interest rates are necessary as one of the ways of reducing inflation, but they have a negative impact on aggregate demand, and increase the cost of borrowing for producers, both of which slow the growth of the economy.

Privatisation

5.105 Private sector development requires an efficient public sector delivery system, and a public sector that is responsive to private sector interests. The privatisation and rationalisation of parastatals should reduce the size of the public sector and its financial and administrative burden. Activities that the private sector can do more efficiently will be outsourced.

5.106 The White Paper on Privatisation was published in 2000, and the privatisation agency (PEEPA) was established soon afterwards. There has not yet been progress on the sale of the larger parastatals to the private sector. Progress on such sales will provide a positive signal to investors on the determination of the Government to reduce its role in the economy, and to promote private sector interests.

5.107 A positive factor is that the *financing* of parastatals has been largely privatised. Government no longer provides most of the finance for parastatal investment, as it did in the past on a large scale. The Public Debt Service Fund (PDSF) loan book has been sold. Most of the larger parastatals borrow from the market, and there has been net repayment to Government in recent years.

Public Sector Infrastructure and Services

5.108 There is need for the strategic development of infrastructure to enable the private sector to operate efficiently. The service sector has been identified as a potential source of export growth. For this to happen, the ICT infrastructure will be improved. Where economically rational, the Government will build infrastructure in less developed areas, so as to attract both domestic and foreign investment. Government will assess development of the Namibian port which would provide alternative access to the sea, and may attract investment along this corridor. Private sector participation in infrastructure and basic service provision can improve efficiency of the delivery of essential services, and can relieve pressure on the public budget in the short term (but not in the long term). The Public Private Partnership (PPP) arrangement will be further developed during NDP 10.

Increased FDI

5.109 The inflow of FDI has been low. Direct investment in Botswana increased by only 12.5 percent in nominal terms, in the six years to the end of 2008. In part, this may be because the role of attracting investment remains fragmented. There are too many role players: Botswana Development Corporation (BDC), IFSC and Botswana Export Development and Investment Authority (BEDIA). Government aims to rationalise the functions of these institutions by assigning their role in attracting investment to one entity as well as improve their coordination.

Enhanced Competitiveness of the Private Sector

5.110 International competitiveness plays a crucial role in building the success of any economy. Greater focus will be placed on productivity across all sectors of the

economy to produce goods and services to internationally acceptable quality standards. Priority will be given to investing in those areas which will sustain and increase the country's capacity for long-term growth, including those services which do not require expensive overland transport.

Technological Innovation

5.111 Government will promote technological innovation in industry through increased support for knowledge and technology diffusion into the business sector, product research and development by the business sector, the development of networks and clusters, academic research, and by adapting technology imported from abroad.

Industry Relevant Skills

5.112 Botswana is faced with a high unemployment rate, including graduates of tertiary institutions. Tackling the existing mismatch requires reform of the education system such that it provides enterprises with workers with relevant skills, and the capacity to adapt to changing circumstances. A skills development strategy will be developed to give impetus to the recently completed National Human Resource Development Strategy, including a comprehensive review of the curricula to ensure the development of skills relevant to private sector employment.

Streamlining Policies for Private Sector Support

5.113 Policy action for entrepreneurs and Small, Medium and Micro Enterprises (SMMEs) needs a coherent approach in support of the competitiveness of the private sector. Different policy documents aimed at supporting private sector development should fall under a single framework, with a streamlined monitoring and evaluation mechanism.

Develop Business and Entrepreneurial Education

5.114 The ongoing efforts to integrate business and entrepreneurship education in school curricula with a view to fostering an entrepreneurial mindset among young people will be intensified. It should be noted, in this context, that most potential young entrepreneurs will benefit from experience as an employee in somebody else's business, prior to setting up a business of their own. It is not often possible for young people set up a business immediately after leaving full-time education or training.

Access to Finance

5.115 Access to finance is key to reducing barriers to the start up and growth of businesses. Entrepreneurs need access to appropriate banking products, expert financial consulting support and an efficiently functioning venture capital market with increased competition. Efforts will be made to deepen and improve the financial markets in Botswana, and their efficient service delivery. It is important in this context to note that 100 percent loan finance is inappropriate for the starting of a new business. Some risk capital, in the form of equity investment and/or the savings of the founders of the business, is usually necessary in conjunction with loan finance.

Intellectual Property

5.116 Intellectual Property is important to both industry and the service sector. With the growing scale of counterfeiting and piracy, enforcement of intellectual property rights will be strengthened through laws such as those which govern copyright and cyber crime.

5.117 Further details on many of these points are provided in Chapter 9.

SUMMARY OF STRATEGY FOR NDP 10

5.118 Overall, the economic strategy for NDP 10 can be summarised as follows:

- Restrain government spending to limit the impact of the global recession on the budget;
- Seek every opportunity to redirect government spending to enhance the productivity of both the public and private sectors;
- In particular, direct spending on infrastructure, education and training towards the needs of the private sector;
- Give priority to catching up on the backlog in the maintenance of public sector assets, and to preventing any new backlog emerging;
- Reduce the disadvantages of being landlocked by taking every opportunity to export to neighbouring markets, and to export services with negligible transport costs;
- Act urgently to reduce the regulatory constraints on the private sector, in order to encourage private sector investment, and to improve Botswana's ratings in international comparisons of the investment climate.

CHAPTER 6

PROJECTIONS OF GOVERNMENT'S REVENUE AND EXPENDITURE LIMITS FOR NDP 10

GOVERNMENT EXPENDITURE: STRATEGIC ISSUES

6.1 The strategy for government expenditure in NDP 10 depends on four major issues. The **first issue** is on how the composition of government expenditure can best contribute to growth of the private sector. Emphasis on the requirements of the private sector is necessary because the recent global crises have shown that in the short-term there can be a severe decline in diamond revenues. The long-term forecasts also indicate that diamond revenues will decline sharply towards the end of NDP 11, and decrease to almost zero by the end of NDP 12. It will, however, be possible to maintain positive real growth of government expenditure when the non-diamond private sector consistently achieves high rates of growth.

6.2 The **second issue** is on what resources are expected to be available. Projections of government revenue have two components: mineral revenue and non-mineral revenue. The Ministry of Minerals, Energy and Water Resources (MMEWR) has provided projections of the expected mineral revenue accruing to government from diamond mining. Projections of non-mineral revenue have been made from likely growth rates of the non-mining private sector, using the recent historical data and the likely future of the ratio of non-mineral revenue to GDP in the non-mining private sector.

6.3 The **third issue** concerns whether the budget should, taking one year with another, be in surplus, deficit or balanced. In recent years, the overall strategy has been for the budget to be approximately in balance, not

necessarily every individual year, but over several years taken together. Government expenditure in any given year does not need to be changed to take account of short-term revenue fluctuations. Other things equal, this strategy will have to be continued during NDP 10.

6.4 The global economic downturn, which became more pronounced in the second half of 2008, makes it necessary for government expenditure to increase more slowly than would otherwise have been the case. Even so, the immediate prospect is for large deficits in the early years of the Plan. The projections are for budget surpluses in the last three years of the Plan, but not nearly large enough to offset the earlier deficits. These projections are based on a recovery in the global economy within two years. If this does not happen, government expenditure will have to be further restrained.

6.5 The long-term objective is to manage the rate of growth of government expenditure so that the budget can be in long-term balance as revenues from diamonds decline. Long-term projections of the revenue available from the non-diamond private sector suggest that government expenditure should be able to continue to grow in real terms, if rates of growth are only just above the population growth rate (provided *that the non-diamond private sector does indeed grow fast and consistently*).

6.6 Overall Government expenditure projections will result in a substantial budget

deficit over the NDP 10 period. This deficit will be financed, by a combination of using Government's accumulated balances at the Bank of Botswana, and by borrowing. For 2009/10, Government borrowed P10.1 billion from the African Development Bank for budget support. Government will probably seek further loans from abroad and issue domestic bonds. Government has not borrowed on a significant scale for many years, because of the long period of budget surpluses. The new situation will entail more active management of debt policy than has been the case before.

6.7 The **fourth issue** is on how the total of government expenditure should be divided between recurrent and development expenditure, and between the various objectives of the Government. On the one hand, much of development expenditure will be aimed contributing to the future growth of the private sector GDP. However, some categories of development expenditure contribute very little to private sector growth, for example government office buildings. Currently, several categories of recurrent spending are contributing to the future private sector growth, for example spending on education and training. On the other hand, the recent upsurge in development spending requires increases in recurrent spending to meet its recurrent costs. In addition, recurrent spending will continue to be used to catch up on the backlog in maintenance of past projects. It would be really unreasonable if past development projects, and those proposed for NDP 10, could not be properly maintained.

6.8 Taking these issues into account, the projections in the base case are for recurrent expenditure, following a budgeted increase of 8.1 percent in 2009/10, to continue to increase in real terms, although very slowly, in the remaining six years of NDP 10. Development expenditure is budgeted to decrease in real terms by 13.0 percent in

2009/10 and to decrease in each of the remaining years of the Plan by 4.6 percent. Despite these annual decreases, development expenditure is projected to be higher in 2015/16 than in 2006/07, because of the large increases in the last two years of NDP 9 (2007/08 and 2008/09). Development expenditure may have to be less than projected, if recurrent expenditure proves inadequate to service past and future development expenditure.

6.9 The expenditure projections for NDP 10 were developed at a time of extreme uncertainty. Crucially, the timing and extent of any global economic recovery was not known. **Overall**, therefore, it is essential to note that the rate of growth of total government expenditure is more than usually subject to downward revision if economic circumstances change for the worse.

Projections of GDP in NDP 10 (Base Case)

6.10 The base case projections for GDP in NDP 10, in fiscal years ending in March each year, were constructed as follows. Forecasts of mining GDP were based on the forecasts available at the beginning of the Plan period, of mining output and exports. These assume that there will be a major drop in output in the first year of the Plan, a small recovery in the following year, and resumption to near pre-recession levels in the following years. The projections are based, therefore, on an expectation that the impact of the global recession on Botswana, in particular on diamond output and exports, will last two years. These projections are unusually uncertain because the timing and extent of recovery from the global recession are not known.

6.11 Because the starting point of NDP 10 was March 2009, when mining output had fallen by 65.0 percent from the previous

quarter, and by 20.0 percent on an annual basis, the rate of growth in NDP 10 appears exceptionally high. But this merely reflects recovery from an exceptionally low point.

6.12 It is projected that the non-mining private sector will continue to grow in real terms, for two main reasons. First, the Government will be able to *sustain* the real level of its spending in the short and medium term because of being able to draw on the savings from past budget surpluses, and being able to borrow because of a low level of past borrowing. This will do much to sustain the non-mining private sector, when added to the very large increases in government expenditure in the last two years of NDP 9.

6.13 Second, the non-mining private sector began to grow faster *before* the upsurge in government expenditure in 2007/08 and 2008/09, and this continued despite the impact of the global recession. Growth of the non-mining private sector was 6.2 percent in the year to March 2009 (the final year of NDP 9). This showed non-mining private sector growth to be at least partly independent of government expenditure. Nevertheless, growth of the non-mining private sector is projected to be only just over half its average level in 2007/08 and 2008/9 (9.5 percent) in the first

two years of the Plan, because of the expected impact of slower growth of government expenditure and the global recession. Its growth rate is projected to recover gradually in the following two years, reaching the rate of growth projected pre-recession (7 percent) in the last three years of the Plan.

6.14 Growth of General Government is projected to grow in line with the projected real rates of growth of government expenditure. GDP in NDP 10 is then the sum of these three projections, as shown in Table 6.1.

6.15 Overall, the compound rate of growth of GDP in NDP 10 is projected to be 3.1 percent, as shown in Table 6.2. This is higher than previously projected, because of the sharp fall in mining output in the quarter to March 2009. Starting from a lower level generates a higher rate of growth. The trend rate of growth in NDP 9 was 3.5 percent.

6.16 With such sharp variations in growth rates, any attempt to provide an “average” rate of growth for the whole of the Plan can be misleading. For the same reason, a low starting point, projecting higher rates of growth in NDP 10 than previously, does not mean that GDP will be higher than previously projected.

Table 6.1: Base case projections of GDP in NDP 10 (P billion, constant 2008 prices)

Fiscal years	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Mining sector	19.4	20.3	26.6	34.4	45.1	48.2	41.3
General Government	14.5	14.4	14.2	14.2	14.2	14.2	14.2
Non-mining private sector	44.2	46.0	48.3	51.2	54.8	58.6	62.7
GDP	78.1	80.6	89.1	99.8	114.1	121.0	118.3

Source: MFDP projections

Table 6.2: Base case projections of GDP annual growth rates in NDP 10(percentages)

Fiscal years	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Compound growth rates
Mining sector	-49.5	4.7	30.7	29.8	4.5	13.3	-3.5	0.2
General Government	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Non-mining private sector	3.8	3.8	4.7	5.7	7.0	7.0	7.0	5.6
GDP	-16.5	3.2	9.7	11.1	5.1	7.9	2.6	3.1

Source: MFDP projections

Long Term Economic Strategy

6.17 The long term forecast is that income for distribution to the Government from diamond mining will fall drastically, by about 65 percent by the end of NDP 11 in 2022, with a decline to near zero in 2029 (see Figure 5.1 in the previous chapter). At that time, government expenditure as a share of GDP will have to be reduced to significantly less than 30 percent of GDP in order to avoid budget deficits. The ratio of government expenditure to GDP will have to be lower if the non-mining private sector grows less than projected, as this will reduce the amount of non-mineral government revenue.

6.18 The timing of the long-term reduction of government expenditure as a proportion of GDP could turn out to be later if technical and prospecting developments in the mining sector are favourable. It would be risky, though, to assume that mineral revenue will be significantly greater than the current projections, especially as the projections could turn out to be overoptimistic rather than too cautious. It is equally important to adjust to short term falls in revenue sooner rather than later. The base case revenue projections assume that the global recession will last only two years, for example.

6.19 There is a large amount of evidence from other African countries of the extremely high cost of postponing

adjustment to a fall in government revenue. Failures to adjust promptly have led to budget deficits, high rates of inflation, balance of payments deficits, shortage of foreign exchange leading to inability to pay for imports of consumer goods and industrial inputs, increasing debt and eventual inability to service that debt. The longer adjustment is postponed, the harder adjustment becomes. In part, this is because financial reserves have been exhausted, while borrowing instead of adjustment makes it more expensive and, eventually, impossible to borrow from most sources. At that point, credit is only available from the International Financial Institutions and other donors, and comes with severe conditionality.

6.20 Examples of this scenario have caused many countries to suffer from many years of lost economic growth, severe decreases in GDP accompanied by shortages of essential goods and services, and much hardship. The adjustment process is then more difficult and costly than would have been necessary if adjustment had not been delayed.

6.21 The projected fall in diamond production in the long term means that policy must be directed towards the growth of other private sector activity, and to the private sector becoming less dependent on government expenditure than previously. However, even if economic diversification occurs more successfully than in the base case, as for example in the optimistic scenario, it is extremely unlikely that other

forms of private sector activity will generate as high a proportion of their output in the form of government revenue as diamond mining has. Moreover, some private sector investment is attracted by the offer of tax holidays, and other tax concessions, further reducing tax revenue from the private sector.

6.22 Accelerated economic diversification will not mean, therefore, that adjustment to lower rates of growth of government expenditure will not be necessary. At best, it will reduce the degree of adjustment required. This must be taken into account in order to reduce the difficulty for the Government of adjusting to lower revenue in the years following NDP 10.

6.23 As noted in paragraph 6.5, provided that the rate of growth of government expenditure is restrained, and that efforts to encourage the growth of the non-mining private sector are successful, there need not be an actual reduction in the level of government expenditure (in real terms), although lower rates of growth than in the past will almost certainly be necessary. It would be extremely damaging if the public sector services which have been developed have to be cut back. Avoiding this will need to be a major objective of economic policy.

Projections of Revenue (Base Case)

Mineral Revenue

6.24 The base case scenario for revenue during NDP 10 uses projections of diamond revenue accruing to the Government from MMEWR. To these are added projections of non-mineral revenue derived from

projections of growth of the non-mining private sector. Together with decisions on how large a deficit can be prudently financed, the revenue projections set the limits to government expenditure during NDP 10.

6.25 Variations on the base case, an optimistic and a pessimistic scenario using higher and lower assumptions regarding the speed of recovery of the global economy and the growth of the non-mining private sector, are presented in the following sections. Basically, any increase in the revenue projected in the base case will mostly be used to reduce the deficit. If revenue is lower than in the base case, government expenditure will be cut because a higher budget deficit will not be allowed.

6.26 During the early part of the preparation of NDP 10, the MMEWR provided forecasts of expected government revenue from diamond production during NDP 10. These forecasts showed diamond exports, and the consequent government revenue, increasing throughout the seven years of the Plan. These forecasts have had to be revised to take account of the current global recession.

MMEWR's projections assume that Government's revenue from diamonds will be markedly less than the pre-recession forecast, for the first four years of NDP 10, with recovery of some of the lost production in the fifth and sixth years, and a return to the previously projected levels of production in the final year of the Plan. The total reduction of mineral revenue is projected to be P11.0 billion over NDP 10 (Table 6.3).

Table 6.3: Changes in projected mineral revenue in NDP 10, as a result of the global recession (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Pre-recession	11.3	11.0	10.5	13.2	14.9	14.4	14.0	89.3
NDP 10 projection	6.4	6.7	8.8	11.4	15.0	16.0	14.0	78.3
Change from pre-recession	-4.9	-4.3	-1.7	-1.8	0.1	1.6	0.0	-11.0
Projected NDP 10 growth (%)	-35.7%	4.7%	31.0%	29.5%	31.1%	6.8%	-14.2%	

Note: (a) totals may not add because of rounding

Source: Debswana

6.27 The projections of mineral revenue ignore any possible revenue from the rest of the mining sector. Base metal prices were exceptionally high in 2007, but fell back again in 2008 and 2009. It would be imprudent to assume a renewed upsurge in base metal prices. It is unlikely that significant tax revenue will be received from BCL, although the period of high prices enabled the company to pay off most of its debts.

6.28 Some of the recent prospecting activity in Botswana may lead to new mines being developed, although many of them will not be developed until the global economy recovers. There is usually at least five years between the identification of a commercially viable orebody, and mining production. Profitability may not be attained immediately, because capital expenditures can be written off, for tax purposes, against operating profit for a number of years. It is therefore considered unlikely that there will be significant mineral revenue during NDP 10 from the recent mineral prospecting.

Non-mineral Revenue

6.29 The projections of non-mineral revenue are based on growth of the non-mining private sector (taken to include parastatals). The non-mining private sector is taken here to be GDP less general government, less mining GDP.

6.30 The pre-recession base case was for real growth of the non-mining private sector of 7 percent per year in real terms from 2009/10 onwards. That would have been slightly higher than the NDP 9 average (6.2 percent), but below the average for the last three years of NDP 9 (8.4 percent). It is significant that non-mining private sector growth was not apparently much affected by the global recession in the final year of NDP 9 (2008/09, year ending March 2009). GDP fell by 3.3 percent, but the non-mining private sector grew by 6.2 percent. Moreover, this growth rate accelerated in the first quarter of NDP 10. This demonstrates the relative isolation of the mining sector from the rest of the economy. Projections of non-mineral revenue have been revised downwards, as shown in Table 6.4. The downward revision is because of the expected future impact of the economic recession, for example on non-diamond exports, and because of the planned slowdown in the growth of government expenditure.

6.31 The projections are that non-mineral revenue will be less than previously projected, by P35.9 billion, in the whole of NDP 10. The large fall in the budget estimates for 2009/10, compared with the outturn for 2008/09, is partly accounted for by unexpectedly large receipts from general sales tax/VAT and from sales of property in 2008/09. The non-mining private sector is projected to resume pre-recession rates of

growth in the last three years of the Plan, but from a lower base.

Table 6.4: Changes in projections of non-mineral revenue and grants (budget estimates 2009/10, constant September 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Pre-recession	19.9	21.3	22.7	24.3	25.9	27.7	29.6	171.4
NDP 10 projection	16.3	17.4	17.9	18.5	20.4	21.8	23.3	135.5
Change from pre-recession	-3.6	-3.9	-4.8	-5.8	-5.5	-5.9	-6.3	-35.9
Projected NDP 10 growth (%)	-26.4%	6.7%	2.9%	3.4%	10.3%	6.9%	6.9%	

Note: (a) totals may not add because of rounding

Source: MFDP projections

6.32 The ratio of non-mineral government revenue to GDP in the non-mining private sector (GDP exclusive of mining and general government) averaged 40.6 percent in NDP 9, but the average was affected by an exceptionally high figure in the final year (2008/09). This was driven mainly by increased Southern African Customs Union (SACU) revenue, and other temporary factors, which are not likely to be sustained (see Chapter 4). The projections for NDP 10 are that the ratio will average 36.6 percent. Reversion to the earlier ratio would improve revenue prospects.

6.33 Overall, the global recession has reduced GDP forecasts for NDP 10. Mining GDP is directly affected, and government expenditure will have to adjust to lower mineral revenue. This will adversely affect the prospect for reaching the Vision 2016 goal of a tripling of GDP per head from 1996 to 2016 (see Table 4.5). However, growth of non-mining GDP is the main source of employment and income growth. If the base case growth for an average of 5.6 percent per annum for non-mining private

sector GDP throughout NDP 10 is in fact attained, it will be positive for many Vision targets, most importantly the reduction of poverty.

Total Revenue

6.34 Total government revenue is projected by taking the sum of the forecasts of mineral and non-mineral revenue, derived as above. The resulting totals, and the changes from the pre-recession projections, are shown in Table 6.5.

6.35 Total government revenue, in constant price terms, is projected to be P46.9 billion lower than previously projected for NDP 10. This requires expenditure to be lower than previously expected, even though the policy of balancing the budget over the seven years of the Plan has had to be suspended or reconsidered. The resulting budget deficits will be financed by a combination of borrowing and use of the Government's financial surpluses accumulated in past years.

Table 6.5: Changes in projections of total revenue and grants, base case (constant September 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
Pre-recession	31.2	32.3	33.2	37.5	40.8	42.1	43.6	260.7
NDP 10 projection	22.7	24.1	26.7	29.9	35.4	37.8	37.2	213.7
Change from pre-recession	-8.5	-8.2	-6.5	-7.6	-5.4	-4.3	-6.4	-46.9
Projected NDP 10 Growth	-29.3%	6.2%	10.8%	12.0%	18.4%	6.8%	-1.6%	

Note: (a) totals may not add because of rounding

Source: MFDP projections

Projections of the Upper Limits for Government Expenditure (Base Case)

6.36 The duration of the global recession is not known, so that it is prudent to react with a combination of adjustment and financing. The rate of increase of government expenditure previously projected for NDP 10 has been reduced, and it will have to be reduced further if the recession lasts longer than assumed in the projections. Even with the projected reductions in expenditure, the cumulative budget deficit is projected to be substantial.

6.37 Attaining a balanced budget for NDP 10 would require excessive cuts in government expenditure. Instead, the projections show a cumulative deficit of P37.0 billion in the first four years of the Plan, followed by relatively small surpluses in the last three years. Overall, the projected deficit for the whole of NDP 10 is P31.9 billion. Government balances at the Bank of Botswana were P22.5 billion in July 2009 so that borrowing will be necessary to finance part of the projected deficit.

Recurrent and Development Expenditure

6.38 The base case projections are for development expenditure, following a large decrease (12.5 percent) budgeted for 2009/10, to be cut back by a further 4.6

percent in each of the remaining years of the Plan. This would allow recurrent expenditure, after a significant increase (8.1 percent) in the 2009/10 budget, to increase marginally thereafter by an annual average of 1.1 percent in real terms.

6.39 Despite these cuts, development expenditure is projected to be only P4.3 billion lower than the pre-recession projection, as the cuts are from an exceptionally high level of development expenditure at the end of NDP 9. Similarly, recurrent expenditure is projected to be only P9.4 billion below the pre-recession projections. The biggest change is in the projected deficit, from the pre-recession projection of a small cumulative surplus over NDP 10 of P1.4 billion, to a large cumulative deficit of P31.9 billion.

6.40 These projections indicate that the share of development expenditure (including net lending) in total government expenditure would fall consistently from 32.0 percent in the last year of NDP 9, to 27.9 percent at the beginning of NDP 10 to 21.5 percent in the final year of the Plan.

Table 6.6: Changes in projections of recurrent expenditure post-recession (constant September 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Pre-recession	23.2	24.6	26.2	27.7	29.4	31.1	32.8	195.0
NDP 10 projection	25.8	25.9	26.0	26.4	26.8	27.2	27.5	185.6
Change from pre-recession	2.6	1.3	-0.2	-1.3	-2.6	-3.9	-5.3	-9.4
Projected NDP 10 growth (%)	8.1	0.4	0.3	1.6	1.5	1.4	1.3	

Notes: (a) totals may not add because of rounding

(b) budget estimate for 2009/10, and projection for 2010/11, are higher than the pre-recession projections because the budget proposed a 16.4 percent increase over the revised estimate for 2008.

Source: MFDP projections

Table 6.7: Changes in projections of development expenditure (including net lending) post-recession (including net lending, constant September 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Pre-recession	8.6	8.8	9.0	9.2	9.4	9.5	9.7	64.3
NDP 10 projection	9.8	9.4	8.9	8.5	8.1	7.8	7.4	60.0
Change from pre-recession	1.2	0.6	-0.1	-0.7	-1.3	-1.7	-2.3	-4.3
Projected NDP 10 growth (%)	-12.5	-4.6	-4.6	-4.6	-4.6	-4.6	-4.6	

Notes: (a) totals may not add because of rounding

(b) projections for the first two years are higher than the pre-recession projections because development expenditure increased by 75.4 percent in 2008/09, which was not known when earlier projections were made.

Source: MFDP projections

6.41 It should be emphasised that the numbers projected here for government expenditure are upper limits. Expenditure proposals were only included in NDP 10 if they could be justified economically, if they were in line with government policies for each sector, and if the physical capacity for implementation was estimated to be available. Botswana has had a policy of not spending money simply because it is available or can be borrowed, but accumulating financial surpluses or reducing budget deficits until they can be spent productively.

6.42 Recurrent expenditure is projected to increase (marginally), while development expenditure decreases, for three main reasons. First, the tripling of real

development expenditure during 2007/08 and 2008/09 will require additional future recurrent expenditure.

6.43 Second, it has been reported that there is a backlog of maintenance in several sectors, which should be corrected in NDP 10. For example, road conditions surveys in 2005 found that 30 percent of the low and medium volume road network, and 22 percent of the high-volume network, were in poor or very poor condition. It is reported that this backlog has not been significantly reduced (see para 10.16).

6.44 Third, the long period of catching up on the almost total neglect of economic infrastructure before Independence can be argued to be reaching its end. The

implication is that there should be a shift of emphasis from expenditure on new infrastructure, to maintenance and replacement of existing infrastructure. Meanwhile, development expenditure needs to be cut back to avoid an even larger deficit than projected, and to correct for the upsurge in the last two years of NDP 9.

Total Government Expenditure

6.45 Total government expenditure is projected to be P13.7 billion less than was projected pre-recession. The growth of total government expenditure is projected to be roughly zero, with steady decreases in development expenditure allowing modest growth in recurrent expenditure.

Table 6.8: Changes in projections of total expenditure post-recession (P billion, constant September 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Pre-recession	31.8	33.4	35.2	36.9	38.8	40.6	42.5	259.3
NDP 10 projection	35.6	35.3	34.9	34.9	34.9	34.9	34.9	245.6
Change from pre-recession	3.8	1.9	-0.3	-2.0	-3.9	-5.6	-7.6	-13.7
Projected NDP 10 growth	1.5%	-1.0%	-1.0%	0.0%	0.0%	0.0%	0.0%	

Notes: (a) totals may not add because of rounding (NDP 10 projections 2011/12 to 2015/16 are P34.94 billion to two decimal places)

Source: MFDP projections

6.46 The projections in Table 6.8 would result in government expenditure as a percentage of GDP decreasing from 40.3 percent in the final year of NDP 9, to 29.5 percent by the end of NDP 10. This compares with the ceiling of 40 percent proposed in the Mid Term Review of NDP 9. If achieved, the lower ratio will be a sound preparation for the expected large and permanent fall in diamond revenue in NDP 11.

Budget Surplus/Deficit

6.47 Using these projections, budget deficits in the first four years of the Plan would only be slightly offset by surpluses in the final three years. The cumulative deficit in the seven years of NDP 10 is projected to be P31.9 billion, compared with the pre-recession projection of a cumulative surplus of P1.4 billion.

Table 6.9: Changes in projections of budget outturn post-recession (constant September 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Pre-recession	-0.6	-1.1	-2.0	0.6	2.0	1.5	1.1	1.4
Projected NDP 10	-12.9	-11.2	-8.2	-5.0	0.5	2.8	2.3	-31.9
Change from pre-recession	-12.3	-10.1	-6.2	-5.6	-1.5	1.3	1.2	-33.3
Cumulative deficit	-12.3	-22.4	-28.6	-34.2	-35.7	-34.4	-33.3	

Notes: (a) totals may not add because of rounding

Source: MFDP projections

6.48 The deficits will have to be financed, by a combination of running down the Government's balances at the Bank in

Botswana, and by borrowing. From a high of P34.6 billion in October 2008, the balances had already fallen to P28.8 billion

by the end of NDP 9. They continued to fall by about P2 billion a month thereafter. The cumulative budget deficit is projected to reach P37.0 billion in 2012/13, more than the government balances in March 2009. Some borrowing will be necessary, on a significantly greater scale than for many years before. This will be guided by a debt management strategy currently being developed to avoid Botswana getting into a debt trap.

6.49 It would be possible to increase government expenditure faster only by increasing the cumulative deficit, and therefore the amount of borrowing. Additional borrowing would increase future debt service obligations. At some stage, it would also make it increasingly difficult to borrow, and would increase the cost of borrowing. If, as seems almost certain, the Government's financial reserves are run down or exhausted, it will be essential to retain some unused borrowing capacity to finance future economic shocks.

Government Employment Ceilings

Changes in Establishment and Vacancies in NDP 9

6.50 For NDP 10, no net further increase of established posts will be allowed, because of the planned cutbacks in the rate of growth of government spending in real terms, to a rate very close to zero (see Table 6.8). Productivity increases should enable Ministries to manage with a lower rate of increase of established posts than of spending in constant price terms, so that the establishment should be reduced during NDP 10.

6.51 The number of established posts in Government in the first five years of NDP 9 increased at a trend rate of growth of 4.4 percent. This was substantially above the planned rate of growth of 1.9 percent. The trend growth rate of vacancies was exactly the same, at 4.4 percent, so that there was no perceptible trend in the vacancy rate. The vacancy rate fell, from a peak in 2005, in the three years to March 2008, but at that time it was still higher than it had been at the beginning of NDP 9(see Table 6.10).

Table 6.10: Government establishment and vacancies during NDP 9

	Establishment ^(a)	Vacancies	Vacancy rate
April 03	51027	2984	5.8%
March 04	50987	3341	6.6%
March 05	53865	4971	9.2%
March 06	56258	3917	7.0%
March 07	58507	3772	6.4%
March 08	62808	3926	6.3%
Trend growth	4.4%	4.4%	6.9% ^(b)

Notes: (a) numbers exclude teachers
(b)Average

Source : Directorate of Public Service Management

Growth of Establishment in NDP 10

6.52 The projections for NDP 10 require a substantial change from the growth in establishment experienced during NDP 9. It would be consistent with the long-term strategy of preparing for a lower rate of growth of government spending after the end of NDP 10 because of the expected decline in mineral revenue. In the short term, it is necessary because of the global economic downturn. A decrease in the establishment would be positive for private sector growth, especially as government employment is more skill-intensive than private sector employment.

6.53 Actual allocations of established posts, as with actual allocations of recurrent and development budgets, are determined by the quality and relevance of the projects approved, the demands that these projects make on manpower, and indications of the overall availability of manpower (especially the scarcer categories of skilled manpower).

Growth in Established Posts, by Category of Employment

6.54 The growth in the public service establishment during NDP 9, by category of job, is shown in Table 6.11. The biggest *absolute* increase was in “Other”, mainly because it is the largest group.

Table 6.11: Growth in the Public Service Establishment NDP 9, by category of employment

Manpower type	2003/04 actual	2004/05 actual	2005/06 actual	2006/07 actual	2007/08 actual	2008/09 estimate	Increase (%)
A ⁽¹⁾	10,405	10,899	12,320	12,941	13,884	16,647	6,242
B ⁽²⁾	8,870	8,399	8,632	8,739	8,871	9,124	254
C ⁽³⁾	27,651	27,651	30,915	31,068	30,327	30,691	3,040
Other ⁽⁴⁾	33,874	33,956	37,091	37,908	40,697	42,649	8,775
TOTAL	80,800	80,905	88,958	90,656	93,779	99,111	18,311

Notes: (1) posts graded C4 and above.

(2) posts graded lower than C4 plus Secretarial and Artisan posts, excluding those in grade C.

(3) all Industrial Class posts.

(4) uniformed Public Officers, e.g. Nurses, Police Officers, Wildlife Officers and Prisons.

Source : Directorate of Public Service Management

6.55 By far the largest *percentage* increase was in Type A manpower, the senior category of civil servants. This is shown in Table 6.12, below. The trend rate of increase per year in Type A was 9.3 percent. This was more than twice the rate of increase of the total establishment. The

largest rate of increase in Type A is estimated to have taken place in the final year of NDP 9. This reinforced the demand for relatively scarce skills made by the public sector, which could have worsened the skill shortage in the private sector.

Table 6.12: Annual changes in the Public Service Establishment in NDP 9 (percentages)

Manpower type	2003/04 actual	2004/05 actual	2005/06 actual	2006/07 actual	2007/08 actual	Trend Increase
A ⁽¹⁾	4.7	13.0	5.0	7.3	19.9	9.3%
B ⁽²⁾	-5.3	2.8	1.2	1.5	2.9	0.9%
C ⁽³⁾	0.0	11.8	0.5	-2.4	1.2	2.3%
Other ⁽⁴⁾	0.2	9.2	2.2	7.4	4.8	5.0%
TOTAL	0.1	10.0	1.9	-11.9	24.1	4.3%

Notes: as for Table A

Source: Directorate of Public Service Management

6.56 It is essential that the actual rate of increase in the civil service establishment in NDP 10 is not higher than the projected rate, as it was in NDP 9. Because of the difficulty in downsizing government employment, allowing a rapid increase in the total during NDP 10 would make adjustment to the projected long-term reduction in mineral revenue, and therefore in the rate of growth of government expenditure, very much more difficult. Manpower ceilings will, therefore, be enforced more strictly in NDP 10 than they were in NDP 9. The approval of additional spending will not necessarily result in the approval of additional manpower. Ministries will be required to cut back on existing employment, in order to make space for the manpower requirements of new projects or new types of expenditure.

Optimistic Scenario

6.57 The revenue projections were recalculated for an optimistic scenario. Two

positive changes were made to the assumptions underlying the base case projections.

6.58 First, it was assumed that the diamond market will recover more quickly than in the base case, giving additional mineral revenue to the Government for three years, starting in the second year of NDP 10 (2010/11). Thereafter, mineral revenue would be the same as in the base case scenario. This would provide an additional P8.2 billion of government revenue. The improvement is relatively limited, because it is assumed that the loss of revenue, projected for the first year of the Plan, 2009/10, is inevitable (all the figures for 2009/10 are from the budget estimates).

Table 6.13: Mineral revenue: optimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	6.4	6.7	8.8	11.4	15.0	16.0	14.0	78.3
Optimistic case	6.4	8.8	11.4	15.0	15.0	16.0	14.0	86.6
Difference	0.0	2.1	2.6	3.6	0.0	0.0	0.0	8.3

Notes: (a) totals may not add because of rounding

Source: MFDP projections

6.59 Second, it was assumed that the ratio of non-mineral revenue to non-mining GDP will recover gradually during the Plan period, starting in the third year, reaching the NDP 9 average value of 40 percent in the

final year of NDP 10. This would increase government revenue by a further P9.6 billion, giving an increase in total revenue in the optimistic case of P17.9 billion.

Table 6.14: Non-mineral revenue (including grants): optimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	16.3	17.4	17.9	18.5	20.4	21.8	23.3	135.5
Optimistic case	16.3	17.4	18.4	20.1	22.1	24.2	26.6	145.1
Difference	0.0	0.0	0.5	1.6	1.7	2.4	3.3	9.6

Notes: (a) totals may not add because of rounding

Source: MFDP projections

Table 6.15: Total revenue: optimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	22.7	24.1	26.7	29.9	35.4	37.8	37.3	213.7
Optimistic case	22.7	26.2	29.8	35.1	37.1	40.2	40.6	231.7
Difference	0.0	2.1	3.1	5.2	1.7	2.4	3.3	17.9

Notes: (a) totals may not add because of rounding

Source: MFDP projections

6.60 The question would then arise, if the optimistic revenue scenario were to be realised, whether to use the additional revenue to reduce the cumulative budget deficit over the period of the Plan, or whether to allow additional expenditure.

would be modest increases in recurrent and development expenditure (P3.9 billion and P1.8 billion respectively, Table 6.16 and 6.17), with most of the increases in revenue applied to reducing the cumulative budget deficit, by P12.2 billion. The cumulative deficit would then be P19.7 billion, compared with P31.9 billion in the base case.

6.61 In the expenditure projections for the optimistic scenario presented below, there

Table 6.16: Recurrent expenditure projections: optimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	25.8	25.9	26.0	26.4	26.8	27.2	27.5	185.6
Optimistic case	25.8	26.2	26.5	27.0	27.5	28.0	28.5	189.5
Difference	0.0	0.3	0.5	0.6	0.7	0.8	1.0	3.9

Notes: (a) totals may not add because of rounding

Source: MFDP projections

Table 6.17: Development expenditure projections: optimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	9.8	9.4	8.9	8.5	8.1	7.8	7.4	60.0
Optimistic case	9.8	9.5	9.1	8.8	8.5	8.2	7.9	61.8
Difference	0.0	0.1	0.2	0.3	0.4	0.4	0.5	1.8

Notes: (a) totals may not add because of rounding

Source: MFDP projections

Table 6.18: Total expenditure projections: optimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	35.6	35.3	34.9	34.9	34.9	35.0	34.9	245.6
Optimistic case	35.6	35.7	35.6	35.8	36.0	36.2	36.4	251.3
Difference	0.0	0.4	0.7	0.9	1.1	1.2	1.5	5.7

Notes: (a) totals may not add because of rounding

Source: MFDP projections

Table 6.19: Budget deficit projections: optimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	-12.9	-11.2	-8.2	-5.0	0.5	2.8	2.4	-31.9
Optimistic case	-12.9	-9.5	-5.8	-0.7	1.1	4.0	4.2	-19.7
Difference	0.0	1.7	2.4	4.3	0.6	1.2	1.8	12.2

Notes: (a) totals may not add because of rounding

Source: MFDP projections

6.62 The reason for applying most of any increase in revenue to reducing the deficit is that the Government needs to preserve financial resources and borrowing capacity to cope with the expected steep decline in diamond revenue in 2022, and the subsequent decline to almost zero by 2029.

6.63 In the base case, the cumulative deficit is projected to be more than the current level of Government's balances at the Bank of Botswana. In the optimistic case, it would be possible to retain about a third of the Government's accumulated financial surpluses, or more to the extent that deficits are financed by borrowing.

6.64 In general, improvements in government revenue over the base case projections during NDP 10 should not allow significant additional government expenditure, because of the strategic necessity to conserve financial resources: Government balances and the capacity to borrow. Preserving financial savings and borrowing capacity would make it possible to cope better with negative economic shocks, and with the transition from an economy dominated by diamond mining to one based on a different and diversified set of resources. Without prudent financial management of the budget, it may not be

possible to avoid damaging cuts in public sector services.

6.65 Although the projections presented here are extremely speculative, because of the unusually high degree of uncertainty created by the financial crisis, the broad message would be the same for any increase in government revenue over the base case: *any improvement in revenue receipts should mostly be applied to reducing budget deficits.*

Pessimistic Scenario

6.66 The projections were recalculated for a pessimistic scenario. Two negative changes were made to the assumptions underlying the base case projections of government revenue.

6.67 First, it was assumed that recovery in the diamond market would be delayed by one year. Mineral revenue was projected, therefore, to be the same in 2011/12 as in 2010/11, and the base case projections for mineral revenue for the remaining years were shifted forward by one year.

6.68 Second, a similar scenario was projected for non-mineral revenue. Non-mineral revenue was projected to be the same in 2011/12 as in 2010/11, with the base case projections shifted forward by one year.

6.69 Using these assumptions, mineral revenue would be P7.4 billion less than in the base case. Non-mineral revenue would be P6.6 billion lower than in the base case, giving a total shortfall in government revenue of P14.0 billion.

Table 6.20: Mineral revenue: pessimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	6.4	6.7	8.8	11.4	15.0	16.0	14.0	78.3
Pessimistic case	6.4	6.5	6.7	8.8	11.4	15.0	16.0	70.9
Difference	0.0	-0.2	-2.1	-2.6	-3.6	-1.0	2.0	-7.4

Notes: (a) totals may not add because of rounding

Source: MFDP projections

Table 6.21: Non-mineral revenue: Pessimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	16.3	17.4	17.9	18.5	20.4	21.8	23.3	135.5
Pessimistic case	16.3	16.6	17.4	17.9	18.5	20.4	21.8	128.9
Difference	0.0	-0.8	-0.5	-0.6	-1.9	-1.4	-1.5	-6.6

Notes: (a) totals may not add because of rounding

Source: MFDP projections

Table 6.22: Total revenue: pessimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	22.7	24.1	26.7	29.9	35.4	37.8	37.3	213.7
Pessimistic case	22.7	23.1	24.1	26.7	29.9	35.4	37.8	199.8
Difference	0.0	-1.0	-2.6	-3.2	-5.5	-2.4	0.5	-14.0

Notes: (a) totals may not add because of rounding

Source: MFDP projections

6.70 Given the large cumulative deficit projected in the base case, and the expected decline of diamond revenues after the end of NDP 10, it would be extremely imprudent to contemplate an even larger cumulative budget deficit than in the base case. It follows that the expenditure projections for the pessimistic case are for reduced expenditure, rather than for a larger projected deficit.

6.71 The expenditure projections in the pessimistic case are for total expenditure to decrease by 2.5 percent in each of the last six years of the Plan. This would generate a cumulative budget deficit of P31.7 billion, approximately the same cumulative deficit as in the base case.

6.72 Development expenditure is then projected to decline by 10 percent in each of the last six years of the Plan. Following the 8.1 percent increase in recurrent expenditure budgeted for 2009/10, this would allow recurrent expenditure to decrease by an average of only 0.2 percent in real terms in the last six years of the Plan, following the 8.1 percent increase budgeted for 2009/10. The projected reduction in total expenditure, compared to the base case, is therefore P14.2 billion. This would deliver a cumulative budget deficit approximately the same as in the base case, as revenue is projected to be P14.0 billion lower than in the base case.

Table 6.23: Recurrent expenditure projections: pessimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	25.8	25.9	26.0	26.4	26.8	27.2	27.5	185.6
Pessimistic case	25.8	25.9	25.9	25.9	25.8	25.6	25.5	180.4
Difference	0.0	0.0	-0.1	-0.5	-1.0	-1.6	-2.0	-5.2

Notes: (a) totals may not add because of rounding

Source: MFDP projections

Table 6.24: Development expenditure projections: pessimistic and base case compared ^(a)
(P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(b)
Base case	9.8	9.4	8.9	8.5	8.1	7.8	7.4	60.0
Pessimistic case	9.8	8.8	7.9	7.1	6.4	5.8	5.2	51.0
Difference	0.0	-0.6	-1.0	-1.4	-1.7	-2.0	-2.2	-9.0

Note: (a) includes net lending

Notes: (b) totals may not add because of rounding

Source: MFDP projections

Table 6.25: Total expenditure projections: pessimistic and base case compared
(P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	35.6	35.3	34.9	34.9	34.9	34.9	34.9	245.6
Pessimistic case	35.6	34.7	33.8	33.0	32.2	31.4	30.7	231.4
Difference	0.0	-0.6	-1.1	-1.9	-2.7	-3.6	-4.2	-14.2

Notes: (a) totals may not add because of rounding, see note to Table 6.8

Source: MFDP projections

Table 6.26: Budget deficit projections: pessimistic and base case compared (P billion, constant 2008 prices)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total ^(a)
Base case	-12.9	-11.2	-8.2	-5	0.5	2.8	2.3	-31.9
Pessimistic case	-12.9	-11.6	-9.7	-6.3	-2.3	4	7.1	-31.7
Difference	0.0	-0.4	-1.5	-1.3	-2.8	1.2	4.8	0.2

Notes: (a) totals may not add because of rounding

Source: MFDP projections

6.73 The pessimistic projections are extremely speculative in the circumstances of a global recession of unknown depth and duration, as indeed are all the projections. The basic principle is the same, though, for any worsening of the base case scenario. If

revenue is less than in the base case, there should be no question of any increase in budget deficits. Expenditure will have to be reduced.

SECTION III: EDUCATED AND INFORMED NATION

CHAPTER 7

EDUCATED AND INFORMED NATION

KEY RESULT AREA: COMPETITIVE AND PRODUCTIVE HUMAN RESOURCES

Key Result Area Description

7.1. In addressing the Vision 2016 aspiration of prosperity for all Botswana, an Educated and Informed Nation is seen as an important foundation and a basis for enhancement of national productivity, innovation and competitiveness. An educated and informed nation readily adapts to the changing needs of its economy. The growth of the economy requires a focus on development of human resources and full utilisation of their capacity in the nation building process. The private sectors, such as agriculture, tourism and services, are expected to become more active drivers of economic growth. This has become imperative because of the anticipated decline in mineral revenue, upon which government relies for development programmes, the ambitious national vision and the desire for economic diversification. Competitiveness will require the existence of a productive labour force, with an adequate supply of skills aligned to the needs of the private sector.

7.2. Competitive and productive human resources for a country mean much more than the provision of education, training and the supply of skilled manpower. It also relates to the deployment of human resources across various sectors in the economy, to address unemployment, poverty, and other social issues and to make informed strategic decisions on labour requirements, matching planned supply against the forecasted demand.

7.3. The role of Information and Communications Technology (ICT) will be significant in the transformation of the

economy from government and mineral dependency to being a private sector and innovation-led diversified economy. Vision 2016 foresees Botswana as a nation in which most of its citizens are engaged in knowledge-based jobs, and are empowered to become competitive producers of goods and services. ICT, knowledge and innovation are expected to take their place in the national economy not only as drivers for private sector competitiveness, but also for export of products and services in which data, information and knowledge are the main tradable components.

NDP 10 Goal

7.4. The NDP 10 goal, arising from the Vision 2016 pillar of An Educated and Informed Nation, is to provide an adequate supply of qualified, productive and competitive human resources.

7.5. The associated Millennium Development Goal (MDG) is to achieve Universal Primary Education by 2015 (MDG 2).

7.6. Sectors contributing directly to this goal are Education, Public Service, Agriculture, Health, Youth, Labour and Finance. During NDP 10, a Thematic Working Group, which includes government, the private sector, non-government organisations, civil society and development partners, will continue work on implementation of projects and programmes in these areas. For a long time, the strategic focus of Botswana's manpower development has been to support education, health and government administration. As

the economy grew, other sectors sought the labour market supply to support their economic growth strategies. In view of this, a National Human Resource Development report was produced during NDP 9, which will guide the development of a National Human Resource Strategy. The strategy will provide a basis for achieving the NDP 10 Goal of matching skills with the national labour market requirements and promoting individuals' potential to advance and contribute to economic and social development.

NDP Goal Performance during NDP 9

7.7. There were a number of factors during NDP 9 which enabled attainment of some key targets for that period. Among these were funding, with Government spending close to 30 percent of the annual budget on education and training throughout the NDP 9 period. These resources were used to develop infrastructure, human resources and programmes necessary to increase education and training opportunities for Botswana. HIV and AIDS and its impact on productivity and human resource development adversely affected performance of the sector.

7.8. Challenges identified were in the production of graduates who had skills that were relevant to the country's changing economic and social development and who were able to compete in global labour markets. Access to education, its quality and relevance, competitiveness and sustainability became a primary focus for the Tertiary Education Council's agenda to transform the tertiary education system to better serve the nation's development needs.

7.9. The National Literacy Programme was evaluated and this resulted in the development of the Adult Basic Education Programme, with improvements in the quality and relevance of non-formal education. HIV/AIDS and gender sensitivity

materials were developed and mainstreamed into the newly developed programme. Development of the Out of School Children's programme and skills development also started during NDP 9. A needs assessment of the curriculum for children with hearing impairment was completed and the Ministry developed a sign language resource book and adapted the curriculum to suit these learners.

7.10. Quality assurance procedures were developed and implemented during NDP 9 to coordinate the Botswana vocational training system. Consequently, registration and accreditation of vocational institutions, as well as their trainers and assessors, were undertaken. The aim was to ensure that provision of vocational training followed a standard of quality prescribed by the Vocational Training Act of 1998. The Vocational Training Fund was also established to enhance skills development by providing grants for vocational skills development.

7.11. The mismatch between opportunities in the labour market and the skills of graduates contributed significantly to youth unemployment. Lack of opportunities for youth poses a serious challenge to the nation as it increases unemployment and dependence on government assistance programmes.

7.12. Human resources development continued to be a top priority for the health sector. The new Human Resources for Health (HRH) Plan for 2006-2016 was developed to determine the skills mix of the health work-force required to effectively and efficiently operate health facilities.

7.13. To cater for the human resources needs of the agricultural sector, pre-service and in-service students were enrolled in certificate, higher diploma and degree programmes. During NDP 9, a total of 938 pre-service trainees graduated from the

Botswana College of Agriculture and 800 employees graduated from various institutions under the Ministry's in-service training programme.

7.14. The Public Service's growth in size and occupational mix during NDP 9 was not matched with skills development in the relevant areas. Although Government spent more than a quarter of a billion pula every year on training of public officers, there were still severe skills shortages in many areas. This was a challenge emanating from the focus of the Education System, whereby graduates coming out of the training institutions, though qualified, lacked competencies for the workplace.

Goal Strategies for NDP 10

7.15. The National Human Resource Development Strategy will provide the basis for matching skills with labour market demands as well as realising individual potential to contribute to their personal growth and social development.

7.16. The strategy will enable Botswana to produce an adequate supply of qualified,

productive and competitive human resources that will meet the national labour market needs and allow for any surplus skilled labour to participate in the global labour markets. This goes beyond the normal education and training system in schools and tertiary institutions, as attracting potential scarce skilled manpower, skills development and on the job training will be implemented as part of the human resource development programmes. Attracting Botswana to return to work in Botswana (reverse migration) and investment strategies that are linked to the localisation initiatives that expand employment opportunities for Botswana will be pursued.

7.17. Stakeholders' involvement in the National Human Resource Development Strategy will be broadened through participation of a Thematic Working Group, building on the synergies of the private sector, non-governmental organisations and other stakeholders. Through a multi-sectoral approach, opportunities to build capacity will be created in the provision of education and training.

SECTOR: EDUCATION

INTRODUCTION

7.18. The mandate of the sector is to produce skilled human resources through provision of education and training opportunities. Such human resources are expected to be both globally competitive and relevant to the economic and social development needs of the country. There is great need to focus more on qualitative improvements in the education and training system that are in line with the NDP 10 goal

SECTOR PERFORMANCE IN NDP 9

7.19. Strategies for the education sector during NDP 9 included reforms in the education and training programmes which were stipulated in the Revised National Policy on Education.

7.20. A comprehensive unit cost study was undertaken and a draft funding model for tertiary education and training completed in 2008. Once approved, the model will help determine unit cost of programmes at tertiary level and establish a more rational

and objective budget process for funding tertiary education and training programmes. The use of such a funding model will help Government to monitor and ensure efficiency and effectiveness in the use of funds allocated to institutions for teaching, learning and research.

Access and Equity

7.21. During NDP 9, the Education sector focused on increasing access and equity, improving the quality and relevance of education and providing competent human resources necessary for achieving the nation’s economic diversification strategy. The sector’s key objectives for NDP 9 included provision of universal 10 year basic education; increasing access to senior secondary education; expanding vocational and technical training; promoting lifelong learning; increasing access and equity at tertiary education level; and improving access to education services by children with special needs.

7.22. The Education sector’s NDP 9 achievements included introduction, implementation and monitoring of the Early Childhood Care and Education Policy guidelines in all Urban and District Councils. The Day-Care Grant programme was extended to communities to encourage them to set up playgroups.

7.23. At the primary school level, the net enrolment ratio was 89.6 percent against the 100 percent recommended by the Revised National Policy on Education (RNPE) and (Millennium Development Goals) MDGs. The transition rate from primary to junior secondary school remained at 96.9 percent. The increase in the junior to senior secondary school transition rate, as shown in Table 7.1, was as a result of the expansion of some senior secondary schools and the introduction of the “double shift” programme. However, the 70 percent target transition rate from junior to senior secondary education was not achieved in the first five years of NDP 9.

Table 7.1: Transition Rates from Junior to Senior Secondary School 2004 – 2008

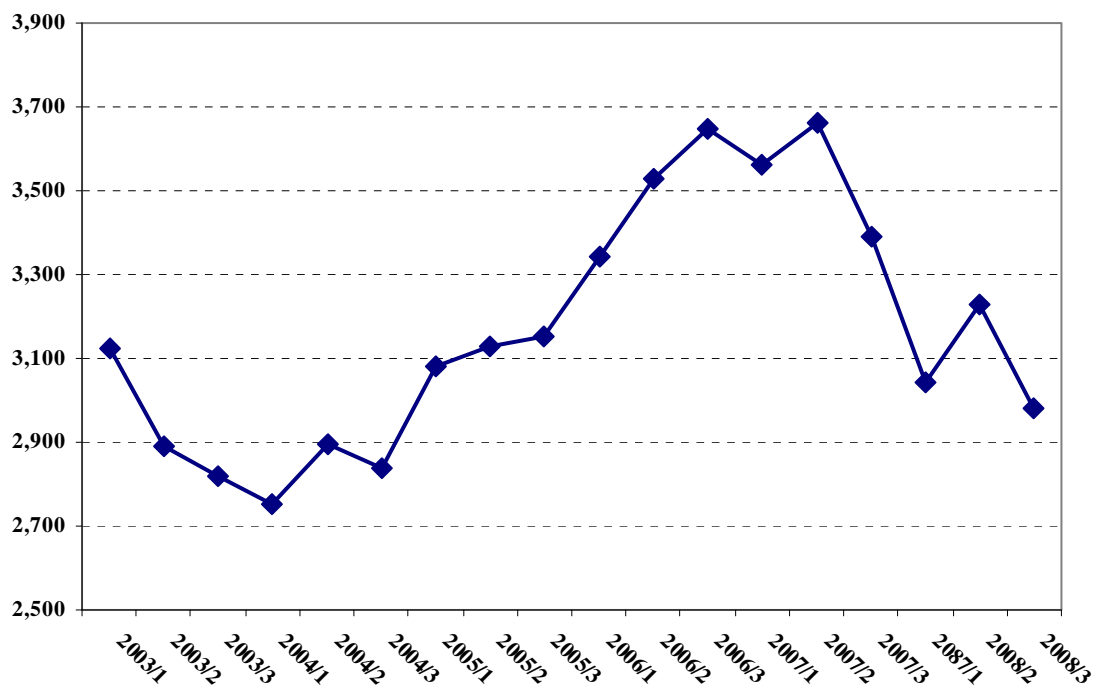
Year	2004	2005	2006	2007	2008
Transition Rate	49.0%	50.6%	61.0%	63.1%	66.0%

Source: Secondary Education Department, MoESD, 2008

7.24. The Botswana Technical Education Programme (BTEP) offered expanded diploma level programmes in key skills of communication, personal and interpersonal skills, information technology, entrepreneurship and problem solving. BTEP also developed “Fresh Start”, an adult

basic education training programme designed for learners with limited or no formal qualifications. The programmes offered by BTEP promote poverty alleviation, life-long learning and economic diversification.

Chart 7.1: Enrolment in Vocational Education and Training per Term



Source: Department of Vocational Education and Training, MoESD, 2009

7.25. The Botswana College of Distance and Open Learning (BOCODOL) has been able to significantly increase the number of courses, and enrolment went beyond the NDP 9 annual projections of 4,000 to an

average of over 4,500. This exceeded the projected NDP 9 annual average of 1,000. Table 7.2 shows the enrolment figures for BOCODOL from 2002 to 2008.

Table 7.2: BOCODOL Enrolment from 2002 – 2008

Programme	2002	2003	2004	2005	2006	2007	2008	Cumulative Total
JC	1093	1178	951	1467	832	1954	952	8427
BGCSE	2665	2994	3687	3957	3583	4919	4169	25974
Certificate	0	0	524	954	1098	1304	693	4573
Diploma	0	0	0	0	0	538	674	1212
Total	3758	4172	5162	6378	5513	8715	6488	40186

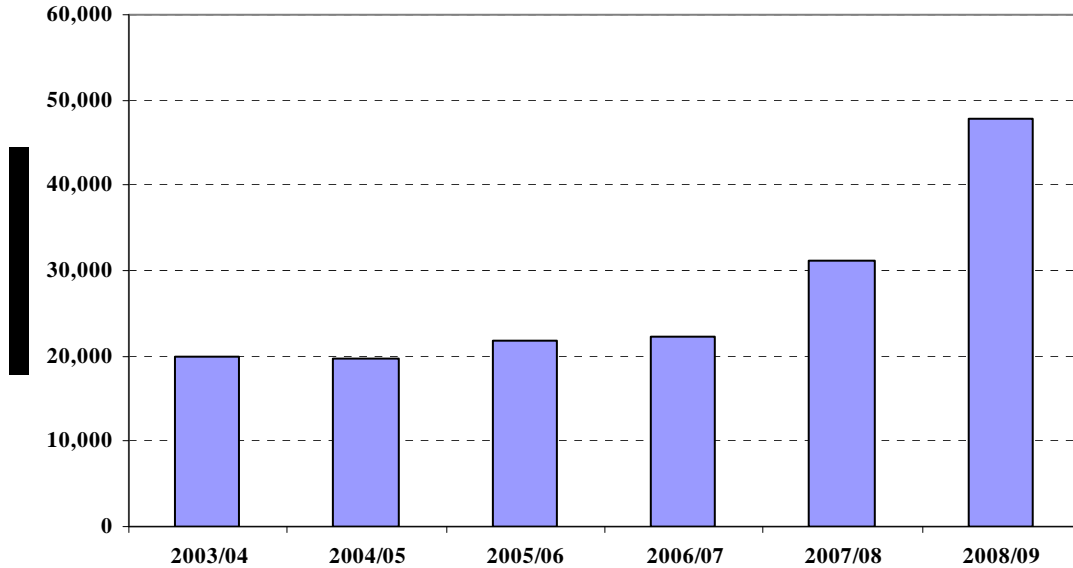
Source: BOCODOL, 2009

7.26. The overall performance of the Education sector shows a major improvement in access, with student enrolment into Tertiary Education increasing from 20,011 (2003/04) to 47,889 (2008/09). Student enrolments increased dramatically in 2007/8 due to a decision by the Government to sponsor students into local

private tertiary institutions registered by the Tertiary Education Council. In 2007/08, a total of 8,811 students were given sponsorship into these institutions, resulting in total number of students in tertiary institutions increasing by 9,946 between 2006/07 and 2007/08. Chart 7.2 below shows the number of students enrolled by

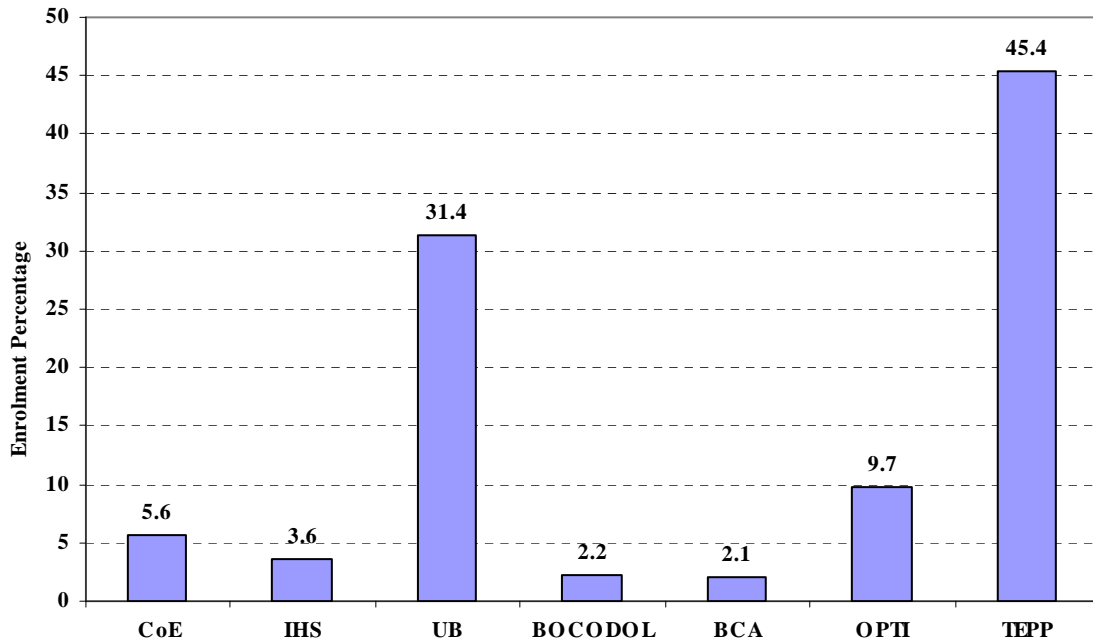
year during NDP 9, while Chart 7.3 shows the breakdown by institution for 2008/09.

Chart 7.2: Tertiary Enrolment in Registered Institutions from 2003 to 2008



Source: Tertiary Education Council, 2009

Chart 7.3: Tertiary Enrolment (%) in Registered Institutions



Legend: CoE = Colleges of Education; IHS = Institutes of Health Sciences; UB = University of Botswana; BOCODOL = Botswana College of Distance and Open Learning; BCA = Botswana College of Agriculture; OPTI = Other Public Tertiary Institutions; TEPP = Tertiary Education Private Providers.

Source: Tertiary Education Council, 2009

7.27. In the last years of NDP 9, the private tertiary education institutions enrolled 28 percent of the students at tertiary level locally. This was a major contribution. It helped to build local tertiary education capacity and reduced the cost of external placement of students. Additional technical colleges were built and measures were taken to re-organise the vocational training and skills development system by the Botswana Training Authority (BOTA).

7.28. The demand for tertiary education places grew among school leavers and adult learners, and was expected to increase further as the output from secondary schools increased. The challenges coming from the high demand for tertiary education and the high cost of external placement of such learners resulted in the expansion of the internal tertiary education system's capacity.

Quality and Relevance

7.29. The quality of education remained a key issue for the education and training sector during NDP 9. The curriculum was diversified during the Plan period, through the introduction of subjects such as Business Studies, Design and Technology and Home Economics and integration and infusion of emerging issues, such as Gender, ICT, Environmental Education, Population/Family Life Education, HIV/AIDS and Entrepreneurship.

7.30. The quality of the teachers is critical to the quality of education. In this regard, Primary Teachers' Certificate holders were upgraded to Diploma through institutional training and distance education.

7.31. During NDP 9, BOCODOL established strategic alliances and collaboration with appropriate organisations nationally, regionally and internationally to enhance its capacity to deliver quality programmes. Pass rates in the school

equivalency programmes are now comparable to those achieved by conventional institutions because of the enhanced learning centre monitoring system adopted at regional level and the interactivity of learning materials. The overall pass rate for JC improved from 68.8 percent in 2001 to 89.3 percent in 2005, before it dropped to 72.6 percent in 2006. In 2007, it increased slightly again to 74.2 percent, before it dropped to 69.6 percent in 2008. The average A-C grade pass levels at BGCSE increased from 17.1 percent in 2001 to 27.2 percent in 2006, before it dropped to 25.4 percent in 2007 and 20.8 percent in 2008. On Research and Development, no significant progress was made because of capacity constraints. BOCODOL, however, put in place structures to introduce rigorous staff development initiatives to enhance research capacity.

7.32. The Tertiary Education Council (TEC) completed preparation of the following policy documents: the Tertiary Education Policy, the National Human Resource Development report, and the Funding Strategy and Formula for Tertiary Education Institutions. These policy instruments have laid the basis for reforming the tertiary education sector, and will lead to the development of a coherent system that allows for a single supervisory authority and better long term planning for enrolment and budgeting. The National Credit Qualification Framework, which was also developed, will address problems of quality, accreditation, articulation, co-ordination and management.

7.33. Whilst the development of new programmes at tertiary level is an on-going process based on an analysis of socio-economic needs and consultation of relevant stakeholder groups, improvement of programme quality requires a strong academic quality management framework. An academic quality policy was introduced and a process of external review of

programmes commenced, which gave specific attention to issues such as academic dishonesty, general education and e-learning.

7.34. Progress was made during NDP 9 in refocusing the academic programmes towards Business, ICT, Science, Engineering and Technology. New academic programmes responsive to societal needs were introduced. The University of Botswana improved its research profile, and developed a number of research centres to improve output.

7.35. The Botswana International University of Science and Technology (BIUST) was established in Palapye during NDP 9 to meet the increasing demand for science and technology specialists in Botswana's rapidly growing economy. The University's concept and strategy, detailed planning for the academic programme, organisational development and human resource systems have been initiated. A Transaction Advisor has been engaged to facilitate the delivery of the capital development project of BIUST through a Public-Private Partnership (PPP).

7.36. A Medical School was established during NDP 9 to address the acute shortage of medical personnel in the country. The programme for training medical doctors began with the placement of students in a number of partner institutions in South Africa, Australia, Norway, Ireland, etc. The last phase of the project, which involves setting up of a medical education programme at UB and the development of a Teaching Hospital, started in the latter part of NDP 9.

Cost Sharing and Cost Recovery

7.37. In order to ensure sustainability of education provision, the Ministry implemented cost sharing and cost saving measures during NDP 9. These measures

included re-introduction of fees at secondary and tertiary levels (colleges) and extending sponsorship to local private tertiary institutions which were registered with the Tertiary Education Council (TEC).

7.38. School fees, at 5 percent of the total costs of operating secondary schools and technical colleges, were re-introduced for children whose parents could afford such fees. Those households earning less than P1,200 per month or who had fewer than 50 cattle or 100 calves or 250 goats or sheep were exempted from paying school fees. In the 2007/08 financial year, the Ministry collected P46 million through this process. Government policy is not to exclude children who have not paid school fees.

HIV/ AIDS

7.39. HIV/AIDS Life Skills Education has been mainstreamed at all levels of the education system from training of teachers and teaching of students to management of workplaces. Programmes have been developed to address HIV/AIDS prevention through behaviour change, and also for caring and supporting the infected and affected. To improve teacher capacity on HIV/AIDS Education, a live television programme called "Talk Back" is aired weekly on Botswana Television. About 83 percent of primary schools and 100 percent of secondary schools, technical colleges, teacher training colleges, and education centres access the programme.

7.40. Another programme, Circles of Support for Orphans and Vulnerable Children, was piloted in ten primary schools, five secondary schools and one private technical college in the Southern education region. The programme was aimed at mobilising parents, teachers and communities to work together to support orphans and vulnerable children to re-enter and remain within the school system. The programme has ensured that 'missing'

children enter the school system while those that had dropped out are returned to the school system, thus helping to make universal basic education accessible to all children.

Challenges

7.41. There were a number of challenges during the implementation of NDP 9. Developments in education and training were not matched by improvements in quality. Expansion of the education and training system increased the demand for appropriately qualified and competent human resources. The sector still faces a challenge in provision of access and equity of education and training for disadvantaged children (children with special needs, children in remote areas and children with other social needs). High demand for education, particularly at senior secondary and tertiary levels, put pressure on existing facilities. Other challenges included HIV/AIDS, oversupply of teachers in some subject areas and undersupply in others, construction of new schools and other facilities for officers in the regions.

7.42. Facilities for children with special needs were not evenly distributed across the country. The Government has a challenge in developing and implementing education and training programmes which would ease access for students with disabilities into the Botswana Technical Education Programme.

7.43. Children in unrecognised settlements still have to travel long distances to the nearest facilities. Lack of coordination in settlement patterns defeats the Ministry's efforts to improve access to education. Recommendation 15 (amended) of the Revised National Policy on Education calls for "the establishment of one or two teacher schools where they are needed". A total of 50 settlements were identified as qualifying for two-teacher schools; but due to lack of

implementation capacity, only four facilities were built during NDP 9.

7.44. Efforts to maintain universal access to 10 years of basic education have been successful to some extent. However, Junior Secondary school facilities did not keep pace with the growing student population. As a result, the 96.9 percent transition from primary to junior secondary school was achieved by increasing the average class size from the recommended 40 to 50 students. In 2006, the Ministry of Education introduced the double shift system, which increased the transition rate from junior to senior secondary school. This obviated the drop that would have otherwise resulted from delays in the construction of four planned senior secondary schools.

7.45. With regard to vocational skills development, the challenge identified was a lack of curriculum alignment of franchise programmes offered by some institutions, over which they had little control. Lack of teaching qualifications for vocational trainers and assessors was also found to be a weakness.

STRATEGIES FOR NDP 10

7.46. The strategies for NDP 10 will also include initiatives to reverse the migration of Batswana abroad and foster investment that has elements linked to the localisation programme (e.g., training of Batswana).

Life Skills and Preparation of Graduates for Work

7.47. A multi-sectoral approach will be used in increasing opportunities for education and training. The stakeholders will include; the Ministries of Trade and Industry, Foreign Affairs and International Cooperation, Education and Skills Development, Local Government, Health, Youth, Sport and Culture, Labour and Home Affairs, Agriculture, Communications,

Science and Technology, Finance and Development Planning and the Directorate of Public Service Management, as well as the private sector, development partners and non-governmental organisations.

7.48. The education and training system will, through implementation of the Tertiary Education Policy, produce relevant competencies and skills of international standard, as well as individuals who are adequately prepared for the workplace and can utilise opportunities, create employment, undertake research and diversify the economy. Every effort will be made to address the mismatch and shortages that currently exist in certain professions. The ICT skills base will be improved to enable Botswana to increase service exports.

7.49. The youth will be provided with life skills. Graduate employment and internship programmes will be instituted to provide exposure to the work environment, inculcate good work ethics and provide opportunities for career development. In recognition of the need to align skills with opportunities in the economy, youth will be supported to develop competencies and match their talents with opportunities, especially in ICT.

Optimisation of Human Capital and Matching Skills with the Needs of the Labour Market

7.50. Competencies will be further developed and enhanced and service values will be promoted. Customer practices and norms that are aligned to stakeholder expectations will be fostered in the public

sector. The various institutions that support government capacity building and performance improvement in government will be leveraged to address the competency requirements for the NDP 10 goals.

Goal 1: To Provide Accessible, Equitable, Quality Education

7.51. This goal focuses on Botswana having full access to a high quality education system at primary, secondary and tertiary levels. The aim in NDP 10 is to continue to improve access to high quality education. This should produce competent, innovative and internationally competitive national human resources. In turn, they should contribute to the socio-economic and technological advance of the country, through creation of employment, reduction of inequity and reduction of poverty.

7.52. Net enrolments at primary level (6-12 years) will be increased from 89.6 percent to 100 percent. The sector will continue to improve access and equity at junior and senior secondary levels. This should address imbalances in accessing education, especially for disadvantaged children in rural areas. Targets for the transition rate from junior to senior secondary education will be 100 percent by the end of NDP 10. Teacher education will focus on skills development through a broadened teacher education programme which is aligned to the needs of the economy. Table 7.5 shows the targets for improving access and quality of education over the NDP 10 period.

Sector Performance Matrix

Matrix 7.1: Goal 1: To Provide Accessible, Equitable, Quality Education

Sector Goal Key Performance Indicator	NDP 10 Period Targets								
	Year	Baseline	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Net Enrolment Rate (Primary)	Jun-05	89.6%	91.0%	92.0%	94.0%	95.0%	97.0%	98.0%	100.0%
Transition Rate: Primary to Junior Secondary	Jun-05	96.9%	99.4%	99.5%	99.6%	99.7%	99.9%	100.0%	100.0%
Transition Rate: Junior to Senior Secondary & Voc. Education	2008	66.1%	67.1%	76.1%	80.4%	89.3%	89.8%	95.2%	100.0%
Participation Rate (Tertiary, 18 to 24 yrs)	Aug-07	11.4%							17.0%
Drop-out Rate (Primary)	Jun-05	1.4%	1.0%	0.8%	0.7%	0.5%	0.4%	0.2%	0.0%
Drop-out Rate (Secondary)	Jun-05	2.2%							0.0%
Achievement Level (Primary)	Aug-07	72.9%	76.0%	79.0%	82.0%	85.0%	88.0%	92.0%	95.0%
Achievement Level (Junior Secondary)	2007	75.1%	86.1%	87.1%	88.1%	89.1%	90.1%	91.1%	92.1%
Achievement Level (Senior Secondary)	2007	40.7%	51.0%	52.0%	53.0%	54.0%	55.0%	56.0%	57.0%
Participation in Distance & Open Learning: Voc. & Tertiary	Aug-07	2371	2655	2974	3331	3730	4178	4679	5211

Source: Departments of Primary Education; Secondary Education; Technical and Vocational Education; BOCODOL and TEC

7.53. The examinations and assessment strategy for NDP 10 recognises the importance of assessment as an integral part of the teaching and learning process. Assessment plays a critical role in any strategy that is aimed at improving the quality of education. Therefore, there will be an increase in the use of assessment to improve achievement and raise performance standards.

7.54. During NDP 10, international indicators that will be used to measure the performance of the goal on an adequate supply of qualified, productive and competitive human resources include: the Global Competitiveness Index, the Human Development Index, the Knowledge Economy Index and the Employability Index or Ratio.

Goal 2: To Provide Globally Competitive Human Resources to Drive Economic Growth

7.55. Botswana faces human resource challenges in fulfilling the aspirations of Vision 2016, and reaching NDP 10 targets. This goal addresses, therefore, the adequacy of human resources and their deployment towards these ends.

7.56. Indicators for tracking performance in addressing the skills and competitiveness of Botswana's human resources during NDP 10 will include: the Unemployment Rate, Labour Productivity Index, the Competitiveness Index, Human Resource Development (HRD) Expenditure as a percentage of GDP, the proportion of graduates absorbed into employment in the labour market, the percentage of labour

requirements met and the percentage of the government budget utilised for HRD.

Strategies for the NDP 10 Goal

7.57. The National Human Resources Development Strategy (NHRDS) lays the basis for improving the processes for human resource development. A key output for NDP 10 will be the development and implementation of a human resource development plan based on the requirements of the economy. The strategy seeks to match skills with the needs of the labour market, substitute import of foreign skills and reverse the migration of Batswana labour in order to improve global competitiveness and enhance economic growth and diversification. The key features of the NHRDS will be as follows:

- The relevance and quality of education and training;
- Focus on employability and skills;
- Creation of employment opportunities and acquisition of knowledge, skills and experience by citizens;
- The development of “education and innovation hubs”;
- Enhancement of Research and Development capacity;
- Enhancement of utilisation of ICT; and,
- Increased access to early childhood and tertiary education levels.

PROGRAMME SUMMARIES

National Human Resource Planning

7.58. This will provide the framework for development of competitive and productive human resources. It is important to have an explicit, strategically focused and sustained

approach to national human resource development. This should link social, cultural, political and economic strategies in a holistic and integrated manner around human capabilities and opportunities for the nation. Human Resource Planning (HRP) is expected to provide information on the projected demand and supply of skills for the economy, which can assist in planning education, training and career options. This will ultimately facilitate employment and improve living standards. HRP will also serve as a monitoring, evaluation and capacity development tool. Employers and employees will have access to timely and accurate information about the labour market, while training institutions will have better appreciation of the demand for skills.

7.59. In addition, the HRP benchmarks international best practice for institutions, particularly with regard to issues such as industry-education links and mechanisms for cost recovery. HRP will provide guidance to students and young people about career prospects and programmes of study that are most likely to result in productive employment. Unions would find HRP information useful for bargaining purposes, such as average wage levels and productivity for specific occupations in different industrial sectors. Similarly, unions would also want to have information about the number of work permits issued and the type of skills covered by these work permits. Community groups would also want to obtain information about skill requirements and opportunities, particularly for vulnerable groups and those who find it difficult to access the labour market to improve their life circumstances and become productive citizens.

Sector Performance Matrix

Matrix 7.2: Goal 2: To Provide Globally Competitive Human Resources to Drive Economic Growth

Programme Outcome-Output	Key Performance Indicator	Baseline		NDP 10 Period Targets (%)						
		Year	Value	Yr 1	Yr 2	Yr3	Yr 4	Yr 5	Yr 6	Yr7
Outcome: Increased national labour productivity	Labour productivity index	2006/07	5.5	5.5	5.5	6.0	6.5	7.0	7.5	8.0
Output 1: Balanced labour market	Unemployment rate	2005/06	17.5	16.5	16.5	15.0	14.0	12.5	11.5	9.5

Source: Labour productivity index - annual growth rate. (Botswana Productivity Statistics Update 2007)

7.60. The Revised National Policy on Education, the new Tertiary Education Policy, the National Vocational Training Policy, the National Credit and Qualification Framework, the Maitlamo ICT Policy, the Revised National Policy on Incomes, Employment, Prices and Profits, the Science and Technology Policy, together with other government policies, will form the policy framework for the implementation of the sector programmes and activities during NDP 10.

7.61. During NDP 10, the development of human resources will be accelerated to meet the health service delivery challenges and enhance operational efficiency and productivity. The national human resources in the health sector will be enhanced by promoting partnerships with the private sector to optimise utilisation of the existing health infrastructure. The increased training programmes provided in health training institutions around the country, as well as the phased establishment of a medical school, will significantly increase output of the needed health manpower.

EDUCATION SECTOR STRATEGIES

7.62. Since Independence, Botswana has undertaken two major educational reviews:

the 1976 Education for Kagisano, whose emphasis was on quantitative expansion of the education system; and the 1993 National Commission on Education, which emphasised both access and qualitative issues of the education system. The review of these policies indicated that the country had made remarkable progress towards stipulated objectives. However, the greatest challenge facing Botswana's education system was improving the quality and relevance of education, since the society and the economy had evolved in new directions, making fresh demands in terms of attitudes, skills and abilities. The Mid-term Review of NDP 9, as well as the Education Public Expenditure Review conducted in 2007, proposed a shift in the sector from quantitative to qualitative improvements. Therefore, during NDP 10, a key subsector strategy will be to focus on quality and relevance of education.

Provision of Accessible and Equitable Education

7.63. The Education and Training Sector will, during the NDP 10 period, continue to address access and equity of education and training at all levels. The NDP 10 strategy will pay more attention to the disadvantaged and vulnerable children (i.e., children with

special needs, children in remote areas, and children with other social needs). In order to reach children in remote areas (see paragraph 7.44), additional one or two teacher schools will be established. Special needs issues will be addressed through setting up of the Centre for Disability, as well as an assessment centre for children with disabilities.

7.64. Regarding universal access to 10 years of basic education, the Education sector's challenge in NDP 10 will be to sustain the 100 percent transition from primary to junior secondary level without compromising quality as a result of large class sizes. This will be achieved by expanding existing junior secondary schools and building new ones. The same will be done to increase access to post junior secondary school education. During NDP 10, Government will conduct a review of the cost sharing policy in order to align it with international declarations, such as Education For All (EFA) and the Millennium Development Goals (MDGs). Pre-primary education will be piloted in areas where there is evidence of high drop-out rates.

7.65. Issues of access and equity are expected to continue to be a challenge in the Technical and Vocational Education Programme during NDP 10. These will be addressed through the upgrading and expanding of existing facilities to accommodate children with special needs, use of e-learning and open and distance learning.

7.66. The significant improvements in access at tertiary level which were achieved during NDP 9 will be sustained and extended through, among others, the implementation of the new Tertiary Education Policy. This policy advocates direct involvement of private tertiary providers, as well as rationalisation and expansion of tertiary education and training institutions relating to education and training

in Health, Teacher Education, Science and Technology and in Agriculture. In addition, new tertiary institutions, such as the Botswana International University of Science and Technology and four technical colleges, will be built. The re-organisation and takeover of brigades by Government will create additional opportunities for training at tertiary level during NDP 10. The involvement of the private sector in the provision and financing of tertiary education and training will help reduce the financial burden on Government, as well as provide an element of choice for students in relation to programmes and institutions of study.

7.67. In this context, policies and strategies which were begun in NDP 9, which included encouraging the private sector to build tertiary institutions and having government sponsor students to these institutions, the use of Public-Private Partnerships (PPP), as well as the development strategy for other methods of privatisation, will be accelerated.

Provision of Quality and Relevant Education

7.68. The establishment of the Education Hub will make Botswana competitive by attracting leading tertiary institutions, scholars, researchers and students into the country.

7.69. The Education and Training Sector will pay more attention to quality and relevance of education at all levels. There will be need to conduct curriculum reviews and strengthen inspectorate and quality assurance mechanisms. A deliberate shift to the use of assessment to improve achievement and raise performance standards will be made. This will involve broadening and establishing the base of assessment, performance standards, learning outcomes and competencies at different levels for each examination and assessment programme. This will further entail

improving access and equity in examinations and assessments for all different groups of learners, achieving comparable standards in examinations, accreditation of examinations and achieving standards-based assessments and qualifications at primary and secondary levels. The sector will also accelerate the implementation of the revised skills programme for out of school children and youth.

7.70. Youth will be guided to grow into responsible and self-reliant individuals, such that they become a valuable and a positive resource. Concerns over the incidence of social ills amongst the youth have arisen over time. To address these concerns, research on issues affecting the youth will be undertaken in order to inform decision making and youth empowerment efforts.

7.71. The Tertiary Education Policy, which was passed by Parliament during NDP 9 and the National Credit and Qualifications Framework (NCQF), to be developed by the Ministry of Education and Skills Development, will further address problems of relevance, quality, accreditation, articulation, co-ordination and management. System co-ordination, in particular, will be enhanced by the merging of the Botswana Training Authority and the Tertiary Education Council to create a coherent strategic focus in tertiary education and skills development. There will be a clearer and more objective approach to funding public sector tertiary institutions. There will also be a rationalisation of tertiary education institutions (e.g., merging of BOTA and TEC) to ensure programme alignment and coherence.

7.72. The development and diversification of programmes offered at colleges and tertiary institutions will emphasise information and communication technology (ICT) for sustainable economic diversification. Investment in research and development will be stepped up to enhance

exploitation of new technologies and innovative ideas aimed at improving regional and global competitiveness. There will be a deliberate effort to enrol more science based students at the general education level, so as to prepare them for tertiary level programmes and have them acquire skills and competencies in science and technology.

7.73. In the Teacher Training Institutions, the main feature of the curriculum will be a diversified competency based teacher training programme that will produce teachers with desirable behavioural attributes who are able to actively contribute to human resources development and economic development. This will be possible through the development and implementation of a master plan for the training of teachers that forms the basis for the Teacher Development and Management Programme.

Education Hub

7.74. Associated initiatives will require skilled human resource development to take off, but will also become the producers of such skills over time, thereby contributing to employment creation and economic diversification.

EDUCATION SECTOR PROGRAMMES FOR NDP 10

7.75. Four core programmes have been identified to achieve the sector goals. These are general education, tertiary education, teacher development and management and skills development programmes.

General Education Programme

7.76. Since 1966, Botswana has made progress in increasing access, especially at primary and secondary education levels. However, the review of the National Development Plan 9 has indicated that

access for disadvantaged children and adult learners continues to be a problem. Furthermore, there is need to focus on qualitative improvements in line with Vision 2016, Education For All and the MDGs.

7.77. The General Education Programme involves provision of accessible, equitable and quality education for all levels below the tertiary education level, delivered through both in-school and out-of-school modes. The programme is aimed at providing a base for an educated and trained labour force by either preparing learners for participation at the tertiary education level or providing learners with vocational and technical skills relevant for competitive participation in the labour market. Botswana, being signatory to a number of conventions, which include the Millennium Development Goals, the Jomtien Declaration, and the Dakar Framework for Action, which spells out Education For All (EFA) and recommends that education should be free and accessible by all, has made a commitment to provide basic education to every Moptswana. The education and training sector will, through this programme, address imbalances in access to education, especially by children in rural areas, who have to walk long distances to reach school. It will ensure that all educational facilities are distributed in an equitable manner.

7.78. The General Education programme primarily targets learners of school-going age, but also includes adult learners and out-of-school children. Other beneficiaries are stakeholders, such as parents, the private sector, the public service, industry and the labour market more generally, who will

benefit from the human resource base that would be developed by this programme. Some of the learners will proceed with further education, while others should be engaged in meaningful employment.

Teacher Development and Management Programme

7.79. Professional development and management of teachers to implement the curriculum has been identified as a critical area for improvement of quality in the education and training sector. Expansion of the education system and the introduction of new subjects have increased demands on appropriately qualified teachers. There is a need to upgrade teachers' skills, so that they can effectively deliver the curriculum and improve their morale, as well as to reduce teacher turnover.

7.80. The programme will focus on:

- Skills development through a broadened teacher education curriculum which is aligned to the needs of the economy;
- Introduction of Degree Programmes at colleges of education;
- Establishment of Centres of Excellence in specific areas;
- Building teacher capacity in various areas such as giftedness (education of children who are gifted/talented), orientation and mobility, sign language interpretation, inclusive education, severe multiple profound disabilities, early childhood education/pre-primary education (special needs education), and vocational education and training;
- Establishment of an efficient management information system to carry out the projections of human resource growth, job analysis and other related administrative functions; and
- Improvement of teacher motivation through training in change initiatives and other incentives.

Skills Development Programme

7.81. Ensuring that graduates in the technical and vocational areas have the skills that are relevant to the country's economic and social development and are able to compete in global labour markets remains a challenge. The aim of the technical and vocational skills development programme is to meet immediate, medium and long term skills requirements. It should provide an adequate supply of skilled graduates, who can also participate in global labour markets. The outcome of these efforts will be competent, innovative and internationally competitive individuals, who can contribute to the socio-economic and technological advancement of the country, including employment creation and poverty reduction.

7.82. The beneficiaries of this programme are school leavers and employers. Access will be open for initial training, re-training and skills upgrading for adults. The programme will also take cognisance of prior learning in awarding qualifications.

7.83. The Vocational and Technical Skills Development Programme has three outcomes: improved vocational and technical skills, employability and an adequate supply of skills. The following agencies are responsible for implementing the programme activities and generating the desired outputs: the Department of Vocational Education and Training (DVET),

the Botswana Training Authority (BOTA), the Madirelo Training and Testing Centre (MTTC) and the Construction Industry Training Fund (CITF). Implementation strategies will include collaboration with partners and outsourcing.

Tertiary Education Programme

7.84. The Mid-Term Review of NDP 9 identified the challenges of training high quality graduates and the need to ensure they have the skills that are relevant to the country's economic and social development, while being able to compete in global labour markets. The Mid-Term Review also recognised that the number of school leavers and adult learners looking for tertiary education places had been growing and would increase further as the output from secondary schools increased.

7.85. The Tertiary Education programme is also an anchor for personal growth and self-realisation for learners. Some graduates of the programme are expected to create jobs for themselves and other job seekers. The programme provides a strategic link and opportunity for the public-private partnership in the provision of training facilities, determination of relevant skills and their quality, as well as development of industry relevant research initiatives.

SECTOR: PUBLIC SERVICE ADMINISTRATION

7.86. Management of the public sector plays a strategic role in shaping the growth and success of the economy. This role brings with it challenges in relation to knowledge and emergent competency requirements. Therefore, the key issue confronting public sector management is the need for the design

and implementation of competitiveness strategies and aligning the public sector human resources for increased value.

REVIEW OF NDP 9

Public Service Human Resource Management

7.87. During NDP 9, several policies and programmes were put in place to attract and retain critical competencies in the public sector. Competency-based assessment was introduced for senior management positions. Competency frameworks for Ministries, Departments and those for leadership were developed as a basis for selection, placement and progression in the public sector. Leadership development programmes were also put in place to build leadership capacity. The Botswana Institute of Administration and Commerce (BIAC), embarked on a process of transformation into the Botswana Public Service College (BPSC) and began enhancing its capacity to meet the complex demands of a reforming public sector. The Early Exit Policy was developed to facilitate right sizing of the public service. The objective of the Policy is to compensate and manage the exit of employees affected by the right sizing exercise.

7.88. Attraction and retention of scarce skills continued to be a major problem during NDP 9 resulting in Retention and Remuneration Policy and Strategies being developed. Several incentives, including allowances, were introduced and external recruitment agencies were contracted to facilitate recruitment of manpower with the required skills.

7.89. A Public Service Wellness Policy, aimed at promoting a supportive working environment, was developed. The Policy acknowledges absenteeism and the individual employee's state of wellness as significant variables that influence performance. Therefore, the Policy provides for Employee Assistance Programmes for individual/personal and group services.

7.90. The focus of the Computerised Personnel Management System (CPMS) was to add to its capacity to handle recruitment, leave application and other functions. The Infinium software, which housed the Computerised Personnel Management System, became obsolete and its maintenance continued to prove very costly. Consequently, any further investments on the system were stopped, including the planned enrichment under NDP 9. During the NDP 10 period, the plan will be to migrate from the Infinium platform to a more robust and integrated platform to link all Public Service Human Resource systems with others, such as the Omang and Payroll systems.

7.91. The Business Process Reengineering initiative was introduced in 2006, to improve service delivery by setting up and monitoring public service performance standards to create a waste-free public service. By the last quarter of NDP 9, 187 processes had been re-engineered in eleven Ministries and three departments. Seventy other processes had been audited in six Ministries.

Public Service Human Resource Establishment

Size, Growth and Productivity

7.92. The total establishment of the Public Service, including teachers, was 99 842 for the financial year 2008/09. The figure represented a growth of 10 135 new posts created over the 6 year Plan period, at an annual growth rate of 2.5 percent against a target of 1.9 percent which was a 0.6 percent growth above target. The high growth was mainly precipitated by challenges brought about by the impact of HIV/AIDS, which created a need for manpower support for Home Based Care, Prevention of Mother to Child Therapy and the Roll Out of Anti-Retro-Viral (ARV) programmes; and the

establishment of new Ministries and functions during the course of the Plan, such as the Ministry of Communications Science and Technology, the Government Implementation Coordination Office, the National Aids Coordinating Agency, the Ministry of Environment, Wildlife and Tourism and splitting of the Ministry of Labour and Home Affairs to create the Ministry of Youth, Sports and Culture. Additional posts were established for other implementation of programmes, such as double shift in Senior Secondary Schools, and the completion of major health infrastructure projects, such as the five hospitals at Molepolole, Ghanzi, Serowe, Lobatse and Mahalapye.

7.93. For NDP 9, the vacancy rate was set at 2 percent. However, the actual rate has been growing steadily over the Plan period from about 4.7 percent in April 2004 to as high as 8.9 percent in April 2008. The strategies put in place to facilitate the management of vacancies in the Public Service include multiple titled and graded positions in the C band and scaling down on the experience requirement in the same C band entry point.

7.94. The organisational review of Ministries for performance improvement continued during the Plan period. Nine out of sixteen Ministries planned for restructuring were reviewed, along with an additional three which had not been included in NDP 9. The reviewed ministries and departments were the Office of the President, Department of Police, Ministry of Finance and Development Planning, Ministry of Labour and Home Affairs, Ministry of Education, Independent Electoral Commission, Ministry of Foreign Affairs and International Cooperation, Ministry of Local Government, Ministry of Health, Attorney General's Chambers, National Aids Coordinating Agency, and Ministry of Youth, Sports and Culture.

7.95. The Institute of Development Management (IDM) remained an important institution for regional cooperation and management capacity building. As part of the cooperation, the agreement between Botswana, Lesotho and Swaziland had been that each of the host countries would provide infrastructure facilities for the Institute. A new IDM Campus was planned for construction in Gaborone during NDP 9. This project did not take off due to unavailability of land. IDM was allocated 5.6 hectares of land against a required 11 hectares. This caused the project components to be reviewed.

7.96. The Botswana National Productivity Centre (BNPC) had undertaken several successful initiatives not only to raise levels of productivity awareness among the general populace, but also to aggressively recruit them into the National Productivity Movement.

SECTOR GOAL: TO IMPROVE PUBLIC SECTOR PERFORMANCE

SECTOR STRATEGIES OVER NDP 10

7.97. Management of the public sector plays a strategic role in shaping the growth and success of the economy. This means that knowledge and competence are vital. Therefore, the key issue confronting public sector management is the need for the design and implementation of strategies for better aligning public sector human resources to achieve greater value for money in the provision of public goods and services. The strategies for improving public sector performance will focus on managing and developing public service personnel to deliver world-class service, adapt to new processes, technology and engage in continuous learning and innovation, while providing appropriate terms and conditions of employment.

Competency-Based Human Resource Management

7.98. Competency based human resource management systems will continue to focus on modernising the public sector to support innovation, growth and the delivery of world class services. Recognition of performance will be used as a major driver to motivate and engage people, retain talent and accelerate performance. The performance management system will focus on using talent from within by developing multiple variables such as skills, perceptions, interpersonal relationships, values, motivation and commitment, and the levels of challenges. In addition, a robust multifaceted approach to right sizing the public service will be adopted through establishment of an overarching policy and guidelines, not only to support early exit where appropriate, but also to facilitate efficient utilisation of resources, as well as quality service delivery. The capacity and quality of productivity improvement and management skills and competency development institutions will be strengthened. Since unionised public services necessitate establishment of collective bargaining structures, institutional arrangements for public sector administration will be reorganised and reconstituted.

Managing Human Capital and Innovation

7.99. Optimisation of human capital raises the need for a multi-skilled, flexible and independent workforce. Competency development will be pursued and it will encompass promotion of values, rules, practices and norms through which the public sector should conduct business, to ensure alignment with customer and stakeholder expectations. Development of talent will ensure that the personnel in the public sector deliver world-class service, produce quality products, adapt new technologies and processes, innovate and

manage complexity. The strategy will involve development of leadership into effective change agents ready to venture into path breaking initiatives to support economic growth. The public sector will, therefore, develop the talent required to effectively support Government strategies for private sector development. The public sector compensation system will be reviewed and aligned to meet the high-level human resource strategies and objectives. The compensation system will support talent mobility, attract diversity and global talent, and add value through global alignment, while remaining locally relevant.

Improving Efficiency and Effectiveness in Service Delivery

7.100. Development of a competent workforce will be coupled with improvement of structures that influence the quality of service. Service standards will be developed, monitored and further improved to satisfy the public. Therefore, these structures, processes and systems will continuously be improved to adapt to changing national priorities and environments that facilitate effective delivery of Government business. Efficient and effective replacement of leadership will be ensured through a systematic management of Succession Planning across the public service. To a large extent this will be facilitated through implementation of business process engineering supported by continuous restructuring exercises in ministries and departments. The Directorate of Public Service Management will also be restructured to align its functional operations to the demands of this strategy. In addition to this, a new comprehensive computerised human resource information system will be installed to bolster this effort.

PROGRAMME SUMMARIES

Human Resource Management

7.101. The National Human Resource Plan will be used to see that the public service has the right people and right skills at the right time. Effective and efficient recruitment policies, processes, methods and tools will be adopted to allow Government to achieve its strategic goals and vision. A talent management programme will be put in place to achieve optimal utilisation of human resources. All appointments will be made using competency benchmarks and standards. Deliberate efforts will also be made to engage public service recognised unions on relevant employment issues to facilitate harmonious labour relations and stability. It has been evident that the competency levels in the public service were lower than expected, as the 2005 Customer Satisfaction Survey indicated that only 25 percent of the customers surveyed were satisfied with the public service. Amongst other key service attributes identified, is the speed at which complaints are addressed, the ease of lodging a complaint about customer service and quality of products and services offered by Ministries.

7.102. In addition to that, only 23.6 percent of the candidates assessed for leadership positions in the public service since 2005 were appointed with reservations, with only 2.7 percent of them qualifying as appointed without reservations or developmental needs. Motivation and labour relations are key ingredients to engagement, performance and commitment of employees. Direct beneficiaries of this programme are members of the public. Unionisation of the public service requires improved and transparent management of the public service.

7.103. Government will invest in training and developing employees as a means of attracting and retaining human capital, as

well as getting better returns from the investments. The programme will involve development of all employees to perform efficiently and effectively at all levels of responsibilities. Employees in management and leadership will be developed to facilitate effective change in the economy. Programmes will be anchored through the Botswana Public Service College, supported by IDM and other institutions, to ensure continuous learning in the public service. There will be further promotion of integrity and values, and further development of a code of conduct. This should help to address stakeholder expectations.

7.104. The individualised leadership and overall learning and development programmes will focus on competency improvement gained through coaching, mentoring, attachment, and e-learning, while on the job. The programme addresses the need to empower, engage and motivate employees for improved service delivery. The direct beneficiaries of the programme will be employees, as they will personally derive satisfaction from Government investment on training and development. The public service will be transformed into a learning organisation, resulting in effective engagement of employees. Members of the public will, therefore, benefit, as they will receive quality service.

Productivity Improvement

7.105. The Botswana National Productivity Centre (BNPC) will continue to come up with initiatives aimed at increasing productivity awareness across all sectors of Botswana. Over and above this, it will also put in place systems, techniques, tools and methodologies that will facilitate organisations and other institutions to achieve high levels of performance and thereby improve productivity through adoption and application of best practices. This includes among others, the development of a comprehensive

productivity database, providing easy accessibility to national productivity statistics, sectoral productivity indices, customer satisfaction indices and quality of workforce information. These processes will inform the structures on collective bargaining principles, contribute to the improvement of process reengineering initiatives and inculcate business excellence ideals, especially to small, medium and micro enterprises (SMMEs) and the public sector.

7.106. Furthermore, to support productivity movement initiatives, such as the Botswana Excellence Foundation, which has a role in

fostering productivity related interventions, the establishment of District Productivity Improvement Forums will ensure continuity at local authority levels with support from BNPC and the application of tools such as the Excellence Model at district levels and other sectors. There is inadequate data and information to support productivity improvement, resulting in an inability to make fully informed decisions that would improve productivity. The programme will facilitate quality decision-making relating to improving public and private sector productivity.

SECTOR: AGRICULTURE

INTRODUCTION

7.107. The growth of the agricultural sector depends, amongst others, on continued development of competitive and skilled human resources. The majority of farmers in Botswana are small-scale farmers who need continued assistance in capacity building to commercialise agriculture. It is necessary to aggressively promote agriculture as a career of choice and move towards the development of agricultural industry-ready human resources through relevant and focused training programmes during NDP 10.

7.108. Even though there had been much investment of education in agriculture, skills did not match what was required for meaningful development of the sector. In particular, business skills lagged behind and resulted in a low level of agricultural output.

SECTOR GOAL FOR NDP 9

7.109. The Goal of the sector during NDP 10 is provide the requisite human resources needed in the agricultural and related sectors. The performance indicator is the level of skilled labour within the sector. Currently the baseline is 50 percent of the human resources are skilled and the target for NDP 10 is 70 percent.

AGRICULTURAL SECTOR STRATEGIES FOR NDP 10

7.110. The policy objectives and strategies which guide implementation of the programmes to commercialise and improve productivity of the sector are:

- Increased employment opportunities for the fast growing labour force. Skills development should be relevant for both government and the private sector;
- Provision of a secure and productive environment for agricultural producers and private sector participation. This

strategy will enhance participation in agricultural opportunities and unlock the full entrepreneurial potential in the sector.

PROGRAMME SUMMARY

Agricultural Skills Development Programme

7.111. The aim of the programme is to provide training in the theory and practice of agriculture related disciplines. It also aims to transform education and extension to be more responsive to market requirements. In Botswana, there is evidence that, among the reasons for the sector's low profitability and below-normal returns, is lack of international competitiveness. Therefore, the programme aims at building capacity to match the demands of the fast changing world markets. Farmers, employees of the Ministry of Agriculture and new entrants to the agricultural sector are the beneficiaries.

7.112. The programme is intended to provide a competent skilled labour force relevant to the needs of the agricultural industry. It also promotes pride and dignity in agriculture as an occupation, through its farmer outreach and student enterprise initiatives. The continuing in-service training programme aims at ensuring attraction and retention of talent in the Ministry and ultimately improving service delivery. The programme has one outcome, a skilled agricultural labour force. The Botswana College of Agriculture will monitor implementation of initiatives, while

the Ministry Management will monitor in-service training of employees and expansion of farmer training and skills development facilities and programmes.

Programme Summary: Vocational and Technical Skills Development

7.113. The Vocational and Technical Skills Development Programme aims at achieving the outcomes of: improved vocational skills, employability, improved quality of training and assessment through the flexible vocational training programme and increased access to vocational training. The responsible institutions for implementing the programme activities and outputs are the Department of Vocational Education and Training (DVET), Botswana Training Authority (BOTA), Madirelo Training and Testing Centre (MTTC) and the Construction Industry Training Fund (CITF). Implementation strategies will include collaboration with partners and outsourcing.

7.114. Existing structures for industry-government collaboration, such as standard setting task forces and industry sectoral committees, will be strengthened to ensure that the Skills Development Programme is demand-driven rather than supply-driven. Currently, private and NGO providers are responsible for nearly 46 percent of enrolment of learners at vocational institutions. The NGOs account for almost all the learners with disabilities. Through the accreditation processes, this contribution is expected to increase and improve in quality

CHAPTER 8

KNOWLEDGE SOCIETY

KEY RESULT AREA: KNOWLEDGE SOCIETY

Key Result Area Description

8.1 Vision 2016 has identified the importance of information, developing of efficient information system and networks to support research, education, development and communication with the rest of world. In line with this recognition, the Ministry of Communications, Science and Technology (MCST) was established in 2002 to coordinate communication, science and technology development. The Ministry coordinates research, technology and innovation through the Department of Research, Science and Technology, which was created in 2004, and its three institutions, namely: the Botswana Technology Centre (BOTECH), the Rural Industries Promotion Company (RIPCO) and the National Food Technology Research Centre (NFTRC).

8.2 This Ministry together with the Ministry of Works and Transport were restructured on the 20th October 2009 and two Ministries were created as follows:

- Ministry of Infrastructure , Science and Technology comprising Department of Building and Engineering Services; Department of Research , Science and Technology; Department of Radiation Protection;
- Ministry of Transport and Communications comprising Department of Road Transport and Safety; Department of Central Transport Organisation; Department of Telecommunications and Postal

Services; Department of Roads; Department of Information Technology.

8.3 The Communication, Science and Technology sector has identified the national goal of innovation and productive creation and use of information and technology to achieve the goal. This goal is premised on being a Knowledge Society, which espouses that all people (citizens and other residents) of Botswana will have easy access to information to improve their lives at home and work. Information about all aspects of the economy, such as education, health, environment and business, will be available through the different information dissemination channels, which include telecommunication, electronic and print media. Media communication is at the heart of global knowledge dissemination. The instruments of modern communication have grown in their importance to facilitate wealth creation through innovation and knowledge sharing. Well developed media will facilitate Botswana's participation in the global trade in knowledge-based products and services.

8.4 Botswana must be ready to create, adapt and adopt new technologies that will accelerate development of innovative and technology based products. Special attention will be given to developing and using technology to reinforce and drive the performance culture in government and the private sector. During NDP 10, an innovation and service culture will be continuously encouraged, measured and

validated through performance indicators. Efforts to create knowledge will focus on private sector participation and ownership of the responsibilities for service provision. There will be sharing of research and technology initiatives, funding and benefits. A key initiative in this regard will be the Botswana Innovation Hub (BIH), which will attract both local and foreign companies, as well as incubate research and development in mining, Information and Communications Technology (ICT), biotechnology and energy, from product development and innovation to commercial viability and export.

NDP 10 Goal

8.5 The NDP 10 goal that is derived from the Vision 2016 pillar of an Educated and Informed Nation is to have “Innovative and Productive Creation and Use of Information and Technology.” Associated with this NDP Goal is the Millennium Development Goal (MDG) to achieve Universal Primary Education by 2015 (MDG 2).

Goal Performance during NDP 9

Information and Communications Technology (ICT)

8.6 The National ICT Policy (Maitlamo) was approved by Parliament in August 2007. The Policy lays out a clear and compelling national ICT strategy that addresses key issues with the potential to make the country more proactive in approaching and embracing the information age in readiness for effective participation in the global ICT industry. The following initiatives were implemented during NDP 9 and will be carried over to NDP 10:

- Community access centres;
- School Net (ThutoNet);
- E- Health;

- E-Government;
- E-Legislation;
- Infrastructure development;
- Measures put in place to develop the ICT industry.

Research and Development

8.7 During NDP 9, the Government provided funding for research and development to facilitate the production of technology outputs to benefit society (see paragraphs 8.36 and 8.37). Some of the technologies produced were a hearing aid, food products and farm implements. In order to further strengthen research and development, studies were conducted, such as the National Research, Science and Technology Plan and the feasibility study and plan for the Botswana Innovation Hub. While the National Research, Science and Technology Plan identified research priorities for implementation in NDP 10, the Hub will provide an environment for interaction between research and business. The Radiation Protection Inspectorate was also established to regulate the use of atomic energy and nuclear technology.

Media

8.8 The master plan for the expansion of the Radio and Television Terrestrial Transmitter System was formulated. The focus was to avail radio and television signals to 95 percent of the population. Installation of these transmitters is ongoing and will be completed during NDP 10. Construction of three regional offices for the Departments of Information Services and Broadcasting, as well as the Department of Printing and Publishing Services, is ongoing, while construction of one district office was completed.

Goal Strategies for NDP 10

8.9 The sector will mobilise resources in order to achieve the goal of innovation, and knowledge creation and utilisation. The following strategies will be implemented:

- **Capacity Building for Innovation and Information Utilisation.** This will be done through training to equip personnel with scientific and technical skills;
- **Public Private Partnerships** will be encouraged for the purpose of sharing responsibility and promoting efficiency;

- **Development of Infrastructure** to enable various sectors in the economy to effectively carry out their functions;
- **Performance Monitoring** of institutional activities to ensure that plans are effectively implemented and produce desired outputs; and
- **Institutional Reforms.** The Government will liberalise and reform some institutions to enhance service delivery.

SECTOR: COMMUNICATIONS, SCIENCE AND TECHNOLOGY

INTRODUCTION

8.10 From 1997, Botswana was considered to be a frontrunner with regard to development of communications, science and technology when compared to countries of similar size, wealth and development. For instance, in 2002, Botswana, with a Digital Access Index of 0.43, was ranked amongst the top five Sub-Saharan countries, with Seychelles, Mauritius and South Africa coming on top (World Economic Forum, 2004). The country had an enviable digital telecommunications infrastructure that was reliable, resilient, and covered all 16 administrative districts. The Telecommunications Policy of 1998 had produced two successful mobile telephone operators and the country was aggressively adopting computers and the internet as business tools, both in the public and private sectors.

8.11 Despite its better performance in other ICT areas, Botswana faced challenges in providing telecommunications service tariffs that are competitive in relation to those in countries of similar Gross Domestic Product (GDP), especially those with high technology business exporting services to the rest of the

world. Botswana's world ranking in e-government readiness dropped from 90 in 2005 to 118 in 2008 (Table 8.1). Regional countries, such as Lesotho and South Africa, are competing to improve their ranking in order to attract foreign investors and donors. Therefore, urgent action must be taken to improve our competitiveness in this area.

8.12 The Radio and Television Master Plan was drafted with an intention to expand radio and television access to the population. Other notable milestones achieved within the media during NDP 9 are:

- Semi-commercialisation of the Botswana Daily News was enhanced as a result of the cost recovery initiative;
- Establishment of the Botswana Chapter of the Media Institute of Southern Africa;
- Establishment of the Press Council of Botswana;

- Establishment of the Media Studies Department at the University of Botswana.

Table 8.1: E-Government Readiness for Southern Africa

Country	2008 index	2005 index	2008 ranking	2005 ranking
South Africa	0.51	0.51	61	58
Lesotho	0.38	0.34	114	114
Botswana	0.36	0.40	118	90
Swaziland	0.35	0.36	125	108
Namibia	0.35	0.34	126	111
Region (average)	0.39	0.39		
World (average)	0.45	0.43		

Source: United Nations: e-Government Survey 2008

8.13 During NDP 9, some progress was made in knowledge creation and development of technologies. Research into food processing produced various products from local raw materials. Solar power and waste water management experiments were conducted. Nuclear technology was applied in agriculture for tsetse fly control and in health for studying the efficacy of nutritional interventions on HIV patients.

8.14 NDP 10 brings opportunities for increasing the role of communications, science and technology in the national turn-around strategy that will transform the economy from being mineral dependent to being information, services and innovation driven. Vision 2016 foresees Botswana as a nation in which most of its citizens are engaged in knowledge-based jobs. These will be jobs in which data, information and knowledge are the main tradable items. The Knowledge Society will “empower citizens to become the best producers of goods and services”. During this Plan period, ICT and innovation must take their place in the national economy, not only as drivers for private sector competitiveness, but also as exports of goods and services.

8.15 A coordinated, orchestrated series of interventions in skills development, technology business development, utilisation

and transfer, stimulation of innovation and media development will contribute to the emergence of the knowledge society.

SECTOR PERFORMANCE IN NDP 9

Information and Communications Technology

8.16 Substantial progress has been made in the development of the communications industry. Progress was achieved through structured reforms to promote effective competition and market efficiency. Prior to 1998, Botswana Telecommunications Corporation (BTC) was the only supplier of telecommunications in the country. Mobile telecommunications service was introduced and two companies, Mascom Wireless Botswana and Orange Botswana, were licenced in 1998. This opened up the sector to strong competition and the share of customers for the fixed line operator declined in the market. Table 8.2 shows that mobile telephony quickly dominated the market. It rose from 76 percent in 2003 to 91 percent in 2008. The annual growth rate of mobile phone ownership averaged 22 percent over these years.

Table 8.2: Telecommunications Subscriber Base by Type

Operator	Year						Average 2003-2008
	2003	2004	2005	2006	2007	2008	
Share Mobile	444 978	522 840	571 437	823 070	1 151 761	1 485 791	833 313
Share Fixed	142 600	131 774	136 423	132 034	136 946	142 282	137 010
Total Subscriptions	587 578	654 614	707 860	955 104	1 288 707	1 628 073	970 323
% Share Mobile	76	80	81	86	89	91	84
% Share Fixed	24	20	19	14	11	9	16

Source: Botswana Telecommunications Authority; 2008

8.17 The telecommunications market was further liberalised in 2006 in order to increase efficiency. This resulted in the issue of service and technology neutral licences in 2007 to the three national operators, Mascom Wireless Botswana, Orange Botswana and Botswana Telecommunications Corporation. The service neutral licences enabled the national operators to offer a broad range of telecommunications services, including internet service, mobile telephony, fixed-line telephony and value added services under one licence. This arrangement not only gave operators equal opportunities, but also levelled the telecommunication playing field for effective competition. Parallel to further liberalisation, and in an endeavour to promote participation of the private sector in the development of the economy, the process for privatisation of the Botswana Telecommunications Corporation was started. The intention is to list the privatised corporation on the Botswana Stock Exchange (BSE) during NDP 10.

8.18 A rural telecommunications strategy was formulated in 2006 to guide provision of telecommunications services to rural and under-served communities throughout the country. The strategy identified 197 villages in need of telecommunication services. These villages will be covered under the Nteletsa II Telecommunications project, which started in 2008. The project, which is

planned to be completed during NDP 10, is expected to contribute to the national vision pillar of “A Prosperous, Productive and Innovative Nation”, and to the national goal of economic diversification and development.

8.19 Considerable effort was expended to ensure that Botswana participates as a shareholder in the undersea fibre optic cables running on the east and west coast of Africa, which will link countries on the east and west coasts of Africa to international telecommunications networks. When this network infrastructure is operational, communication (internet and data transmission) will be efficient, fast, reliable and affordable.

8.20 The ICT Legal Framework was created during NDP 9. This framework, among others, identified actions crucial to the amendment of laws and structures necessary for a secure and trusted legal environment for increased levels of electronic interaction. A Cyber Crime Act was passed by Parliament in December, 2007.

8.21 The uptake of electronic communication within Government has progressed well during NDP 9. The Government Data Network (GDN) has been expanded to 533 sites across the country, with over 20,000 users. The initiative

provides e-mail facilities, a government Intranet Service and access to the Internet. Introduction of GDN has resulted in several electronic systems, such as the Government Accounting and Budgeting System (GABS), the Vehicle Registration and Licensing System and the Automated System for Customs Data (ASYCUDA), which make government service delivery easier and faster. Government also started the School Connectivity Initiative to provide broadband internet access to 235 secondary schools in the country during NDP 9. The broadband connection will provide the staff and students of these schools with high speed internet access. Obsolete systems, such as the Computerised Personnel Management System (CPMS), will be phased out during NDP 10 and replaced by the Common Computerised Human Resource Management System, which will integrate with other systems such as the Government Payroll system and GABS.

8.22 During NDP 9, separation of functions became a problem in the ICT sector. This is further compounded by technological convergence. During NDP 10, MCST will review some of its organisational mandates and establish appropriate institutional structures that bring about optimum efficiency and differentiate the three spheres of policy administration, autonomous regulation and competitive service provision.

Regulatory Environment

8.23 A study carried out by the Public Enterprises Evaluation and Privatisation Agency (PEEPA) in 2005 on “Appropriate Regulatory Reforms for the Infrastructure and Utility Sectors in Botswana” suggested that, in view of the size of the country and its population, Botswana should regulate telecommunications, broadcasting, postal

services, internet and electronic capabilities under a single authority. A consolidated regulator promotes economic efficiency by avoiding duplication, which would emerge under multiple sub-sector regulatory agencies. Establishment of this body would also reflect the technological convergence that is currently taking place in the global communications sector.

Postal Services

8.24 Prior to 1989, telecommunications and postal services were provided by the then Ministry of Works, Transport and Communications. These services were unbundled in 1989 when the Botswana Post was established. Botswana Post has remained a 100 percent public enterprise regulated by MCST.

8.25 The lack of a comprehensive regulatory framework for postal and delivery services has resulted in an unbalanced sector, with new entrants having free access to, and choice of market segments. They are able to focus on profitable areas, whilst Botswana Post has to provide services to all areas, including those that are not profitable.

8.26 Global developments in the postal services sector motivated Government to formulate a Postal Policy during NDP 9 that will provide a clear legal and regulatory environment for the sector. The policy has several objectives, which, among other things, will ensure availability of quality postal services throughout the country, especially in the rural areas.

8.27 Despite the challenges, Botswana Post reported an average of 90 percent mail delivery rate within three days of posting in 2006. This is in line with Universal Postal Union standards. In 2009, postal density in Botswana is estimated at 9,137 inhabitants

per permanent postal outlet in the country against Africa's density of about 82,000 inhabitants per postal outlet. However, in terms of population distribution, Botswana fares unfavourably because one postal outlet serves an average of 3,200 square kilometres compared to 1,300 square kilometres for Africa. However, this reflects the low density population of Botswana. It makes it all the more remarkable that the density of inhabitants per permanent postal outfit is so low compared to other countries in Africa.

Universal Service and Access Policy

8.28 Communication services do not reach certain localities in Botswana, as they are deemed not to be commercially viable. It is against this background that the MCST has developed a Universal Service and Access Policy during NDP 9 in line with the Vision 2016 pillar of "An Educated and Informed Nation". The Policy is aimed at promoting access to communication services (internet, newspaper, postal, radio, telephony and television) throughout Botswana. It advocates the establishment of a Universal Service Fund to finance the provision of communications services to the rural, under-served and disadvantaged population, including areas that would otherwise be deemed commercially unviable. A number of villages were provided with tele-centres (Kitsong Centres) during NDP 9. It is expected that the Policy and the accompanying legislation will be fully implemented during NDP 10.

Media

8.29 During NDP 9, a variety of privately owned newspapers entered the market. This period also saw further liberalisation of the airwaves. National radio licences were issued to Yarona FM, Gabz FM and Duma FM. Gaborone Broadcasting Corporation was issued with a national free-to-air

licence, while Gateway TV, Monumotapa TV and Black Earth Communications were issued with pay television licences. The arrival of these stations facilitated a wider choice of broadcasting services.

8.30 A national television service, Botswana Television (BTV), was introduced in July 2000 and viewership has grown. Local content has increased to 20 percent of its programmes. Both public and private broadcasting operators (radio and television stations) have improved their national coverage by expanding signal distribution and introducing new content.

8.31 The setting up of the Media Studies Department at the University of Botswana has had a significant impact on the problem of the shortage of media personnel in the country. The establishment of the Botswana Chapter of the Media Institute of Southern Africa and setting up of the Press Council of Botswana are some of the developments that have contributed to enhancing professionalism and efficiency in the sector.

8.32 The following policy and legislative changes were made during NDP 9 in a bid to further improve the sector:

- In recognition of the media as a partner in development, Government set up the Media Advisory Council which is a sub-committee of the High Level Consultative Council;
- The National Broadcasting Board was established to regulate broadcasting activities in the country;
- The Media Practitioners Bill, which seeks to give legal recognition to the Press Council as a self-regulating body, was drafted; and
- A draft Broadcasting Policy, which will, among others, pave the way for the setting up of community radio stations, was prepared.

8.33 Despite achievements mentioned above, the following surfaced as challenges facing the sector during NDP 9:

- Increase in litigation which is threatening the lives of media institutions;
- Continued shortage of skilled professionals;
- Inadequate legislative and regulatory frameworks; and
- Inadequate production of local content.

Research and Development

8.34 During NDP 9, MCST developed a national plan and a strategy for Research, Science, Technology and Innovation. The Plan identified priority areas for research and development. The strategy outlined how government should target its investment in research, science and technology in order to gain maximum benefit for socio-economic advancement.

8.35 A programme to train researchers is being piloted. This initiative was aimed at improving competitiveness and strengthening the research capability and capacity of local scientists in relevant areas of research, science and technology. Steps were taken to rationalise and re-tool the research institutions. A fund will be made available to researchers in both the public and private sectors. During NDP 9, the Botswana Technology Centre (BOTECH) engaged in a number of projects, including the Community User Information Service, Solar Thermal Testing Facility and Science Exploratorium for school children, Kgalagadi Sand Building Block, Solar Chimney, Business Incubator, Feasibility Study of Rain Water Harvesting, Calibration Laboratory and Motshegaletau Solar Power Project.

8.36 The Rural Industries Promotions Company (RIPCO) also undertook various technology development activities during

NDP 9, including the development of a fodder processor, milling plant, row planter, and multi-purpose thresher, as well as utilisation of building materials, renewable energy technologies and waste water management. The institution contributed to rural development through transfer of technologies to village communities in tannery, textiles, blacksmithing, hammer milling and bread baking.

8.37 During NDP 9, the National Food Technology Research Centre (NFTRC) undertook programmes on research and development on new food products, providing technical assistance in the utilisation and commercialisation of locally grown agricultural commodities, as well as veldt products. The organisation carried out studies on meat and fruit/vegetable processing, food fortification, nutrition and HIV/AIDS research, chemical analysis of food products, biotechnology, food safety and microbial evaluations.

8.38 Substantial progress was made in the area of management of nuclear sources and radiation protection during NDP 9, including:

- Development of country programme framework on utilisation and regulation of atomic energy and nuclear technology;
- Approval of the Radiation Protection Act (2006);
- Establishment of the Radiation Protection Inspectorate as a department;
- Establishment of the Radiation Protection Board.

8.39 Despite the above performance, the following challenges were experienced:

- Lack of a programme approach to research and development;
- Underdeveloped infrastructure;
- Inadequate human and financial resources.

Botswana Innovation Hub

8.40 During NDP 9, MCST commissioned a feasibility study and a business plan for the Botswana Innovation Hub (BIH). The study confirmed the viability of the project and recommended that the Government takes a leading role as an investor and also as the driver of the knowledge economy, that equal opportunities are provided for both foreign and domestic businesses, that key focus areas are targeted, that high quality premises and services are provided, and that professional management is put in place. The reason for establishing the BIH is to create a platform for world-class businesses engaged in knowledge intensive activities, which will help to diversify the national economy. The study also confirmed that companies (both local and foreign) and research organisations engaged in ICT, biotechnology, mineral technologies, energy businesses and other innovative initiatives are interested in operating in the Hub. Land has been allocated and the management plan has been formulated. Phase 1, which includes urban design, land servicing and infrastructure development, including offices, laboratories, conference and recreational facilities, will start in NDP 10.

Goal 1: Innovative and informed society with well developed communications services

8.41 Botswana will continuously develop new innovative ideas and initiatives for the sustainable growth of communication services. Communication services will provide an essential platform for setting up and accessing information systems and services. Communication services will play a pivotal role in the creation and dissemination of information.

Goal 2: ICT as a major contributor to the national economy

8.42 NDP 10 presents an opportunity for assessment and monitoring of the ICT sector's delivery of services. This will publicise the country outside its borders in a cost effective manner, as well as providing service to the country's diaspora. Consequently, the growth of the ICT industry will create more employment and attract foreign investment.

Goal 3: Strong research and technology utilisation

8.43 The goal for science and technology is strong Research and Development (R&D) and technology utilisation. Research and development will be strengthened through the development of appropriate infrastructure and capacity building. The research institutions will intensify creativity and innovation and develop commodities with commercial potential. The ultimate goal is to stimulate productivity growth of producers in all sectors of the economy, and in particular to stimulate technology-based activities.

Goal 4: Improve competitiveness and knowledge utilisation in the public sector

8.44 The existence and optimal use of the infrastructure would result in increased efficiency within the public sector service delivery system. This will increase the development of knowledge systems, thereby enhancing Botswana's competitiveness within the world economy.

STRATEGIES FOR NDP 10

ICT Maitlamo Initiatives

8.45 The ICT strategy will continue to lead Botswana towards its National ICT Policy (Maitlamo) goal of being an active participant in the Global Information Society and a nation that uses ICT effectively. ICT has the potential to create growth of output and employment in the private sector, and thereby to contribute to economic diversification. The following are strategies for Maitlamo:

- **Thuto Net:** In order for Botswana to achieve the goal of a “knowledge-based society” as outlined in Vision 2016, Government will educate children in ICT and other subjects, such as mathematics, science and engineering, which are required for success in the digital age. Sustainable ICT-driven transformation and national growth will only be achieved through the development of local skills and expertise, especially in children and young adults. This will be implemented in collaboration with MoESD and the private sector;
- **e-Health:** This critical programme is aimed at providing better healthcare through Telemedicine. ICT will increase the quality, safety, timeliness and efficiency of healthcare services;
- **e-Government:** ICT can contribute better service delivery by improving efficiency and reducing costs through e-Government. Government will make some of its services available online. Information will be collected, consolidated, re-packaged, and presented in an appropriate format for easier and faster consumption by citizens. Ministries will ensure that there is use of ICT in Government to deliver quicker services to the public at convenient

locations and times, for instance electronic government publications;

- **e-Legislation:** The Government will develop ICT laws to enable the private sector to increase its involvement in e-business. This should result in more e-business services being offered to the public.

Communications Development

Infrastructural

8.46 Provision of the necessary communications infrastructure that will improve access to and efficiency of data transfers and business transactions on-line. This should contribute to making Botswana a regional ICT hub. It will be a priority in NDP 10. It will depend on the completion of the international connectivity links to the proposed under-sea fibre-optic cables on the East Coast and West Coast of Africa, which were started in NDP 9. These efforts will be complemented by upgrading of the national backbone and access networks.

8.47 During NDP 10, investigations will assess the current broadband access levels with a view to formulating the requisite broadband policy and regulatory frameworks. Promotion campaigns and capacity building in conjunction with the private sector to increase uptake will be carried out.

8.48 Government will consider the establishment of a special purpose vehicle for the management and operations of all the Government-assisted international connectivity activities. This will also include the national telecommunications backbone infrastructure of the Trans-Kalahari, Trans-Chobe and the Eastern Corridor Fibre Optic systems, which must be separated from the main BTC business.

8.49 During NDP 10, the postal communications network will be improved by refurbishing and developing postal offices throughout the country. This will improve mail delivery efficiency and increase public access to postal products and services. The introduction of financial and electronic services will be a key strategy for postal sector growth. The postal sector will take advantage of opportunities created by ICT to improve customer service and enhance communications products. This will expedite faster payment transactions, particularly the payment of social benefits. The establishment of a National Postal Code and Addressing system will improve postal service delivery during NDP 10.

8.50 Media investments, in particular television, are expensive undertakings. However, they are very powerful tools for education and information dissemination and can be used for nation building. The Government will consider creating a second television channel. This would enable the private sector to advertise their products, and would facilitate a wider choice for viewers. To be in line with the expectations of the audience, regular audience surveys will be conducted.

8.51 The Radio and Television Transmitter Master Plan will be completed during NDP 10 and more transmitters will be installed in a bid to provide signal to 96 percent of the population. Some transmitters will be installed to cater for the major road networks to ensure continuous reception of information and entertainment. Regional transmitter maintenance stations will be established to reduce excessive downtime of the service. In addition, standby generators will be installed at transmitter stations to avoid transmission downtime that results from electrical cuts or load shedding.

8.52 Digital convergence and the switch from analogue to digital systems, particularly in the broadcasting arena, will be a focus area during NDP 10. MCST will facilitate the switchover process and ensure its completion by 2015 in line with the recommendations of International Telecommunication Union's Regional Radio Conference of 2006. This digital migration would allow for increased signal volume. The existing transmitter stations and television sets would be upgraded to transmit and receive digitally.

8.53 The existing printing equipment and systems will be upgraded to align them with the demands of new technology. A closed circuit television system will be installed to improve security in the handling of confidential government publications. A standby generator will be installed to ensure that there is continuity in production during power cuts.

Policy, Legislation and Regulatory Framework for the Communications Sector

8.54 During NDP 10, the main challenge will be the technological convergence of the broadcasting, telecommunications, internet and postal sectors. Studies conducted during NDP 9 have confirmed that the communications sector needs to be effectively managed and monitored by implementation of legislative frameworks and institutional structures that will support convergence.

8.55 An ICT legal framework that will provide the basic rights and protection of citizens, establish a trusted and secure electronic environment, create greater economic diversification and boost investor confidence will continue to be implemented. This will include amending the existing

specific legislation, and drafting of new legislation to deal with electronic signatures, e-Commerce and others, such as personal privacy protection in health care, financial services and business transactions.

8.56 A Knowledge Society can be realised through, among others, the existence of an active and responsible media industry. A developed media industry cannot thrive in a vacuum, lest it is abused. Therefore, a relevant policy framework will be formulated to guide the media industry. This will not only protect media operators, but consumers as well.

8.57 An assessment of the effectiveness of the policy and regulatory framework will be conducted in order to improve service delivery. Measurement and monitoring mechanisms will be established for the operators and the regulator so as to measure the effectiveness of the service delivery and assess if the goals and objectives of the policies are being met. Periodic reviews of the respective sub-sectors' performance and policy effectiveness will be carried out every two years.

8.58 The Government will fully liberalise the communications market during NDP 10 so as to maximise the benefits from competition and convergence. The long-term benefits will be lower costs of communication services (voice, internet, data, postal and pay television). This is one of the measures critical for the attraction of foreign direct investment, better service delivery and affordability.

Universal Access to Communication Services

8.59 Provision of the telecommunications infrastructure and services to all rural and underserved communities shall be guided by

the 2006 Rural Telecommunications Services Strategy. During NDP 10, the rural telecommunications project (Nteletsa 2) will be concluded and extended to villages with a minimum population of 250, along the national road network, in agricultural production zones, the tourist areas and other strategic areas throughout the country.

8.60 While the Postal Policy has laid down clear sector reforms with universal service obligation having been assigned to Botswana Post, a programme that will assist in providing service to the rural and underserved areas will be developed. Provision of universal postal services to these areas shall be guided by the Rural Postal Services Strategy that will be developed during NDP 10.

8.61 A key goal of the Connecting Communities Programme is to provide residents of rural, remote and urban communities with affordable access to computers and the Internet – especially those people who might not have computers or Internet access in their homes or workplaces. The implementation of Kitsong Centres will be important to bring the rural and underserved communities to access the mainstream of the e-government services and other related ICT services. The implementation of the shared community user information centres shall be carried out with as much Public Private Partnership (PPP) as possible, including the use of existing structures such as the Village Development Committees (VDCs). Capacity building is, therefore, required amongst the rural citizens to enable them to run the centres efficiently and effectively in order to develop a model that is self-sustaining.

8.62 During NDP 10, the Kitsong Centres implementation strategy will be formulated in order to guide the delivery of all shared

communications services. Kitsong Centres will be extended to other areas of the country.

8.63 Development and expansion of the broadcasting signal distribution network will be extended to cover almost 96 percent of the population and 65 percent of the geographical area of Botswana. The strategy should have content from rural communities, large and small, throughout Botswana, thereby making valuable contributions to the diversity of information and viewpoints, as well as supporting the democratic process. Citizens shall have increased access to a diverse range of the media.

8.64 Another strategy will be to increase the distribution of national newspapers from the current estimated 50 locations to all communities that have at least 2000 inhabitants. All national print media will be more widely available in the country. A distribution system encompassing public and private sector print media will be developed.

Research and Development

8.65 During NDP 10, Research and Development will be redirected and refocused to meet the challenges facing the nation and contribute to economic diversification and poverty alleviation (see paragraph 8.42). Some of these challenges are in the areas of health, environmental safety, agriculture, water scarcity, climate change and the need for industrial development. The strategy is to develop and implement research programmes whose outputs will result in socio-economic benefits.

8.66 During NDP 10, BOTEK and RIPCO will be restructured in order to get a better focus on their research mandates and greater efficiency from the two institutions. BOTEK

will be completely restructured into a new entity, while RIPCO will be restructured and become more focussed on research operations. NFTRC will continue to carry out several projects, including food product development, use of nuclear technology in nutrition research, human resource development and technology research and transfer.

8.67 Funds allocated for research will be increased in order to enhance research focus, purpose, innovation and creativity. Research institutions will be re-organised and their research platforms will be appropriately positioned to address and respond to the priorities as outlined in the national research plan. All public funded research activities and outputs will be monitored and evaluated to ensure that they are aligned with the National Research, Science and Technology Plan.

8.68 The Radiation Protection Inspectorate will continue to regulate the use of atomic energy and nuclear technology, and disseminate information to both users and the public on the safe use of nuclear technology. There will be infrastructural development for radiation management and monitoring. During NDP 10, the Radiation Protection Inspectorate will play a pivotal role in the provision of technical and advisory support services to all public and private sector organisations implementing national projects funded through the International Atomic Energy Agency's (IAEA) Technical Cooperation Fund. The National Liaison Officer within the Inspectorate will coordinate the implementation of such projects. The National Liaison functions need to be expanded to cater for all users of nuclear technology and for liaising with the IAEA. The Inspectorate should be converted to parastatal status during the Plan period, in

order to make it less dependent on Government.

Innovation

8.69 The Botswana Innovation Hub is planned for completion during NDP 10. Both local and foreign companies meeting the qualifying criteria for the Innovation Hub will have the opportunity to benefit from selected incentives aimed at promoting research development and production that

contribute to knowledge creation, economic development and growth. The Hub will promote innovation by establishing an incubator for start-up companies, facilitate networking between universities and businesses located at the Hub and between the businesses themselves, with partners both locally and internationally.

Matrix 8.1: Sector Performance Matrix

NDP 10 Key Performance Indicator	Baseline:		NDP 10 Targets (%)						
	Year	Achievement	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7
Technology Index ^(a)	2007	78	77	75	74	73	72	71	70
R&D expenses as % of GDP	2003/04	0.43	0.46	0.50	0.55	1.00	1.35	1.70	2.00
% of people with access to telecoms services (Mobile)	2007	70	73	76	79	81	84	87	90
% of people with access to computers	2007	5	7	9	11	14	16	18	20
% of people with access to telecoms (Fixed Line)	2007	7.5	8.0	9.0	10.0	10.5	11.0	11.5	12.0
% of people with access to Internet	2007	4.0	6.0	8.5	10.0	12.0	14.0	18.0	20.0
% of population with access to radio	2008	80.0	95.0	95.0	95.2	95.3	95.5	95.7	96.0
% of population with access to television	2008	40.0	95.0	95.0	95.2	95.3	95.5	95.7	96.0

Note: (a) World Economic Forum (WEF)

Source: Ministry of Communications, Science and Technology

PROGRAMME SUMMARIES

ICT Development Programme

8.70 This programme is aimed at developing and upgrading ICT infrastructure to improve efficiency and effectiveness in service delivery through the use of electronic communication media. The services/initiatives under this programme

will provide a platform for establishing systems enabling the public to acquire new knowledge for use in productive enterprises. It will connect Botswana to modern communications for voice, internet, data and post.

Innovation, Research and Development Programme

8.71 This programme will coordinate Research, Technology and Innovation through the Department of Research, Science and Technology. Three institutions namely BOTEC, RIPCO and NFTRC, as well as other institutions, will undertake various research and development activities to provide information for decision making. Research and development will contribute to the national goals of economic diversification, poverty alleviation, environmental sustainability and employment creation. New initiatives for research and development will be assessed on whether they will add new knowledge, contribute to economic diversification, have socio-economic benefits, be affordable and environmentally friendly. The research results will be commercialised to develop goods and services for both the local and export market. In order to achieve this, existing institutions will be restructured and fully equipped so that they can respond to the research priorities and funding intentions over the Plan period.

8.72 Some research institutions will collaborate with the Innovation Hub to effectively deliver information for development. These are the Department of Agricultural Research, University of Botswana, Botswana College of Agriculture, Botswana Meat Commission, the International Atomic Energy Agency (IAEA) on the peaceful use of atomic energy, the Centre for Scientific and Industrial Research on training and technology development, the Regional Research Alliance on technology projects, Modern Implements, the Scientific and Industrial Research Development Centre, Food and Agricultural Organisation (FAO),

Appropriate Technology Services and Secure the Future.

Media Development Programme

8.73 Media development refers to the provision of an enabling environment for the development, provision and consumption of media to the intended target group. The media comprise electronic and print media. They are an essential tool for dissemination of information. The media industry plays a vital role in the creation of a knowledge society, as well as provision of entertainment. It cuts across all demographic target groups. The people of Botswana, in particular potential internal and external tourists and investors, farmers, the business community and civil society at large, are the beneficiaries. Other members of society, such as costume designers, freelancers (photographers, set designers) and script writers, will be inspired by this development. Producers of various programmes will feel protected by the establishment of regulatory bodies and the monitoring facilities.

8.74 The international broadcasting system is moving away from the traditional analogue systems to digital systems. Therefore, a digital migration plan will be formulated and implemented to fulfil the requirements of Radio Communication Conference of 2006 that was organised by the International Telecommunications Union. This will be accompanied by a programme to increase local content, develop media services, facilities and policies, and increase geographic coverage. The plan will focus on making it easier to obtain information; this will be monitored through indicators yet to be determined.

SECTION IV: A PROSPEROUS, PRODUCTIVE AND INNOVATIVE NATION

CHAPTER 9

SUSTAINABLE ECONOMIC GROWTH

KEY RESULT AREA (KRA): SUSTAINABLE ECONOMIC GROWTH AND COMPETITIVENESS

KRA Description

9.1 Government has long considered sustainable economic growth and competitiveness to be key to achieving the prosperous, productive and innovative goal. Through this KRA, Government will facilitate the creation of an environment that encourages and supports business and entrepreneurial activities. This will be in partnership with the private sector and other stakeholders. Through its sector strategies and programmes, this KRA emphasises the use of renewable resources and efficient use of non-renewable ones, such as minerals, in an integrated approach towards conservation and economic prosperity.

9.2 The prosperity of a nation is dependent on the productivity and competitiveness of its enterprises. In this context, the Prosperous, Productive and Innovative Nation Pillar is critical to the attainment of Vision 2016. The achievement of prosperity, individually and nationally, creates the enabling environment for the achievement of the other pillars. Accentuated by the effects of global recession, increasing prosperity will require that Botswana makes more productive and innovative use of its human and natural resources during NDP 10 in order to triple real GDP per capita by 2016, compared to 1996, as required by this pillar (see chapters 4 and 6 for analysis of this).

9.3 Vision 2016 anticipates that its quest for a “Prosperous, Productive and Innovative Nation” will be achieved through sustainable

economic growth and diversification supported by a sustainable environment. Botswana will be a society distinguished by the pursuit of excellence through an enhanced culture of hard work and discipline, where effort is rewarded and the necessary skills are available. Government will provide a lead by assuming the role of facilitator, in partnership with the private sector, to create an environment where business and entrepreneurial activities are encouraged and supported.

9.4 The Vision anticipates that to realise this KRA by 2016, Botswana will have diversified its economy with mining, agriculture, industry, manufacturing, services and tourism all making a substantial contribution. Botswana will have a vibrant and energetic economy that is able to meet the competitive demands of the 21st century, and will be able to attract investors.

NDP 10 Goal

9.5 The NDP 10 goal, arising from the Vision 2016 pillar of Prosperous, Productive and Innovative Nation is Sustainable Rapid Economic Growth.

9.6 Sectors contributing directly to this goal include finance and banking, trade and industry, tourism, agriculture, and minerals, supported by labour. These are potentially high leverage, high impact sectors for economic development, particularly for economic diversification, poverty reduction, employment

creation which, together translate into a “Prosperous, Productive and Innovative Nation”.

9.7 Manufacturing, tourism and agriculture are both relatively labour intensive and strongly linked with the rest of the economy, and are ideal for targeting issues of unemployment and poverty reduction. Similarly, the trade and industry and minerals sectors have a comparative advantage in attracting foreign direct investment (FDI) needed for economic diversification.

Goal Performance during NDP 9

9.8 NDP 9 performance was characterised by:

- GDP growth which was slower than the 5.5 percent projected for NDP 9. Actual growth was an annual average of 3.3 percent, mainly because of a contraction of 3.3 percent in 2008/9. The non-mining private sector grew at an average of 6.2 percent per annum over the whole Plan period, and maintained growth of 6.7 percent in 2008/9, apparently unaffected by the collapse of mining in the final quarter;
- A decline in real terms in investment, as measured by Gross Fixed Capital Formation (GFCF) in the first half of NDP 9. Far from moving towards the Vision 2016 target of 40 percent of GDP, its share fell from 25.9 percent to 22.3 percent between 2002/03 and 2006/07, recovering slightly to 25 percent in 2007/08. One possible reason for low rates of investment, especially foreign investment, is that, until recently, there was a mixed performance on "doing business" in Botswana. According to the World Bank Doing Business Report, Botswana's position fell from 44th place to 51st place between 2005 and 2007, recovering, however, to 38th place in 2008 as

a result of improvements in ease of starting a business, and in the index for protection of investors;

- A considerable growth in merchandise exports, notably because of high base metal prices peaking in 2007, and the impact of Pula depreciation on export receipts;
- Rapid growth of the service exports. There was particularly rapid growth in the unspecified category "other", indicating that the growth of service exports was not just in tourism. However, the growth of this sector is hampered by inadequate infrastructure, and by scarcity of professional skills. The scope for less skill-intensive service exports has not yet been exploited. Further analysis of economic and social progress during NDP 9 is in Chapter 4, and of Botswana's ranking in "Doing Business" in Chapter 5.

9.9 In the above context, the major issues for NDP 10 are, therefore, twofold. To what extent can Botswana continue to generate growth by increasing government expenditure (given the expected decline in diamond revenues after the end of NDP 10)? And, how can the Government further promote private sector investment as a more sustainable engine of growth?

Goal Strategy for NDP 10

9.10 Government will give the highest priority to private sector development and economic diversification to attain rapid economic growth. Given the overwhelming importance of reducing the dependence of the economy on the minerals sector in general, and diamonds in particular, growth must be accelerated to achieve Vision 2016 objectives.

9.11 NDP 10 represents a watershed opportunity in terms of achieving Vision 2016 goals, with the economy needing to transform from being public sector-led, to being private sector-led. In light of the anticipated decline in mining revenues over the long term, the future success of the country is linked to its ability to identify and develop new engines of growth in the current Plan period. This Goal strategy, therefore, outlines the road-map through which the Government will, in partnership with all relevant stakeholders, more effectively promote private sector development in the next seven years. The Goal strategy highlights the following elements:

Removing Impediments, and Providing Incentives for Private Sector Growth

9.12 Given advances in democracy and stability generally in the region, which previously were Botswana's differentiators, its distance from ports, landlocked status and competition within the region, do not make Botswana a natural destination of choice for "doing business." Therefore, during the early stages of NDP 10, there must be concerted and deliberate efforts to remove all impediments to, and to provide incentives for, private sector investment, growth and exports. To achieve the goals for NDP 10, all sectors are expected to remove, where possible, all impediments to growth and to speed up the implementation of their projects and activities.

Utilising Botswana's "Purchasing and Investment Power" for Local Economic Empowerment and Diversification.

9.13 Botswana may have a small local market, but, alongside Angola, it is the second biggest customer in the region, after

South Africa, importing P27.4 billion worth of goods and services per annum in 2007, and P38.4 billion in 2008. All major projects, public and private, should be unbundled and analysed as to their ability to generate beneficiation, sub-contract work, maintenance and outsourcing opportunities. Projects for possible execution through PPP will be identified. All project imported consumables, together with projected NDP 10 public and major private sector imports, will be aggregated and the ability to develop local, sustainable supply enterprises assessed.

Creating a Focal Point for Fast Tracking Major Private Sector Project Implementation

9.14 A focal point for the receipt of new private sector project proposals, based on existing institutions, will be set up as a cross sectoral network for the review and fast tracking of the implementation, monitoring and evaluation of accepted projects.

Capacity Building Strategy

9.15 Competent and skilled personnel are required to implement, monitor and evaluate NDP 10, considering the ambitious targets and programmes which are being proposed. It will be prudent that the Public Service is well prepared to drive this NDP. The Public Service is currently heavy in its lower cadres and light on its professional staffing. This has, by and large, created a socially responsible Public Service, as opposed to a facilitating and responsive Public Service (lean, effective and efficient). For NDP 10 Programmes to be realised, right-sizing and other public sector reform measures are needed, such that critical areas are well resourced, with adequate capacity, without increasing the Government wage bill.

9.16 For the private sector, capacity building requires a diverse, but holistic approach. The following are identified as being critical in ensuring capacity is not only built, but is sustained:

- Registration of consultants and professional accreditation;
- Public-private sector Human Resource Development fund;
- Outreach capacity and capability development for the private sector;
- Entrepreneurial development;

- Botswana consultants and contractors to form joint ventures and implement nominated contractors duties for mega projects;
- Reserve certain components of major projects and operations for Botswana.

9.17 The chapter now proceeds to review the sectors that will be key to the achievement of sustainable economic growth during NDP 10.

SECTOR: FINANCE AND BANKING

INTRODUCTION

9.18 The financial sector, in broad terms, is composed of the banking and the non-banking financial institutions, including the statutory financial institutions, such as the National Development Bank (NDB), established by Government. In Botswana, as in other countries, the banking and non-banking financial institutions perform two crucial functions. Firstly, they provide a means for effecting payments for transactions so that individuals or institutions can buy or sell goods and services. Secondly, the financial sector mobilises savings, and channels them to households and businesses, for consumption, housing, business investment and working capital.

9.19 Over the last decade, Botswana has emerged as an important financial hub in the southern African region. Its financial environment has embraced international trends in deregulation, liberalisation and globalisation of financial markets. The country's steady economic growth, since the development of its minerals industry in the early seventies, created a favourable

environment for the development of a strong financial sector. The favourable environment led to the establishment of a central bank (the Bank of Botswana) in 1975. This culminated in a number of commercial banks, insurance companies, pension funds, asset managers and investment banks, establishing businesses in Botswana over the last 30 years. The establishment of the Botswana Stock Exchange (BSE) in 1989 and the Botswana International Financial Services Centre (IFSC) in 2002 deepened the financial system further.

9.20 During NDP 10, it will be necessary to facilitate growth of the financial sector to support the expanding and more sophisticated needs of the economy. This should include growing competition; enhancing access to private and public sector finance by the wider community, including small and medium scale enterprises and the rural population; and promotion of financial innovation to support niche markets. Other elements of the NDP 10 strategy entail sustaining capital

market development; implementation of the privatisation policy with respect to development finance institutions; continuing improvements in the payment and settlement process to enhance efficiency and cost effectiveness of remittances; curtailing opportunities for fraud and money laundering; and continuing review of relevant legislation and the supervisory infrastructure to align it with both domestic and global developments.

9.21 In its intermediation role comprising the assessment, price determination and management of financial risks, the financial system is critical in sustaining economic growth. Financial sector development expands options for financial saving, productive use of financial resources and innovations with respect to payments and transfer of funds. In performing these roles, continuing efficiency, soundness and stability of the financial sector supports macroeconomic stability, economic growth and development. The activities of the financial sector, however, entail a risk of loss of savings and system-wide instability that can disrupt both macroeconomic stability and economic performance. Therefore, the development of the financial sector should be supported by improvements and adaptation of the regulatory and supervisory framework to mitigate risks of instability. The Ministry of Finance and Development Planning (MFDP) plays an important role in underpinning the operation of the financial sector, and in mobilising finance for public expenditure.

REVIEW OF NDP 9

9.22 The financial sector strategy in NDP 9 emphasised the importance of the continuing stability and adaptability of the financial sector in meeting the evolving needs of the economy and global

relationships, through the provision of finance, infrastructure and payments processes. To sustain its contribution to the development of the economy, there was need for adaptation of prudential regulations to foster sound and safe banking practices, market integrity and an efficient financial system. At the same time, efforts were directed at combating money laundering and the financing of terrorism. The strategy also recognised the importance of service quality and delivery and disclosure of bank tariffs, in the context of changes in banking infrastructure, technological improvements and internationalisation of financial services. It was envisaged that modern technology would be harnessed to overcome the access constraints and costs associated with the physical presence of banks.

Regulatory and Supervisory Developments in NDP 9

9.23 The main objective for supervising and regulating financial institutions is to focus their operations and performance on continuing soundness and to limit systemic risk. This protects depositors and the integrity of the financial system. The supervisory framework establishes standards to ensure that the financial system is adequately resourced to meet its obligations and to minimise the probability of failure, thereby promoting confidence in the system. With reference to banks, in 2000 the Bank of Botswana (BOB) switched from the full scale, long-cycle, on-site examinations supervisory approach to a continuous risk-based approach. The risk-based supervisory approach seeks to prioritise the allocation of supervisory resources and the intensity of their use based on the risk profile of the institution. This combines both off-site and on-site supervisory approaches to evaluate the condition of licensed financial institutions, as well as taking supervisory remedial measures proportionate to their

inherent risks. However, the limitations with respect to supervisory action for the development finance institutions constrained the possible improvements in efficiency that could follow. Nevertheless, from a developmental perspective, limiting supervisory action in respect of these institutions could be important as the Government may choose to allow continuation of services where there is market failure. In such circumstances, however, there is need for such support to be explicit and targeted.

Financial Sector Structural and Institutional Developments during NDP 9

9.24 The range of financial sector institutions, infrastructure and services expanded significantly during NDP 9. This was due to a combination of market demand, competition, policy initiatives and technological innovations with respect to both operations and payments processes.

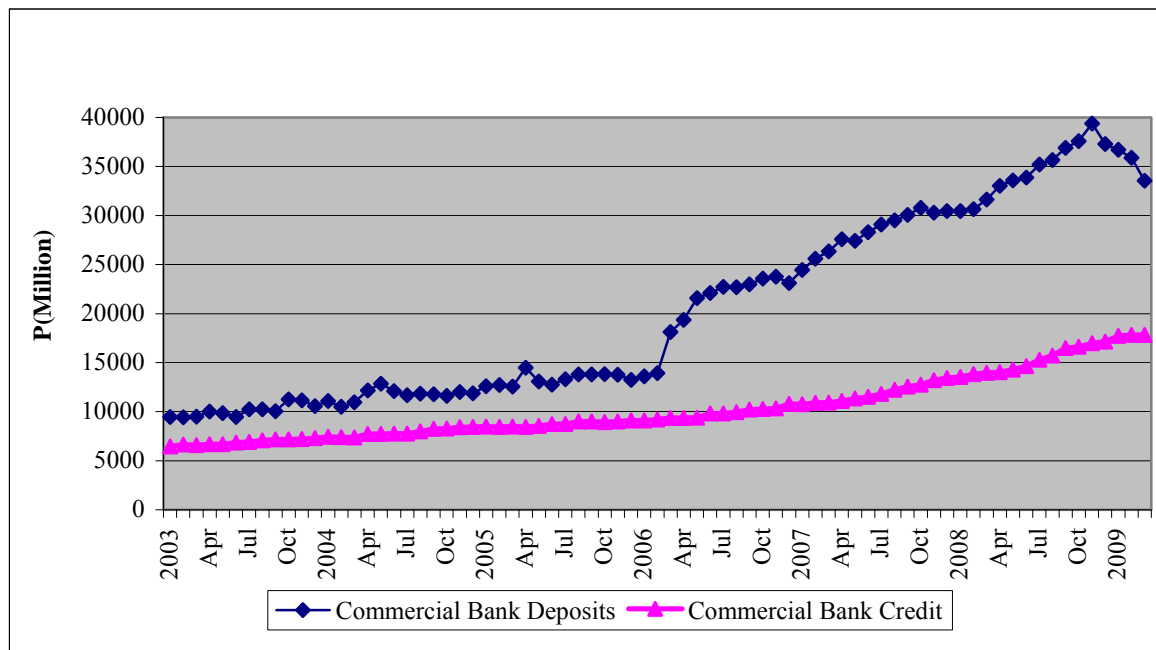
Banking System

9.25 Even though Botswana's banking sector is relatively small by international

standards, it is developing rapidly. A competitive licensing policy has continued during NDP 9. New banks are welcomed to improve competition in the provision of banking services to the public. Two additional banks were licensed during NDP 9, bringing the total to seven. However, the biggest three banks have approximately 80 percent market share. As at December 2008, commercial banks operated 84 branches and sub-branches, with 5 agencies and shared a total of 360 ATMs, including 81 mini-ATMs, compared to 65 branches and sub-branches, 11 agencies and 155 ATMs, including 30 mini-ATMs, in 2003. Commercial banks continue to diversify their products and expand the range of services. These include credit facilities, expansion of credit card services, growth in internet and cell phone banking, as well as bank insurance through acquisition of shareholding in life assurance companies.

9.26 Commercial bank deposits increased by 300 percent, from P10 billion to P40 billion between 2003 and 2009, with a particularly rapid accretion in the period 2006 to 2009. Commercial bank credit grew at a much lower rate (Chart 9.1).

Chart 9.1: Commercial Bank Deposits and Credit Extended



Source: Commercial Banks.

9.27 As a way of countering fraud and contributing towards the global efforts to combat money laundering and the financing of terrorism, the banking sector adopted a Know-Your-Customer approach. Banks endeavour to gather relevant personal and residence information of customers, as well as to undertake appropriate monitoring of transactions. Legislation on anti-money laundering and combating the financing of terrorism has been enacted to support these processes.

9.28 National Clearance and Settlement Systems legislation was enacted in 2003, and related regulations promulgated, which served to establish a modern regulatory and institutional framework for the payments system. The law clearly distinguishes the functions of the BOB and those of the commercial banks regarding the provision of settlement and clearing services. To foster confidence in, and maintain stability of the national payments system, the law

criminalised fraudulent activities pertaining to the payments system.

Money and Capital Markets

9.29 During NDP 9, the BOB continued to focus on improving the functioning of the money market to enhance its role in the implementation of monetary policy, while also aiming to reduce the cost of monetary operations. BOB engaged the commercial banks to ensure a symmetric and adequate magnitude of response of deposit and lending interest rates to monetary policy changes. At the beginning of 2006, non-banks were excluded from holding Bank of Botswana Certificates (BoBCs), which gave rise to a surge in commercial bank deposits (Chart 9.1). The BoBCs are now used as a short-term instrument for monetary operations, rather than as an investment vehicle. This action provided scope for development of appropriate investment instruments to match the funds released

from BoBCs. Furthermore, to alleviate the burden and cost of monetary operations in regulating credit growth, the statutory reserve requirement for commercial banks was increased from 3.25 percent to 5 percent in 2006.

9.30 NDP 9 also emphasised the importance of developing the capital markets and their role in the mobilisation and allocation of long-term financial resources. The strategy was aimed at broadening and deepening, as well as improving the liquidity of, the capital market. A developed capital market would enhance access to long-term financial resources for the development of private and public infrastructure, as well as supporting enterprise and business development. The Government supported the development of the capital markets through participation in institutional development and promulgation of appropriate statutes to achieve orderly development and adequate supervision and regulation. Furthermore, the issue of bonds by Government in 2003 of 2, 5 and 12 year maturities, for a total value of P2.5 billion, provided a benchmark price for private issues, as well as a potential increase in liquidity. This was followed in 2008 by establishment of a regular (six-monthly) government debt issuance programme, with maturities ranging from 6-month Treasury Bills to 10-year bonds. When fully issued, the programme is envisaged to amount to P5 billion.

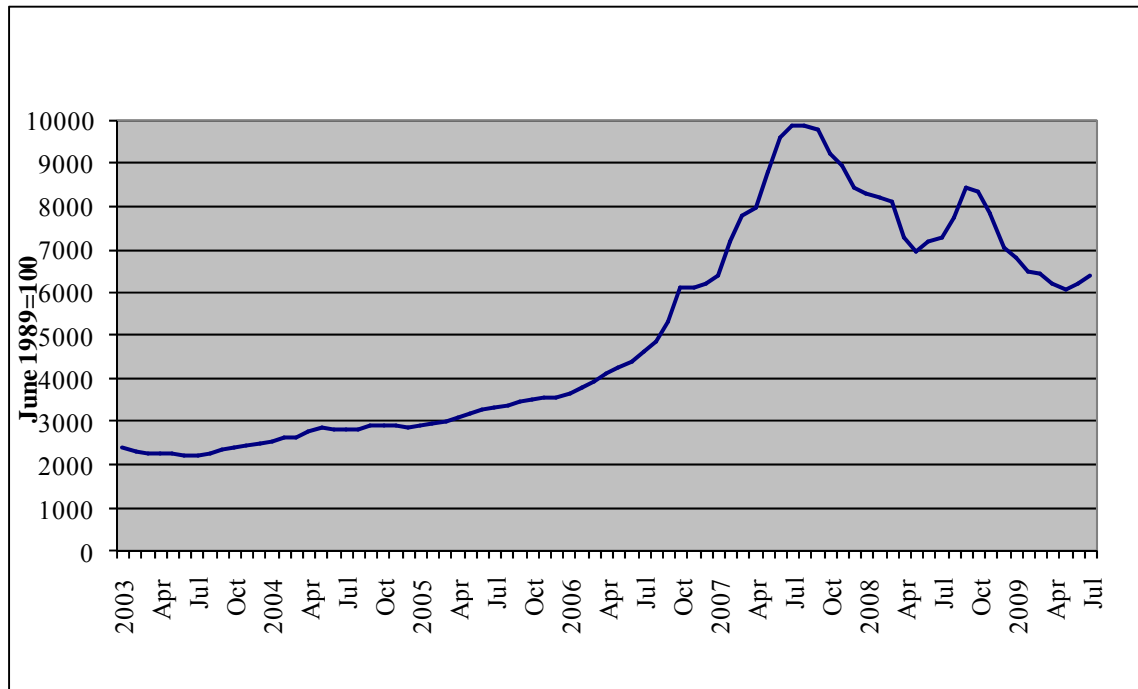
9.31 In 2004, Debt Participation Capital Funding (DPCF) (Pty) LTD was established to facilitate the securitisation of much of the

Public Debt Service Fund (PDSF), which has been the Government's direct lending window, mainly to parastatals. This involved the purchase by DPCF of 72 outstanding PDSF loans and the issuance of bonds comprising seven different maturities ranging from 3 years to 21 years, with a total par value of P1 billion. Against this background, as of March 2008, government bonds listed on the BSE amounted to P1.9 billion, commercial banks' bonds totalled P990 million, the DPCF's bonds stood at P830 million, while for both the financial and non-financial parastatals, the value of bonds outstanding was P350 million. Other private companies had listed bonds amounting to P200 million.

Botswana Stock Exchange (BSE)

9.32 The increase in long-term funds, along with the flotation of shares and bonds by corporations, served to maintain the development of the BSE during NDP 9. The instruments issued and traded on the BSE, which include corporate equity and debt issues, as well as government bonds, have distinct characteristics pertaining to risk, return, liquidity and maturity compared to commercial bank loans. This enhances the potential to match the preferences of savers and investors. To further improve the capital market's effectiveness and role in enterprise and economic development, the relevant legislation was reviewed and updated to strengthen the institutional and legislative framework, while the administrative structures were also improved.

Chart 9.2: Botswana Stock Exchange Domestic Companies Index



Source: Botswana Stock Exchange.

9.33 The market capitalisation of the BSE grew rapidly during NDP 9, mostly reflecting healthy performance of the banking sector, which accounts for over 60 percent of market capitalisation. Market capitalisation for domestic listed companies on the BSE grew from P9.4 billion in December 2003 to P26.9 billion in December 2008. The BSE Domestic Index increased from 2,499 to just under 7,036 during the same period, decreasing from a high of just under 10,000 in mid-2007 because of the global financial crisis (Chart 9.2). However, stock market activity continues to be hampered by low levels of liquidity, with “buy and hold” institutional investors accounting for 90 percent of the investor base, and a limited free float, which is only 40 percent of total market capitalisation. Another constraint relates to the low level of development of the processing and back-office infrastructure. To improve the efficiency of its operations, the BSE introduced a paperless Central Securities Depository in 2008, which expedites the process of obtaining share

certificates and improves the clearing and settlement system process for bonds and equity.

Collective Investment Undertakings (CIUs)

9.34 Related to the stock exchange and access to long-term investment opportunities is the role of collective investments or unit trusts, regulated under the Collective Investment Undertaking (CIU) Act, 1999. These unit trusts allow for the pooling of risks of relatively small investor funds, whose owners would not otherwise be able to invest easily in shares and bonds, or to reduce risk by owning a spread of investments. Thus, they are an alternative investment instrument, particularly well-suited for small-scale savers, which facilitate the allocation of investment funds to productive activity. As at the end of December 2008, there were four companies, licensed under Section 12 of the CIU Act, managing 14 funds valued at P4.5 billion. In addition, there are twenty one externally

licensed funds, which market their activities in Botswana.

International Financial Service Centre (IFSC)

9.35 During NDP 9, the IFSC achieved varying levels of success in the key areas into which it attracts investment. These include investment funds, in which approximately USD2 billion is currently under management by various IFSC companies, and the business process outsourcing and call centres, where there are 10 operators in the fields of finance, telemarketing, debt collection, funds administration and customer service. Overall, as at December 2007 for which the latest figures are available, there were 37 companies accredited to the IFSC, out of which 19 were fully operational, an increase from seven in 2003. The total capital of the operating IFSC companies was in excess of USD530 million (about P3.7 billion as at December 2008), with the majority providing finance and administration functions to subsidiaries in 14 African countries. Regulatory oversight was also strengthened for other activities and involved the formulation, in 2007, of international insurance regulations to support the administration of the International Insurance Act, 2005. Specific regulations for banks accredited to the IFSC, under the purview of the Banking Act 1995,

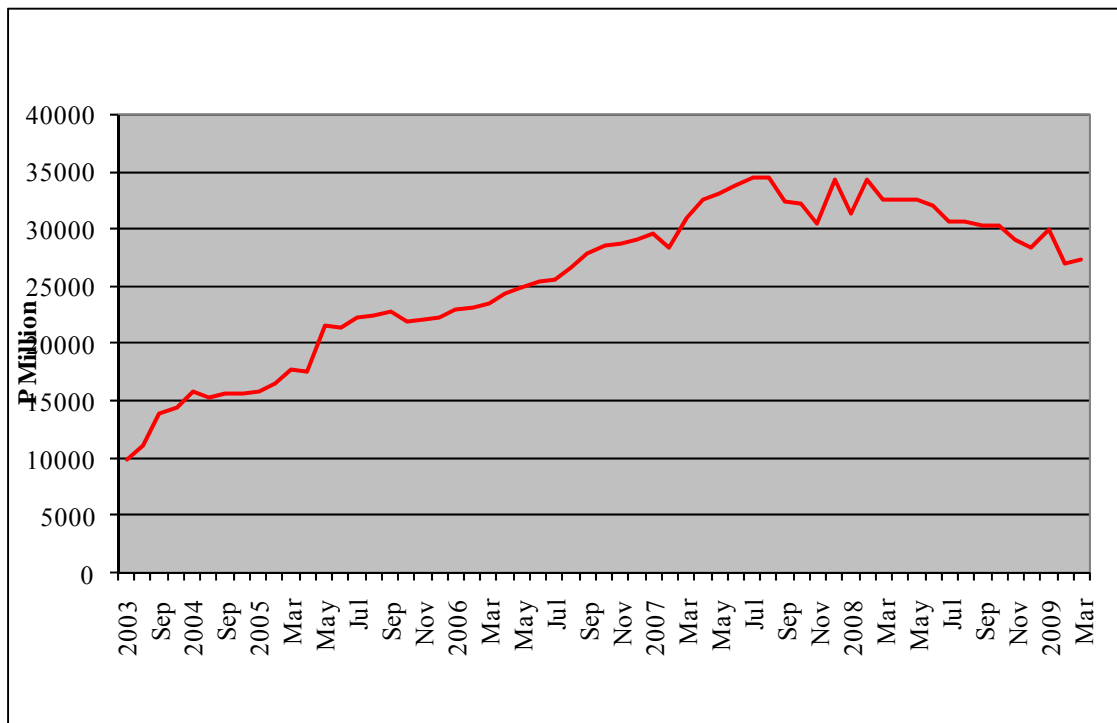
have also been drafted for the supervision of international banking.

Insurance Sector and Pension Funds

9.36 Both the insurance and pensions sectors play important roles in facilitating long-term savings and mitigating risk. They also support infrastructure development and growth in productive capacity by investing funds in long-term ventures. An important development during NDP 9 was growth in retirement funds, including the establishment of the Public Officers Pension Fund, and the change from a defined benefit pension scheme to a defined contribution scheme by several employers, including Government. This framework minimises the contingent liability of the employer and its effect on future financial performance.

9.37 Largely as a result of the Government's initiative in establishing the Public Officers Pension Fund initiative, total assets of pension funds grew from P9.2 billion in 2002 to a peak of nearly P35 billion in July 2008 (Chart 9.3). It then fell to P28.3 billion at the end of 2008, as a result of the global financial crisis. While households continue to be net borrowers at commercial banks, they are net savers at a relatively high level when pension funds (most of which are compulsory savings) are included.

Chart 9.3: Pension Fund Total Assets



Note: Pension funds are limited by law to investing no more than 70 percent offshore.

Source: Ministry of Finance and Development Planning and Non-Bank Financial Institutes Regulatory Authority

9.38 The insurance sector continues to play a crucial role in the maintenance of a stable economic environment. As a risk transfer mechanism, the insurance sector allows release of funds for capital development and structured savings. From 1997 to 2008, the assets of the industry grew from P780 million to P13.3 billion, with the number of insurers growing from four to 16, and the number of insurance brokers growing from 18 to 36. In addition, the number of corporate insurance agents grew from 75 to 149 over the same period. Insurance services provided under the IFSC have been made possible through the enactment of the International Insurance Act of 2005. This was initially intended to cater for captive insurance services. This has, however, been extended to include all classes of insurance, although the main focus will remain on captive insurance and reinsurance services. The provision of life

insurance products will also be developed under the auspices of the IFSC.

9.39 The growth in long-term funds, however, posed a challenge for the insurance and pensions sectors in terms of finding similarly structured long-term investment opportunities locally. Despite this, in the period from 2007 to 2008, the proportion of total assets allocated to offshore investment by pension funds fell slightly from 61 percent to 60 percent. Equally, the share of equity investment in total assets by the pension industry fell from 68.1 percent to 63.9 percent in the same period. Both were probably caused by the fall in share prices in 2008. This illustrated the risk of a disruptive asset price correction. For example, the Domestic Companies Index declined from 9,866 in August in 2007, to 6,460 in March 2009, a 35 percent reduction. However, pension fund

investments are mostly long-term, and both the domestic and overseas markets began to recover in 2009. Among the government initiatives that provide investment options for long-term retirement and insurance funds are government bonds, which were first issued in 2003, and public-private partnerships (PPP) for the development of infrastructure, such as office buildings, initiated in 2007.

9.40 The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) Act was promulgated in 2007, leading to the establishment of an authority to oversee the regulation and soundness of non-bank institutions operating in both the money and capital markets. These include asset managers, collective investment undertakings, the insurance and pensions industries, the stock exchange and micro lenders. The legislation establishes mechanisms for resolution of disputes between Non-Bank Financial Institutions (NBFIs) and their customers. It also gives the NBFIRA the authority to oversee activities of the currently unregulated industry participants. This primary legislation for NBFIs will impact on the other pieces of legislation, such as the Insurance Industry Act and the International Insurance Act, together with the attendant regulations.

Development Finance Institutions (DFIs)

9.41 In 2000, consistent with the commitment to implement economic reforms, Government adopted a Privatisation Policy for Botswana. This aimed at improving public service delivery through an increased role for the private sector and reduced provision of marketable goods and services by the public sector. As a result, a number of the DFIs, including the National Development Bank (NDB), Botswana Savings Bank (BSB) and

Botswana Export Credit Insurance and Guarantee Company (Pty) Ltd, were identified for privatisation. Subsequently, proposals for privatisation were articulated in the Privatisation Master Plan published in 2005. However, none had been privatised by the end of NDP 9.

9.42 While the BSB has the capacity to mobilise savings through a nationwide network, the ability to expand its lending portfolio was constrained. In contrast, NDB had the capacity to engage in long-term lending operations, but its capacity to generate financial resources was limited. A feasibility study explored a merger option. However, it concluded that there would be no sustainable benefits arising from the merger of the two institutions. Consultations are, therefore, ongoing between the Public Enterprises Evaluation and Privatisation Agency (PEEPA) and NDB on the development of a privatisation strategy for the bank. For BSB, a detailed study will be conducted on its rationalisation prior to any further action in privatising the institution.

Financial Intelligence Agency and Anti-Money Laundering

9.43 Botswana continues to pay special attention to the prevention of money laundering and financing of terrorism. In addition to various pieces of legislation which criminalise any conduct that forms or is associated with the act of money laundering, Government has pledged its support to combat money laundering through the ratification of various conventions and signing of regional agreements with neighbouring states.

9.44 A strategy has been formulated to guide the implementation of anti-money laundering and combating the financing of terrorism systems that meet international standards. Legislation is being enacted to

establish a Financial Intelligence Agency, which will be responsible for requesting, receiving, analysing and disseminating financial information to investigatory and supervisory authorities.

Public Finance Management

9.45 The planning and budget system has served Botswana well and has enabled the prudent management of rapidly growing revenues over several decades. New challenges are emerging, however, including the need for a greater focus on value-for-money, efficiency and effectiveness in the expenditure of public revenue.

9.46 The annual budget system remains incremental and input oriented; but within this framework, new features have been introduced, such as fiscal rules on the total size of spending to GDP, the ratio between recurrent and development spending, and the use of mining revenues solely for investment (including recurrent expenditure on education, training and health).

9.47 To support change and reform, MFDP has recently been reorganised. The new Ministry is adjusting to changes in the coordination of policies and programmes, in the form of the Government Implementation Coordination Office (GICO).

9.48 Significant benefits in terms of financial control, access to management information, expediting of processes, and statutory financial reporting have been realised since 2005, with the implementation of GABS, the new integrated financial management system of the Government. The system has been centrally implemented and rolled-out to headquarters of all line Ministries in Gaborone. Next phases will include further roll-out to district offices of the line Ministries, and also to Local

Government. Revenue and expenditure recording and financial reporting functions are still under the central control of the Office of the Accountant General. A single treasury bank account is maintained.

9.49 Key challenges facing government accounting include: (i) the revision of the Finance and Audit Act; (ii) possible conversion to multi-year programme and performance based budgeting; (iii) retention of qualified professional staff; (iv) staff training; (v) incorporation of the central procurement staff into the functions and organisation of the Office of the Accountant General; (vi) establishing ownership at line Ministries for management of their fiduciary risk and responsibilities; and (vii) possible introduction of accrual accounting concepts.

9.50 Auditing is largely up-to-date; and performance auditing, focused on economy and efficiency, has been introduced. Audit reports are publicly available and the Parliamentary Public Accounts Committee (PAC) reviews and presents resolutions on audit reports. PAC meetings are not open to the public or press, but plans are afoot to address this. Even though the Auditor General is not in all cases the appointed auditor of parastatals, salient features of audit reports are also summarised in the Auditor General's annual report tabled in Parliament. The Office also introduced a software programme in support of the management of the audit process and work papers.

STRATEGIES FOR NDP 10

9.51 To contribute to the Vision 2016 goals and ideals, the financial sector strategy for the NDP 10 will involve the following aspects, in line with the findings of the Financial Sector Assessment Programme

undertaken jointly with the IMF and the World Bank in 2007:

- A financial services and access policy that encourages economic and social inclusion;
- Development of a range of instruments that harness existing financial resources for productive use in a wide range of sectors and across the community;
- Adaptation of global innovations, e.g., technology embodied in payments and settlement processes, including currency concepts and designs, and evolving business arrangements for the delivery of services;
- Attention to the opportunities and risks of regional and global trade arrangements, such as SADC protocols, Economic Partnership Agreements (EPAs) and World Trade Organisation (WTO) negotiations;
- Update of legislation and supervisory and regulatory developments to sustain financial stability and afford consumer protection;
- Enforcement of disclosure requirements in compliance with applicable reporting standards for financial institutions and to facilitate public understanding of financial products and costs; and,
- Reduction of opportunities for fraud, money laundering and the financing of terrorism.

Financial Sector Challenges and Policy Initiatives

9.52 The challenges relating to the performance of the banking sector in supporting economic activity continue to be:

- Ensuring the productive employment of abundant liquidity in the system;

- The cost and quality of services;
- Enhancing access to banking services by the general public;
- Improving financial and economic literacy;
- Curtailing opportunities for financial fraud.

9.53 It is expected that these challenges will change as alternative financial instruments and investment channels are developed and the macroeconomic environment continues to facilitate growth of bankable projects/enterprises. In part, this will be achieved by continuing emphasis on a market based supply of services and further reduction of the role of government in the provision of financial services that are in competition with the private sector.

9.54 Improvements in banking support for enterprise development and expanding economic activity during NDP 10 will, therefore, be fostered by maintaining the competitive posture of the licensing policy for banks and embracing the establishment of specialised and localised institutions. Moreover, the licensing policy will continue to accommodate and encourage ownership of banks by citizens to the extent that they meet the “fit and proper” test and other licensing criteria. Encouraging diversity and the geographical spread of financial institutions expands the nation’s capacity for the productive use of resources across income levels and localities. This development, afforded by competition and enhanced financial literacy, potentially reduces the need for government assistance by way of specialised lending institutions/funds and low cost, subsidised finance.

9.55 Market development and planned privatisation of DFIs also provide scope for

cooperatives, and a role for new or existing commercial banks to take over the activities of financial parastatals as they are commercialised. These developments should ensure orderly structural changes and the maintenance of access to financial services. The role of subsidised lending by the Citizen Entrepreneurial Development Agency (CEDA) will continually be reviewed in relation to its impact on productivity and the failure rate of supported businesses, the financial implications for the Government and private financial institutions. Furthermore, CEDA will be closely aligned to the enterprise development and mentoring support provided by the Local Enterprise Authority (LEA). It is anticipated that the mechanisms initiated by LEA, to link emerging small, micro and medium enterprises to services of the private financial institutions, will provide a platform for a transition from subsidised finance to normal commercial finance.

Capital Markets

9.56 The challenge, during NDP, 10 will be to develop the legal framework, institutions and supportive policies needed to enhance the depth and liquidity of markets. These should provide a wider range of financial instruments for savers and different types of financing for borrowers. Against this background, the existence of domestic private and public sector development actors presents opportunities for further development of the capital market, in particular to satisfy the appetite for long-term investments by the retirement funds. Market players will need to promote a vibrant capital market through the issue of debt instruments, such as bonds, securitised products or commercial paper.

9.57 During NDP 10, Government will continue to develop its bond issuance strategy, which will be aligned to its development programmes. The rationale for the strategy is to provide Government with immediate funds as and when deemed necessary. The strategy will facilitate the development of a yield curve for other participants in the domestic capital market. Moreover, a sustained issuance of debt instruments by parastatals will be beneficial in terms of absorption of liquidity from the financial system, while contributing to the diversification and efficient pricing of financial resources. There is also scope for the flotation of shares and an increase in capital market activity associated with privatisation of public enterprises.

International Financial Services (IFSC)

9.58 The IFSC is potentially beneficial to the domestic financial sector, in facilitating enhanced business support activities, skills development and engendering a positive perception of the state of the financial sector. This could contribute to attracting internationally oriented businesses. Given the limited success in realising its objectives thus far, a strategic review of the IFSC will be necessary during NDP 10. It will need to identify ways to raise its profile and intensify its focus on attracting large reputable companies. This will involve working with the public sector and other service providers to alleviate operational constraints, including service licensing processes, cost of telecommunications, accessibility and connectivity of cross-border services, and availability of skills. As envisaged in NDP 9, work is also ongoing to consolidate the regulation of the IFSC.

Insurance and Pension Funds

9.59 The insurance industry registered significant expansion during NDP 9, but in an environment of sub-optimal supervision, especially relating to market conduct regulation. The industry has, therefore, been brought under the regulatory ambit of the NBFIRA, which should redress the potential reputation risk, which could have an adverse impact on future growth of the industry and disrupt the provision of essential services. The Pensions and Provident Funds Act, which dates back to 1987, will be revised in order to address weaknesses in the current legislation and to align it with the NBFIRA regulatory framework.

Botswana Stock Exchange

9.60 BSE Listing Rules and Member Rules need updating. They should capture the activities of asset managers, pension fund administrators and financial advisors that currently play an important role in the NBFIRA sector, but are not covered by the existing legal, regulatory and supervisory framework. In addition, to address the prevailing regulatory weaknesses, a new Securities legislation will be enacted during NDP 10 in place of the BSE Act. It is envisaged that this will facilitate changing BSE from a statutory body to a company, paving the way for changes to the governance structure and possible future demutualisation of the Exchange.

9.61 As a further development, the Stock Exchange will introduce an automated trading system (ATS), which will help raise the operations of the Exchange to be at par with more developed markets. Use of the central securities depository and the ATS would, in addition, enhance transparency and create an even playing field for investors. These developments will contribute to an increase in liquidity and

serve to attract additional domestic and foreign investors, as the settlement and clearing standards used will be internationally recognised. Furthermore, a sufficiently developed trading and processing infrastructure will enable the introduction of additional products in the stock exchange, such as third party depository receipts, which could be in the form of exchange traded funds or index funds.

Enhancing Financial Infrastructure to Support Financial Markets and Institutions

9.62 Government and other stakeholders, including the regulatory authorities, must focus their efforts on developing and enhancing the institutional framework and regulatory oversight of the financial system. Prudential regulation and supervision of the financial system is crucial in maintaining stability of the financial sector. To be effective in intermediation and facilitating payments, it is important that the financial sector sustains public confidence, afforded by both the framework for prudential regulation and the efficiency of the sector. The various regulatory agencies, in particular the BOB and the NBFIRA, will, individually and in collaboration, ensure maintenance of a robust supervisory framework for financial stability. The risk-based approach to supervision of financial institutions will be strengthened during NDP 10.

Access to Finance

9.63 In the past, Government has tended to concentrate on macroeconomic stability to improve efficiency and sustainability in the financial sector, rather than focusing on creating incentives for private sector financial institutions to widen access to the rest of the population. The challenge for

policy during NDP 10 is to align efforts aimed at macro level reforms with strategies to improve access to financial services for the poor. Emphasis should be placed on removing barriers (e.g., the high cost of operating banking services in rural areas) to wider formal sector provision and creating incentives for private sector financial institutions. There should be significant improvement in access to finance if the Vision 2016 policy objectives of reducing poverty and building a more inclusive society and economy are to be achieved. The objective should be to make it easier for people and small and medium enterprises to borrow and to improve the availability of various other financial products and services to low income households.

9.64 Government will create an enabling environment for financial sector development by putting in place appropriate regulatory structures that promote more competition, allow space for innovation, improve consumer education and infrastructure, and facilitate entry and exit to the market and institutional growth. Government will also use its own economic position to leverage change by encouraging financial innovation, e.g., by moving to smartcard based payments systems and by providing improved and timely data.

National Payments and Settlements System

9.65 The payments and settlement framework is a systemically important element of banking and finance operations. There is a need to be adaptable in terms of both the capability to meet the expanding needs of the economy and to insulate it against opportunities for fraud. The BOB will, therefore, continue to spearhead the modernisation of the national currency and other payments systems. It will collaborate with other regulators in facilitating

standardisation of processes and other approaches towards a secure and efficient cross-border payments environment. In particular, the national payments system will be aligned to the SADC payments initiative.

9.66 Developments in the payment and settlement systems will include the introduction of cheque imaging and truncation; an increase in the use of transportable plastic based payment instruments; expanded use of mobile telephone banking technology for payment systems and services; enhancing the security of the payments and settlement systems; and continuous review of supporting legislation.

Unregulated Financial Activities and Public Education

9.67 It is recognised that there is potential for the proliferation of micro lenders. Unregulated, these can increase household indebtedness to unsustainable levels, with an adverse impact on living standards, while also increasing information asymmetries vis-à-vis the formal financial sector. In turn, limited information on the state of both individual and broad household sector indebtedness impairs the assessment of debt service capability, which can have a negative effect on the asset quality of the formal financial sector. The pooling of debt information by the banks, which was formalised in 2007, and the proposed framework for the regulation of micro lenders will, to some extent, mitigate these risks. Overall, there will be a need during NDP 10 for the development of a consumer protection framework that strengthens information disclosure and consumer awareness, as well as availing opportunities for redress. There will also be a requirement for aspects of consumer awareness and mechanisms for redress to focus on responses to aggressive competitive marketing of risky financial products, including personal credit and insurance.

9.68 Among the relevant considerations and issues that require concerted public awareness campaigns are:

- Knowledge of financial instruments (alternative saving and borrowing channels) and the associated benefits and risks;
- Legitimate service expectations and costs;
- Obligations of financial institutions to their customers;
- Management of personal finance;
- Business-personal finance coordination/separation for small, micro and medium-scale enterprises; and,
- Detection of counterfeit currency and identification of unauthorised and fraudulent activities.

9.69 Sustained focus on these issues is important in facilitating financial inclusion of the broader community, soundness of the industry, productive use of financial resources and continuing confidence in both the payments and the broader financial system.

Crisis Management and Safety Nets for Financial Stability

9.70 Two critical institutional arrangements were to be considered during the course of the NDP 9 period. One is a national contingency plan for handling financial sector crises; and the other is a funded and credible limited deposit protection scheme targeting small savers. The regulatory agencies, in particular the BOB and NBFIRA, will institute formal arrangements, encompassing critical steps and allocation of responsibilities, for managing a crisis situation. The overall aim is to facilitate a timely and coordinated response that reassures the market and provides for equitable redress.

SUMMARY OF PROGRAMMES

9.71 Most of the above strategies will be implemented by the private sector. Government will support and underpin to the sector through its programmes dealing with economic policy and planning, and accounting, revenue and expenditure administration.

Economic Policy and Planning Programme

9.72 This programme deals with the strategies for economic policy and planning. It considers the activities and initiatives to be pursued during NDP 10 with respect to Macroeconomic Planning, Private Sector Development, Coordination of Economic Diversification, Management of Employment Policies/Strategies, Coordination of Citizen Economic Empowerment, Population and Development Coordination, Taxation Policy Management, Public Enterprise Management, Financial Legislation and Policy and National Statistics and Data Management.

Accounting, Revenue and Expenditure Administration Programme

9.73 This programme deals with the activities to be pursued for accounting, revenue and expenditure administration. It considers the initiatives to be pursued during NDP 10 with respect to effective Revenue Administration, Customs Control and Management, Budget Management, Development Programme Coordination, Public Sector Accounting and Procurement Policies and Standards, Internal Auditing and Corporate Support Services.

SECTOR: TRADE AND INDUSTRY

INTRODUCTION

9.74 Botswana has sustained high levels of diamond export-led growth since Independence, with Government expenditure of diamond revenues driving private sector growth. However, given the expected decline in diamond revenues referred to in Chart 5.1 of this Plan, this development scenario is not sustainable in the long term.

9.75 For many years, Government has provided a private sector investment-friendly environment in order to foster private sector participation in economic diversification and growth. In line with this policy, Botswana's NDPs have, over the years, emphasised "What Government needs to do in order for the private sector to deliver on its mandate." Government has, in recent years, expressed concern that this has not achieved the desired result and that instead of "Private sector-led economic growth", Botswana's reality is "Government-led economic growth". The future success of the country is linked to its ability to identify and develop new engines of growth.

9.76 The Ministry of Trade and Industry's (MTI) mandate is to provide a conducive environment for investment, business growth and economic diversification. This includes developing private sector capacity, expanding market access for locally produced goods and services, and strengthening fair trade and business practices in pursuit of "A Prosperous, Productive and Innovative Nation". Although Botswana has a relatively welcoming investment climate, external surveys have identified a number of constraints. Botswana's performance with respect to international rankings and its

ability to attract investment, both foreign and local, have been mixed over the past NDP period. This will be addressed during the early stages of NDP 10.

REVIEW OF NDP 9

Export Orientation and Competitiveness

Trade Policy

9.77 MTI, in its quest to create a predictable and stable business environment, will implement a new Trade Policy. The initial Draft Trade Policy was discussed with stakeholders, and their contributions were incorporated into the draft policy. The Draft Trade Policy was approved by Cabinet in mid 2009, and will be presented to Parliament in November 2009.

Private Sector Development Strategy

9.78 The Botswana Confederation of Commerce, Industry and Manpower (BOCCIM), in consultation with its stakeholders, formulated a Private Sector Development Strategy in 2008 (see also Chapter 5). This has been taken into account during the planning process, with the required public sector activities that will facilitate private sector development included in the National Plan.

National Export Strategy

9.79 The Draft National Export Strategy, which has been developed in consultation with the private sector, proposes a number of concrete actions and verifiable measures

that are aimed at strengthening Botswana's export base and diversifying the export sector.

Export Development Programme

9.80 The Botswana Export Development and Investment Authority (BEDIA) have embarked on a programme that can be used to boost export volumes and returns through capacity building initiatives. This programme, known as the Export Development Programme, targets Botswana based manufacturing companies that have the capacity or potential to export. The programme aims to assist manufacturers to compete in regional and international markets. It is expected that at least 15 companies will graduate from the programme annually. So far, 17 companies are enrolled.

International Trade Relations Capacity Building

9.81 During NDP 9, one of the major issues was to increase Botswana's capacity for implementation of regional and multilateral trade agreements, as well as to enhance the country's participation in international trade negotiations. The Department of International Trade (DIT) was established in 2003, and has a staff complement of 71 officers. The Department continues to build the capacity to address international trade issues, including trade negotiations and implementation of trade agreements, trade policy analysis and export development. In addition, a full time Chief Negotiator was appointed and commenced work in January 2007.

9.82 The National Committee on Trade Policy and Negotiations (NCTPN) was established in February 2004, and is supported by twelve technical committees

on trade and trade-related areas. The DIT serves as the Secretariat to NCTPN. The objectives of the NCTPN and its technical committees are to provide advice on trade policy issues and national negotiating positions developed by the DIT. Reference centres and National Enquiry points have been established. Reference Centres are located at BEDIA, University of Botswana and the DIT, while National Enquiry Points are located at the Ministry of Agriculture, Botswana Bureau of Standards (BOBS), Registrar of Companies and the Ministry of Communications, Science and Technology.

International Agreements

9.83 The 2002 Southern African Customs Union (SACU) Agreement came into force in July 2004, following ratification by its five members (Botswana, Lesotho, Namibia, South Africa and Swaziland). Implementation of this Agreement requires the establishment of institutions to facilitate a more democratic decision making and management process in SACU. These institutions include National Bodies, a Tariff Board and Tribunal and establishment of a Common Negotiating Mechanism. Botswana is in the process of establishing its National Body. There is a first Draft of the 'Directorate of International Trade Administration Bill, 2009'. The SACU Agreement also provides for the harmonisation of policies including industrial, agricultural and competition policies. The work on harmonisation of industrial policies, and cooperation on competition policies, has commenced. SACU Member States have been requested to submit position papers to the SACU Secretariat outlining the objectives of these policies.

9.84 A preferential trade agreement between SACU and the Common Market of

the Southern Cone (MERCOSUR) was signed in 2005. Negotiations on outstanding issues of Rules of Origin, Sanitary and Phyto-Sanitary Measures and Customs Cooperation were concluded in April 2008, and the Agreement was signed in April 2009. Implementation of the Agreement is expected to commence in 2010 after completion of the ratification process. Although Botswana continues to record a negative trade balance with MERCOSUR (P134.4 million in 2006, P171.3 million in 2007), the statistics reflects growth in export trade. Exports from Botswana to the MERCOSUR region grew by 56 percent from 2006 to 2007, and by 75 percent from 2007 to 2008. This indicates that, with the implementation of the Agreement, there is potential for further growth in exports to MERCOSUR.

9.85 The negotiations for a Free Trade Area between SACU and the European Free Trade Association (EFTA) have been concluded. Implementation of the Agreement commenced on the 1st May 2008, after completion of the ratification process by all the Member States.

9.86 The Southern African Development Community (SADC) Protocol on Trade was launched in 2000 and has brought about progressive liberalisation of trade throughout NDP 9. It has led to the establishment in August 2008 of a Free Trade Area (FTA) in the region. The FTA is expected to pave the way for the formation of the SADC Customs Union in 2010, the SADC Common Market in 2015 and the SADC Monetary Union in 2016, as stipulated in the Regional Indicative Strategic Development Plan.

9.87 The process to liberalise trade in services within SADC started in 2000 when SADC Ministers of Trade mandated the SADC Trade Negotiating Forum to work

towards liberalisation of trade in services. The mandate of the Ministers under the SADC Protocol on Trade requires Member States to adopt policies and implement measures in accordance with their obligations under the General Agreement on Trade in Services. The process resumed in September 2005, with the Draft Annex to the SADC Trade Protocol on services trade liberalisation upgraded to a stand alone protocol, to reflect the growing importance of trade in services in the SADC region. The Draft Protocol was approved by Ministers of Trade and submitted to the Ministers of Justice for consideration and legal clearance at the end of July 2009.

9.88 The negotiations for a Preferential Trade Agreement between SACU and India were launched in 2007. To date, three rounds of negotiations have been conducted, resulting in a Memorandum of Understanding which was signed in November 2008 by the two parties. The Memorandum details the scope of the ongoing Preferential Trade Agreement negotiations between the two parties.

African Growth and Opportunity Act

9.89 In 2004, the African Growth and Opportunity Act (AGOA) of the United States of America (USA) was extended to 2015. Likewise, the Least Developed Country (LDC) provisions that allow Botswana to utilise third country fabrics were extended, but only to 2012. Botswana, together with other African beneficiary countries, has requested the USA to extend this provision indefinitely.

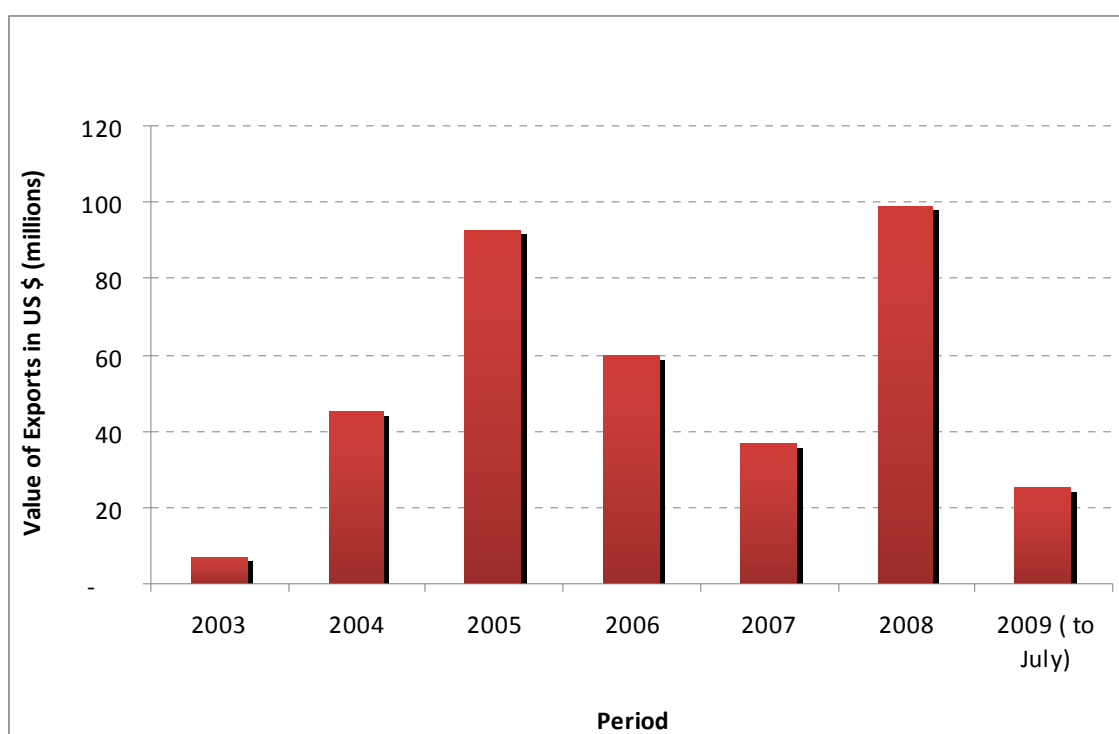
9.90 The extension of Least Developed Country (LDC) provisions to include Botswana in 2002, resulted in an increase in Botswana exports to the USA between 2003 and 2005 (Chart 9.4). However, due to a number of factors, including the end of the

Multi-Fibre Agreement in 2005, Botswana experienced a decline when a major exporter to the USA discontinued production in early 2006. Botswana exports under AGOA grew strongly in 2008. The total cumulative value of exports from 2003 was approximately US\$ 364.8 million.

9.91 In June 2003, SACU and the USA initiated negotiations for a Free Trade Agreement. These stalled due to divergent

views on a number of issues. Consequently, the two parties agreed to negotiate a less comprehensive Trade, Investment, Development and Cooperation Agreement (TIDCA), which will serve to enhance cooperation between the USA and the members of SACU. Negotiations for a free trade agreement will resume later. The TIDCA was signed in the second half of 2008 during the AGOA forum.

Chart 9.4: Annual Exports under AGOA



Source: Botswana Unified Revenue Service

Economic Partnership Agreements

9.92 The Economic Partnership Agreements (EPAs) negotiations between the African, Caribbean and Pacific (ACP) countries and the European Community (EC) were launched in September 2003 to replace the trade chapter of the Cotonou Agreement. Botswana participated in the EPA negotiations as a member of the SADC EPA Group. The negotiations culminated in the

initialling of an Interim EPA (IEPA) late in 2007, marking the conclusion of a WTO compatible trade in goods chapter. The IEPA was signed in mid 2009. This has enabled trade between Botswana and Europe to remain uninterrupted. The IEPA offers, among other things, duty free and quota free market access for all products, as well as more flexible rules of origin. Negotiations toward a full EPA have been ongoing since

2008, covering investment and trade in services and investment.

9.93 The EPA negotiations have a development component through which assistance would be provided to Botswana during the 10th European Development Fund (EDF 10). This fund covers the period 2008-2013. Projects identified in the EPA negotiations are implementation focused, and include capacity building support for trade facilitation, standards, trade defence mechanisms, rules of origin and private sector support.

World Trade Organisation

9.94 The development oriented Doha Round of negotiations at the World Trade Organisation (WTO) was launched in November 2001. The negotiations cover a wide range of issues, including agriculture, non-agricultural market access, services, intellectual property rights, trade, facilitation, development and implementation issues. The negotiations have experienced significant delays due to divergent positions of the Member States. The negotiations focused on reaching agreement on modalities for agriculture and non-agricultural market access in the last two years. Botswana seeks to ensure that the proposed modalities will support industrial development, protect sensitive industries and ensure food security through having common SACU positions on agriculture and non-agricultural market access.

Proposed Negotiations

9.95 The proposed negotiations between SACU and the East African Community (EAC), as well as between SACU and China, have not yet been launched. Discussions are ongoing with the EAC to pave the way forward for a possible trade agreement, while the negotiations with

China have been deferred pending conclusion of the SACU-India negotiations.

Investment Policy and Related Issues

Investment Attraction

9.96 Since its inception in 1997, BEDIA has generated a total of P565 million worth of investments (new investments and expansions of existing operations), which resulted in the creation of 9,314 jobs. P521 million of investment was generated during the NDP 9 period, resulting in the creation of 6,744 jobs. In pursuit of a strategic shift which emphasises investor targeting, BEDIA undertook studies and investment promotion missions on leather, glass, beef and logistics. This has resulted in the establishment of a tannery which has opened opportunities for down-streaming value addition in the leather sector. In addition, an investment in float glass has been secured, which will be set up as a joint venture between foreign investors and the Botswana Development Corporation (BDC). Both the tannery and glass projects have been funded domestically by the BDC. Rigorous follow up is continuing with other companies which have expressed interest in investing in Botswana.

Bilateral Investment Treaties

9.97 Bilateral Investment Treaties are important instruments for enhancing investor confidence. They provide investors from each contracting party with guarantees regarding equitable treatment, free transfer of funds subject to payment of taxes, dispute settlement mechanisms, and protection against expropriation of investors' assets by host governments without due process of the law. Nine bilateral investment treaties on the reciprocal promotion and protection of investments have been concluded, seven of which have been signed with Belgium-Luxemburg, China, Germany, Ghana,

Switzerland, Malaysia and Mauritius. The two outstanding bilateral investment treaties are those with Egypt and Zimbabwe.

The Regulatory Framework

9.98 As part of Government's on-going efforts to remove regulatory impediments to investment attraction and business development, the following Acts were processed:

- The new **Companies Act, 2003, Act No. 32 of 2004**, came into force in July 2007. This new piece of legislation is an improvement on the old Act and has introduced simplified company registration procedures.
- The **Copyright and Neighbouring Rights Act** was amended to protect the copyright of artists, including musicians, poets, writers and architects, against piracy and infringements. A security device known as the hologram, which will be used to distinguish authentic works from pirated works, has been secured. Arrangements are on-going for the establishment of a levy that will be imposed on all imported and locally manufactured blank sound and audio visual carriers, compact discs and any equipment capable of being used to copy protected works. The levy, which ranges from 1-2 percent of cost price, will be used to develop and compensate right holders. The Act also provides for the establishment of a Collecting Society responsible for collecting and distributing royalties to its members.
- The review of the **Industrial Development Act** resulted in the repeal and re-enactment of the Industrial Development Act of 2006. The new Act provides for service delivery improvement, by reducing the time taken to issue manufacturing licences from one month to one week, and for the issue of manufacturing licenses for an indefinite period, subject to payment of an annual

fee. It also provides for decentralising the issuance of licences for manufacturing Small, Medium and Micro Enterprises (SMME) to Local Authorities. Licensing of large scale and complex manufacturing enterprises has remained under MTI. The Act also provides for joint venture arrangements between wholly citizen-owned small and medium scale enterprises (SMEs) and non-citizens, provided that the citizens retain a minimum of 51 percent shareholding.

Botswana Brand

9.99 MTI, assisted by BEDIA, has developed a Botswana Brand, through which Botswana will be differentiated from other countries, and repositioned as a destination of choice to invest in, to visit and/or to live in. A Brand Management Organisation has been established to manage the Brand. While a Board of Directors has been appointed, the recruitment of the Chief Executive Officer is on-going and the officer is expected to be in place by January 2010.

Development of Botswana's Investment Strategy

9.100 The Draft Investment Strategy is being finalised for presentation to Cabinet in late 2009. This will be presented in tandem with the National Export Strategy, and these will be implemented and monitored by BEDIA.

Amendment to the Industrial Property Act

9.101 To amend the Industrial Property Act, the Industrial Property (Amendment) Bill was submitted and approved by Cabinet in 2009. The Bill is scheduled for presentation to the Parliamentary meeting of November 2009. The Act is currently being

reviewed to ensure that it fully complies with the intellectual property international treaties and conventions, including the Trade Related Intellectual Property Rights (TRIPS) agreement to which Botswana is party.

Promotion of SMME and Rural Industrial Development

Establishment of local Enterprise Authority (LEA)

9.102 The Local Enterprise Authority (LEA) stated operating in 2007. Its mandate is to promote a culture of entrepreneurship among Botswana and the sustainable growth of the SMME sector. It gave further impetus to the effort to streamline and improve service delivery to Botswana entrepreneurs and small businesses. It focuses on the development of SMMEs in agriculture, manufacturing, tourism and services.

9.103 From April 2007 to March 2009, LEA has registered 9,718 applicants for its products and services. All applicants were screened, of which, 6,750 (69 percent) have

passed and 2,968 (31 percent) have failed. The majority (70 percent) of the entrepreneurs, who have applied to LEA, are yet to start a business; they are classified as pre-startups. A small proportion (13 percent) of current LEA clients operates a business which has existed for more than a year, while 17 percent operate a business that has been in existence for less than a year (startups).

9.104 About 51 percent of the current clients are in the agricultural sector, followed by manufacturing which accounts for 22 percent, with the remaining quarter shared between services (18 percent) and tourism (9 percent).

9.105 LEA has developed 3,013 action plans for entrepreneurs currently receiving LEA pre-start and post-start interventions. These include business planning, monitoring and mentoring, credit and finance facilitation, market access and training. On training, by March 2009, LEA has trained 3,387 entrepreneurs on the following courses (Table 9.1).

Table 9.1: Number of Entrepreneurs Trained

Business Management	468
Business Planning	962
Principles of Marketing	275
Principles of Leadership	92
Essentials of Management	158
Record Keeping	500
Pattern Making	8
Costing and Budgeting	46
Trade Show Readiness	8
Pork Production	13
Quality & Productivity Workshop	11
Feasibility Study	85
Poultry Production	36
Horticulture Techniques	69
Customer Care	78
Advanced Marketing	26
Small Stock	21
Basic Computing	15
Fodder Production	13
Value Added Tax	59
Entrepreneurship Botswana	22
Youth in Entrepreneurship	21
Aquaculture	12
Beef Cattle Production	12
Entrepreneurial Development Training	327
Business Management and Panning	20
External training of Technical courses	10
Financial Management	20
Total	3,387

Source: LEA, 2009

Training and Mentoring of SMMEs

9.106 Before LEA became operational, the MTI was charged with the responsibility for the implementation of the SMME Policy. In the period between 2000 and 2006, MTI trained and mentored 4,085 (1,571 men and 2,514 women) small scale entrepreneurs

countrywide. In addition, a total of 1,644 employees of different co-operative societies were trained in accounting, management and supervision, marketing and product development.

Cluster Model Strategy

9.107 MTI has entered into partnership with the United Nations Development Programme (UNDP) with the objective of developing and implementing a new growth model for small scale industries. The garment cluster development model, piloted in Thamaga and Molepolole, has assisted in identifying the challenges and interventions that should be taken to develop integrated micro enterprises with other elements of the industry sector. Currently, two pilot firms generate funds to meet their financial obligations and have employed young women in the vicinity. It has upgraded some entrepreneurs from the informal sector to graduate to the formal sector. To achieve the desired sustainable growth and integration of micro enterprises, the model should be rolled out nationally, with training for improved garment production to achieve essential delivery timelines and product quality.

Co-operative Development

9.108 The National Policy for Co-operative Development was approved by Parliament in August 2007. Its objective is to set out a road map and create an enabling environment for the development and growth of various types of co-operative business.

9.109 The co-operative subsector continued to grow during NDP 9, resulting in an increase in the number of co-operative societies registered, increased sales turnover and total domestic savings mobilised by members. Thirty six additional co-operative societies were registered, of which twelve are non-traditional in nature, operating in areas such as horticulture, poultry, ostrich farming and textiles. Diversification of products is critical with the advent of competing and aggressive retail chain stores.

9.110 Co-operative retail shops continued to fill the void in many remote settlements of Kgalagadi and Ghanzi Districts, where private investment is not attractive. Sales turnover by co-operatives increased from P104 million in 2002 to P163 million in 2008, an increase of 5 per cent in real terms.

9.111 The promotion of savings and credit co-operative societies to improve domestic savings has resulted in savings increasing from P80 million in 2002 to P110 million in 2008. Credit extended to members increased from P79 million to P95 million during the same period. However, these failed to keep up with inflation, which meant that savings decreased in real terms by 8 percent and credit by 20 percent.

Improvement of Product Quality and Standards

9.112 The Botswana Bureau of Standards (BOBS) was established in 1997, and has grown rapidly. The number of technicians and scientists has grown from 13 in 1997 to 127 in March 2009. Over 500 national standards have been developed, 33 companies have been awarded ISO 9001:2000 certificates for their compliance with the internationally recognised quality management system standard, 15 companies have been awarded 29 BOBS Standards Mark for products compliance to the Botswana standards, and 2,215 people have been trained in standards and the management system. Trade and Industrial Metrology Services offered have also increased in number and type during NDP 9.

9.113 BOBS has strengthened its consumer and environment protection activities through the implementation of the Standards (Import Inspection) regulations (SIIR), 2008

which has prescribed 19 products and their applicable standards. The list covers Food, Milk and Milk products, Cattle and Chicken feeds, Electrical products, plastic bags and labelling of pre-packaged goods. BOBS also continued the implementation of compulsory standards for liquefied petroleum gas (LPG) filling sites and drinking water quality. BOBS has contributed to the development of 28 harmonised standards for the SADC Cooperation in Standardisation (SADCSTAN), under which it was responsible for work relating to the harmonisation of six standards in the masonry units (concrete and burnt clay) and timbers standards fields.

9.114 The Weights and Measures Act of 1973 was reviewed, repealed and re-enacted as the Weights and Measures Act, 2006. The associated regulations have been reviewed and are currently being implemented. The purpose of the review was to align the new Act with current best practice and assign the administration of the Act to the Managing Director of BOBS.

9.115 A joint project between BOBS, BEDIA and the Centre for the Development of Enterprise, aimed at developing the ability of Botswana SMEs to comply with the requirements of internationally accepted quality management standards, was completed successfully in February 2007. Twenty SMEs were awarded their ISO

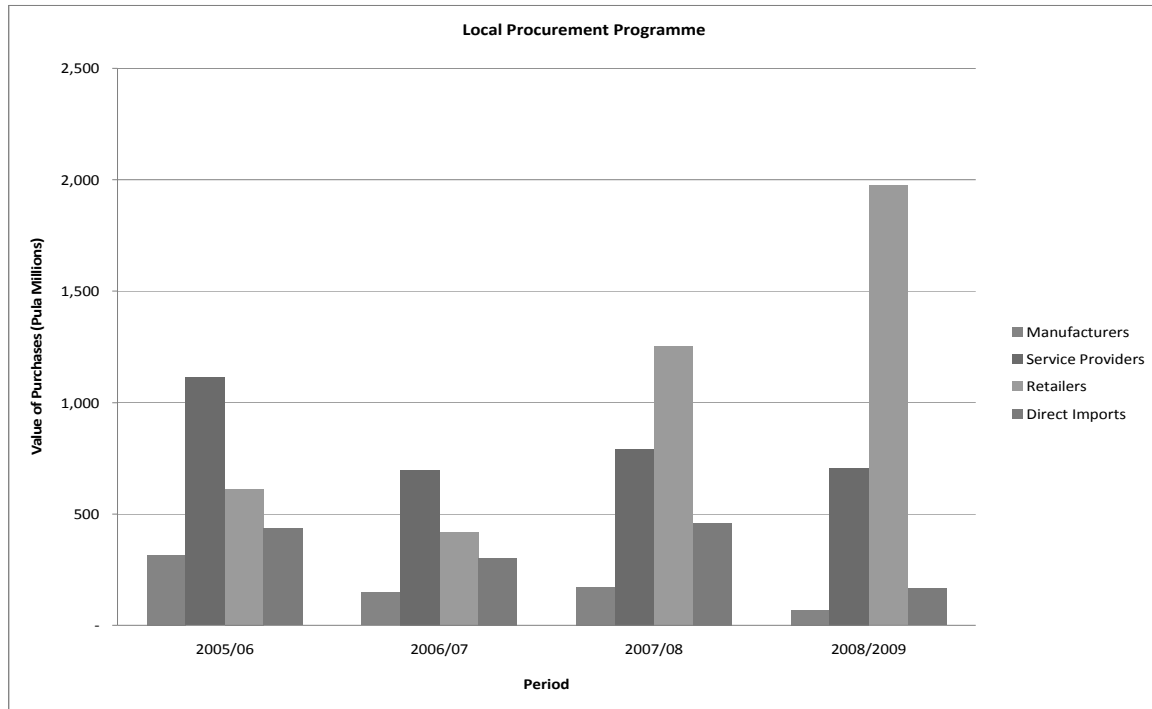
9001:2000 certificates. BOBS and LEA have signed a Memorandum of Understanding on collaboration on quality and export standards for SME development.

The Local Procurement Programme

9.116 From inception of the Local Procurement Programme in January 2005 to March 2009, a total of P11.7 billion worth of locally produced goods and services have been purchased. This amount comprises P709.7 million purchases from local manufacturers or producers, P5.4 billion from local service providers, P4.2 billion from local traders and P1.4 billion for associated inputs which need to be sourced from foreign based suppliers (Chart 9.5). It is estimated that P5 billion (assuming traders are importing products), or 42 percent of the P11.7 billion, circulated within the local economy, thus contributing to employment creation, poverty reduction, growth of local companies, diversification of the economy and wealth creation.

9.117 Implementation of the directive on the Local Procurement Programme has faced challenges relating to product quality, high prices and non-delivery of goods and services. Efforts continue to encourage suppliers registered with the programme to embrace the concept of product and service quality certification.

Chart 9.5: Value of Purchases under the Local Procurement Programme (2005/06-2008/09)



Source: Department of Industrial Affairs

Registrar of Companies

9.118 Following the recommendation of the study on the reorganisation of MTI in 2001, the Registrar of Companies was established as an autonomous agency. The office of the Registrar deals with complex technical issues relating to company law and intellectual property rights, which require highly skilled personnel that can administer legislation covering company incorporation, business names registration, industrial property rights and copyright administration.

Internal Trade

The Trade and Liquor Act

9.119 The review of the Trade and Liquor Act called for the overhaul of the Act, resulting in two pieces of legislation, the Trade Act 2003 and the Liquor Act 2003. The Trade Act provides for simpler

licensing procedures, to reduce time and cost of obtaining a licence. The Liquor Act provides for stringent regulation to reduce the proliferation of outlets, and to reduce accessibility of liquor through liquor trading hours and objections to liquor applications. Since implementation of the Trade Act, 2003 and the Liquor Act, 2003 commenced in April 2008, loopholes have been identified which have called for the review of the two Acts. The review process is ongoing. A monitoring section will be established during the 2010/11 financial year to work hand in hand with the Local Authorities, to ensure enforcement of the Acts.

The Gaming and Gambling Act

9.120 In 2002, Parliament approved the Gaming and Gambling Policy, which

provides for a comprehensive review and consolidation of the Casino Act and the Lotteries and Betting Act. These outdated Acts are no longer responsive to the prevailing challenges in the gaming and gambling sector. Once enacted, the Gaming and Gambling Act will provide a conducive environment in which various types of gaming and gambling businesses can operate. The Gaming and Gambling Bill and its implementing regulations are currently being drafted by the Attorney General's Chambers.

Consumer Protection

Micro-Lending Regulations

9.121 MTI developed Micro-Lending Regulations, which were intended to protect borrowers from exploitation by micro-lenders. However, the recently enacted NBFIRA Act of 2006 has provisions for this dispensation. Micro-lenders will, therefore, be regulated by the NBFIRA under this Act.

The Competition Authority

9.122 In 2005, Parliament approved the Competition Policy, which aims at enhancing competition in the market place by reducing or eliminating anti-competitive and restrictive business practices. The Policy provides for the formulation of the Competition Law, which will set out a framework within which Government will respond to anti-competitive challenges in the market place. In this regard, a Competition Law, which will establish a Competition Authority, has been drafted. The Competition Bill was approved by Cabinet in April 2009, and it is scheduled to be presented to Parliament in late 2009.

Consumer Groups

9.123 While MTI continues to encourage consumers to form consumer groups, it has

been realised that the groups cannot register with the Registrar of Societies because the Societies Act does not have a provision for them. The Consumer Protection Act is also silent on the registration of consumer groups. The Consumer Protection Act is currently being reviewed and amendments will include, among others, the issue of consumer groups.

Process Re-engineering

9.124 To improve efficiency, the processes for the registration of companies, business names and copyright are being computerised. Assistance was sought from the World Intellectual Property Organisation to computerise the registration of patents, trademarks and industrial designs. The computerisation of company incorporation, business names registration and patents, in the Trademarks Registry, was finalised in March 2008. Computerisation provides for online registration of companies, business names and trademarks. This will afford clients access online, removing the need to travel to Gaborone, thereby reducing business start-up costs.

9.125 Towards the end of NDP 9, the turnaround time for the incorporation of companies and the registration of businesses, upon receipt of an error-free application, was reduced from three months to an average of 5 working days. Further computerisation in the Registrar of Companies will improve this turnaround time. The major constraint faced by the office of the Registrar remained human resource capacity and skills, and inadequate office accommodation.

STRATEGIES FOR NDP 10

9.126 NDP 10 comes at a time when Botswana is adjusting to globalisation. This has been driven by worldwide product and financial market liberalisation, developments in information and

communication technology, the revolution in road, rail and air transport, etc. However, the most important force for Botswana's globalisation would appear to come from her bilateral, regional and multilateral trade agreements. Current (and future) trade agreements will result in free trade areas in which "substantially all trade" will be liberalised by 2016. While acknowledging this, Government will work alongside the private sector towards a common SACU industrial policy that will be supportive of the country's industrial development.

9.127 NDP 10 represents a watershed in terms of transforming the Botswana economy from a public sector-led economy to a private sector-led economy. NDP 10 will once again emphasise the prominent role of the private sector in the provision of goods and services. The Plan calls for manufacturing that is based on Botswana's primary products, where comparative advantage exists; hence, the call for beneficiation of as many raw materials as is commercially viable, before export. Studies will be conducted during NDP 10 which will identify imported products whose quantities provide a basis for commercially viable domestic production, thereby creating opportunities for FDI, joint ventures and SMMEs.

9.128 Botswana's landlocked status, and the cost of importing and exporting physical goods, dictate that Botswana must move towards the export of services with minimal transport costs, particularly those in the knowledge area. For this to happen, Botswana's policies and regulations, and trade promotion and trade facilitation capabilities, need to be reviewed. Their ability to facilitate and foster the development of a knowledge-based economy must be strengthened during NDP 10 (see also Chapter 5).

9.129 A strong, dynamic private sector is crucial for the future long-term rapid economic growth of Botswana. Bottlenecks and constraints to private sector development must be identified, and appropriate strategies for removing them formulated. The ultimate objective is to facilitate the development and growth of a private sector that is dynamic, outward-looking, efficient and internationally competitive (see also Chapter 5).

9.130 The specific sector objective is to improve the global competitiveness of the private sector. MTI will, during NDP 10, facilitate medium and long-term strategic interventions that foster economic growth and diversification, as well as promote employment and social development. To achieve this objective, a multi-pronged strategy will be pursued aimed at supporting complementary efforts by Government and the private sector, as follows:

Competitive Business Environment

9.131 The right enabling policy and regulatory environment is vital for the long-term viability of business in any economy. The private sector, when properly regulated and operating under competitive market conditions, will thrive, grow and diversify. The business environment will be improved by removing or minimising the negative effects of all the existing administrative, bureaucratic and regulatory impediments to investment, business development, exports and private sector development, in order to make Botswana a destination of choice for doing business (see also Chapter 5).

Local Enterprise Development

9.132 The intent is to increase local enterprise participation in the economy and in the international market, by accessing upstream and downstream opportunities afforded by all major public and private

sector projects. The capacity, capabilities, competitiveness and efficiencies of local enterprises, will be developed to take advantage of these opportunities, conforming to all international quality and environmental requirements.

9.133 The macroeconomic policy framework for NDP 10 clearly highlights that Botswana's future prosperity will depend on the ability of the private sector to generate economic growth through exports, a capability they can develop much easier by learning to compete, and building economies of scale in the domestic market.

9.134 Enhancing the capacity of local enterprises and creating opportunities for developing local entrepreneurs will be targeted. An external assessment of the competitiveness of local enterprises shows that the level of exported outputs is the lowest in the region, with low total factor productivity and skill levels. Previous approaches have not succeeded in developing local enterprises, as they have created opportunities, but failed to change mindsets and build capacity.

Investment Promotion

9.135 Botswana aims to enhance its ability to attract increased and high levels of FDI flows during NDP 10. The intent is to increase economic diversification and encourage value addition to natural resources in agriculture, services, manufacturing, mining and tourism.

9.136 Generally, increased regional political and macroeconomic stability means that Botswana can no longer rely on these traditional strengths to attract FDI. The country needs to be more proactive in developing new strategies and tactics for attracting FDI. Given its relative size in the region, it will have to be very aggressive in adopting this approach. This highlights the

need to focus on activities that will be of priority to Government in order to attract higher levels of FDI flows to Botswana.

9.137 Beneficiaries are local and foreign investors. Investment, as measured by Gross Fixed Capital Formation, declined in real terms in the first half of NDP 9. Far from moving towards the Vision 2016 target, that it would reach 40 percent of GDP, its share of GDP fell. It is critical that this trend be reversed, and the required FDI generated to achieve the desired GDP growth rate during NDP 10 and beyond. The aim is to increase levels of FDI inflows, and to increase investment in expansion of existing business operations from P150 million to P800 million by the end of NDP 10.

Botswana Brand Implementation

9.138 Implementation of the national brand is intended to increase local and global awareness of Botswana, to differentiate Botswana from her competitors, and to reposition her as a unique destination of choice for doing business, living in, and/or visiting. The rollout of the brand is expected to contribute to increased inflows of investors, tourists and people with scarce skills.

9.139 In global terms, Botswana does not 'stand out' as a well known and sought out investment and tourism destination. Consequently, most of the international investors that Botswana is trying to attract, are uncertain of the available investment opportunities and business prospects because they do not know enough about it.

9.140 Primary beneficiaries of national branding will be local enterprises through establishment of strategic partnerships to enhance the marketability of their products and services. Tourism will benefit as the Botswana Brand will be able to market Botswana effectively as a unique and attractive tourist destination. The increase in

FDI will contribute to employment creation, transfer of skills and technology and tourism development.

9.141 Various stakeholders, who go around the world in an effort to promote Botswana, convey uncoordinated and different

messages, thereby failing to complement each other's effort. The brand will communicate Botswana's unique selling points to Botswana, local and international investors, as well as to visitors, in a well coordinated manner.

Sector Performance Matrix 9.1: Trade and Industry

Goal	Key Performance Indicator	Plan Baseline 2007/08	Plan Target 2015/16
Private sector-led economic growth	Business Confidence Index	To be determined (BNPC)	20% increase p.a. in Business Confidence Index
	Ratio of import of goods and services to GDP	38%	30%
	Value of non-traditional merchandise exports	P6.4 billion	30% increase
	Gross Fixed Capital Formation as a proportion of GDP	25.3%	40%
	% contribution of non-mining exports to GDP	6.6%	At least 13%.
	Balance of Payments	+P10.6 billion	+P12.8 billion

Source: Bank of Botswana Annual Report 2008

SUMMARY OF PROGRAMMES

9.142 A series of interlinked programmes will be implemented to facilitate the achievement of this KRA.

negative effects of all the existing administrative, bureaucratic and regulatory impediments to investment, private sector development and exports.

Competitive Business Environment Programme

Local Enterprise Development Programme

9.143 The right enabling policy and regulatory environment is vital for the long-term viability of business in any economy. The private sector, when properly regulated and operating under competitive market conditions, will thrive, grow and diversify. The objective is to improve the business climate by removing or minimising the

9.144 The programme entails increasing local enterprise participation in the economy and in the international market by accessing up-stream and down-stream opportunities, developing local enterprises' capacity, capabilities, competitiveness and efficiency to take advantage of these opportunities. The

national strategy for NDP 10 emphasises that Botswana's future prosperity will depend on the ability of the private sector to generate economic growth through exports, a capability they can develop much easier by learning to compete by building economies of scale in the domestic market. This programme is aimed at enhancing the capacity of local enterprises and creating opportunities for developing local entrepreneurs.

Investment Promotion Programme

9.145 The country needs to be much more proactive in developing strategies and tactics for attracting FDI. Given its relative size in the region, it will have to be very aggressive in adopting this proactive approach. Activities will include the development of an investment master plan, preparation of investment demand studies and associated sector investment strategies, the establishment of special economic zones, and after-care services for investors.

Trade Development and Promotion

9.146 The trade development and promotion programme is aimed at improving export production capacity and diversification, removing supply side constraints at firm level, simplifying, harmonising, standardising and modernising trade procedures and cross-border

operations. Botswana is a landlocked country with both the public and private sector totally dependent on efficient transport, associated services and logistics management, for business travel, increasing tourism, affordable imports and competitive exports. Trade development, promotion and facilitation are critical to private sector competitiveness and public sector efficiency.

Trade and Industry Support Programmes

9.147 The programme comprises four components: computerisation, fleet expansion, offices and residential properties, and consultancies. The objective is to improve MTI efficiency. The programme will provide an efficient information management system to enable the MTI and its parastatal organisations to facilitate sustainable growth and diversification. The programme also intends to improve its transport needs and project monitoring activities. Research/consultancies will be undertaken for policy and legislation formulation and project planning. These consultancies are necessary for Botswana to enhance its competitiveness and attractiveness as an investment location of preferred choice, as well as a tourist destination. Office and residential facilities will be provided for extension staff in order to improve their morale and productivity, as well as to retain qualified staff.

SECTOR: MINERALS

INTRODUCTION

9.148 The main minerals mined in Botswana are diamonds (discovered in 1967), copper, nickel, coal, soda ash and salt. Other mined minerals are gold, clay and construction aggregate. The most explored

for minerals are diamonds, coal and base metals (copper and nickel). Since Independence, the mining sector has been the backbone of Botswana's economy, with diamonds being the main contributor to

exports, government revenue and GDP. Diamond production has been based on low-cost surface mining. During the next decade, however, diamond mining will experience changes to its production, processing and marketing systems. Major milestones will be the introduction of waste recycling in 2012, the rapid depletion of the diamond pipes from 2018, and moving mining to higher-cost underground production around 2020. These will affect the economics of the industry in fundamental ways, through increased production costs and the anticipated sharp downturn in revenue in NDP 11 (Chart 5.1).

9.149 To sustain the mineral sector's contribution to sustainable economic growth during NDP 10, several strategies will be pursued. The strategies include promotion of local beneficiation and value addition, investment promotion and diversification, and promotion of citizen participation in the mineral sector.

9.150 The state body responsible for developing and implementing the fiscal, legal and policy framework for mineral exploration and exploitation is the Ministry of Minerals, Energy and Water Resources (MMEWR). Exploration is administered through the Department of Geological Survey, while mining and related activities are administered through the Department of Mines. MMEWR also administers various mineral agreements, undertakes promotion of investments in minerals and liaises with bilateral and multilateral development partners on mineral related matters.

9.151 While MMEWR exercises a licensing, monitoring and facilitating role in mineral exploration and exploitation, prospecting and mining activities are carried out by private companies. The Government of Botswana has significant shareholdings in all the large mines, where the level of

shareholding has been mutually agreed with the private investors. Government owns Debswana Diamond Company 50/50 with De Beers, 15 percent of Tati Nickel Mining Company, 50 percent of Botswana Ash, and 33 percent of BCL.

9.152 During NDP 10, public policy will focus on supporting value addition and the development of new industries to support Plan goals for growth and employment. The Botswana Diamond Hub will provide a diamond trade centre for rough and polished diamonds, as well as establishing sustainable downstream industries (cutting and polishing, and jewellery manufacturing). Efforts will also be geared towards identification of additional mineral resources, and the promotion of small and medium scale mining.

9.153 Beyond NDP 10, state mineral revenues are expected to decrease substantially due to depletion of diamond resources at the existing diamond mines. This will result in lower production and an increase in costs (capital and operating) of mining as the ore is progressively mined at depth. Diamond revenues are projected to peak around 2015, and to decline steeply after 2021 (see Chapter 5). The prospects for coal mining are promising, as there is an abundance of the resource and it is in high demand worldwide. A Road Map for Coal Development will be formulated during NDP 10. Local value addition through the diamond hub activities will help offset revenue reduction from primary diamond production.

REVIEW OF NDP 9

9.154 The overall mineral policy objective for NDP 9 was to maximise economic benefits for the nation from the development of mineral resources, while allowing

investors to earn competitive returns. Mineral sector activities were guided by the following policy objectives:

- To encourage prospecting and new mine developments;
- To create opportunities for generating linkages with the rest of the economy and increasing value addition;
- To conserve and protect the environment, and identify and develop appropriate strategies for dealing with challenges facing the mineral sector.

9.155 Rising commodity prices, driven by developments in China and India, triggered a boom in exploration activities in Botswana over the NDP 9 period. While no new major finds were made, three new mines found earlier, a gold mine in the Francistown area, a diamond mine near Lerala, and a copper mine in the Dukwe/Mosetse area, were developed.

9.156 An increase in exploration for diamonds, coal and coal bed methane, construction aggregates and ornamental stones was recorded throughout the Plan period. The activities have added to the existing mineral resource information, despite the lack of major new discoveries.

9.157 Mining continued to be the highest contributor to GDP, government revenue and revenue from merchandise exports at approximately 41, 44 and 82 percent, respectively in 2008.

Creating Linkages and Increasing Local Value Added

9.158 Mining is typically enclave in nature and has limited linkages with the rest of the economy. Government policy during NDP 9 has been to encourage linkages by promoting local procurement to the greatest extent possible. This has successfully

occurred through the provision of catering services, building sub-contracting, security services, and supply of protective clothing to mention a few examples.

9.159 Shortages of manpower with mining skills have continued, especially for artisans, where there is a general shortage even at regional and international levels. The shortage of engineering skills was further accentuated by the 2010 FIFA World Cup related construction boom in South Africa. The opening of new mines, such as the Dukwe mine and the DiamonEx mine in Lerala, as well as the growth of the Tati Nickel operation to the east of Francistown, also increased the demand for mining related skills in Botswana. The Faculty of Engineering and Technology at the University of Botswana and the construction of the Botswana International University of Science and Technology (BIUST) are expected to ameliorate the skills shortages during NDP 10.

9.160 Whereas in the past, efforts to promote diamond downstream processing were relatively unsuccessful, during NDP 9 progress was made on this front. The number of diamond cutting and polishing factories increased from four in 2004, to sixteen in 2008. The Diamond Trading Company Botswana (DTCB), a 50/50 joint venture between the Government and De Beers, was formed to take over the functions of the Botswana Diamond Valuing Company and some of the functions of the Diamond Trading Company International.

9.161 This has effectively transformed Botswana into a major world diamond sorting, valuing and marketing centre. By 2010, USD550 million worth of rough diamonds will be allocated by DTCB annually, with up to 80 percent of those diamonds polished in Botswana factories. This comprises about 4 percent of the global

rough diamond production value of USD13 billion. By 2016, the proportion of locally traded rough diamonds will increase to a level mutually agreed by the Government and the suppliers.

9.162 Further, the Diamond Hub has been established to act as the Government’s diamond professional branch charged with handling the promotion of diamond downstream processing in Botswana. This includes diamond cutting and polishing, promotion of both polished and rough diamond trading, diamond jewellery manufacturing and retailing in Botswana.

9.163 During NDP 10, local value addition through direct beneficiation and creation of linkages with the other sectors of the economy will continue to be the dominant

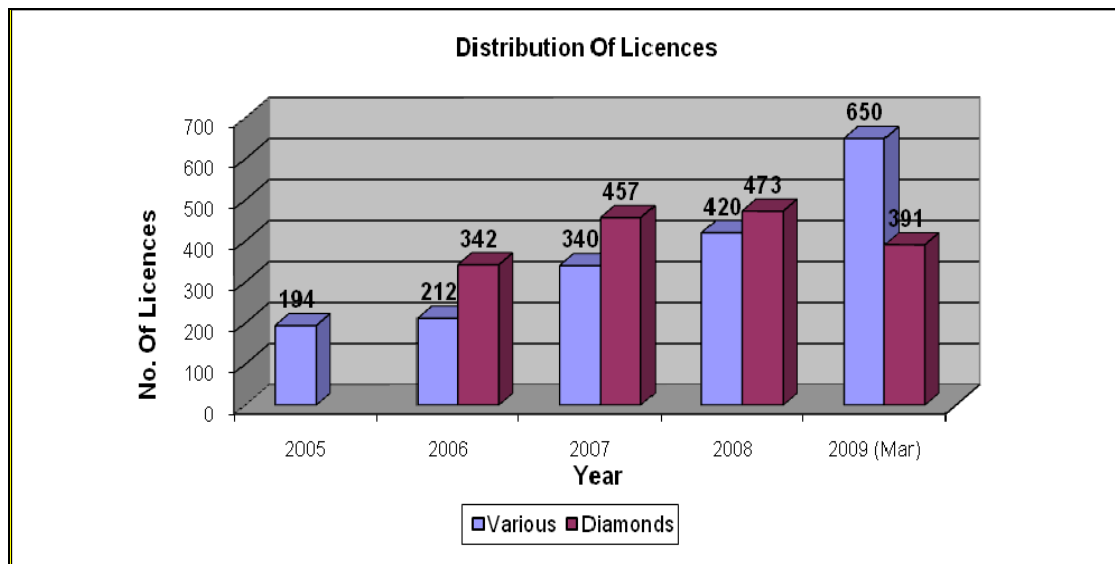
principle in mineral sector development policy.

Encouraging Prospecting and New Mine Developments

Private Sector Exploration

9.164 At the end of March 2009, there were 93 active exploration companies operating in Botswana. Of these, 29 were exploring for precious stones, with the balance of 64 companies exploring for various other minerals. One thousand and forty-one licenses were issued, comprising 650 for various minerals (metals, industrial and energy minerals) and 391 for diamonds (Chart 9.6).

Chart 9.6: Prospecting Licences Issued



Source: Department of Geological Survey

9.165 The continuous boom in the global minerals industry, which has contributed to the increase of global exploration expenditure, was also observed in Botswana. Global exploration expenditure for 2007 was estimated at USD10.9 billion (Metals

Economic Group). The rise in exploration activities contributed to unemployment alleviation and stimulated investment. Although there were no new major mineral discoveries during the NDP 9 Plan period, the favourable geological environment, as

evidenced by the existing mines for diamonds, base and precious metals, coal, etc., testifies to the possibility for more mineral discoveries. Botswana is still considered to have strong potential for diamonds, coal and base metals.

9.166 The North-eastern part of the country is naturally rich in precious and base metals, with copper and nickel offering good potential. Some deposits that were discovered prior to NDP 9 are now being developed for production. Anticipated recovery of commodity prices in NDP 10 is expected to render some previously uneconomic deposits economic.

9.167 NDP 9 saw the introduction of new exploration technologies, such as the Zeppelin, Falcon and Titan systems. Technology development is continuous; and it is hoped that, as the technology improves, new discoveries will be made. Proposals have been made in this Plan to focus on the hitherto unexplored deep seated rocks underneath the Kalahari. This also opens avenues of mineral discoveries as most of the previous exploration had concentrated on the relatively easier areas.

9.168 Coal in Botswana has a great potential for growth. The increasing demand for energy both nationally and regionally has increased the demand for energy minerals. Prospecting areas for coal and coal bed methane are now being heavily sought after in the region and worldwide.

9.169 Exploration and mining companies revisited a number of previously explored areas during NDP 9. The Mmamabula area was previously explored in the late 80's by BP Coal, CDF Botswana (Pty) Ltd and Shell Coal Botswana (Pty) Ltd. Significant coal reserves were established and verified in the coalfield. Following the exploration,

Meepong Resources (Pty) Ltd applied for a mining license over part of the area. The mine will provide coal resources for export markets and to an export power station which will be constructed nearby.

9.170 African Copper had been constructing a copper mine at Mowana. The copper deposits were previously mined in ancient times. The company stopped construction in 2008, due to the financial crisis and the collapse of commodity markets. The suspension of operations was accepted by Government at that time, while the company attempted to secure further funding.

9.171 DiamonEx was granted a mining license over the Lerala diamond deposits after a period of evaluation under a prospecting license. The deposits were previously mined by De Beers Botswana Prospecting (Pty) Ltd on a trial basis.

9.172 A copper/silver prospect known as the Ngwako Pan Deposit, which was previously explored in the late 1990s by US Steel and Anglo American Corporation, is currently at an advanced exploitation feasibility stage under the auspices of Discovery Nickel Limited.

Public Sector Exploration Initiatives

9.173 Interpretation of the Central Kalahari Airborne Magnetic Survey data was successfully completed during NDP 9. As a result of the interpretation work, 39 quarter degree sheets in the Molopo Farms Complex and Kalahari Series Block have been produced. These sheets are important for fostering private sector investment, mainly in platinum group minerals for the Molopo Farms Complex and geological mapping of basement rocks and minerals in the Kalahari

Block. Following completion of the interpretation work, there has been renewed interest in exploration of the Molopo Farms Complex, as evidenced by the number of exploration licences covering the area, as well as the number of requests for the interpretation results. Work to undertake geochemical sampling of the Molopo Farms Complex was hampered by staff shortages. The preliminary results indicate anomalous areas from the geochemical data that are still to be confirmed by other exploration methods. Soil geochemical sampling was also done on the Ramatlabama-Gaborone and Sekoma-Phitshane Blocks.

9.174 Various studies on industrial mineral deposits were also conducted between 2003 and 2007. These included the assessment of construction material resources (sand and coarse aggregates) in the Greater Gaborone Region, identification of potential granite dimension stone deposits in the Moshupa-Thamaga-Manyana-Ranaka region, silica sands resource investigation in the upstream of Mmoni Fossil River, as well as the evaluation of the quality and quantity of the Serule clay/mudstone deposit.

9.175 MMEWR embarked on a National Integrated Geoscience Information System (NIGIS) project, whose main objective was to acquire an integrated geoscience data management system. This would leverage the business of the Ministry by facilitating easy sharing of information, easy access and manipulation of the current datasets to maximise data utilisation and improve efficiency. The project was implemented in two phases: the Requirement Analysis and Specification phase, and the Design phase. Implementation of both phases is complete.

9.176 The benefits include instant public access to publicly available minerals, energy and water information, on-line application for both the prospecting and mining

licenses, which goes with efficiency in processing the applications. Potential investors and interested parties can access prospecting and mining maps, as well as geological maps through the internet.

9.177 The construction of the Department of Geological Survey (DGS) headquarters phase I was completed, while the second phase will be completed in NDP 10. The delay in completion of the buildings has had a negative impact on service delivery, as some planned processes needed new equipment, to be housed in the new office. Geological Survey is in the process of procuring equipment for the extension of the Mineral Dressing Laboratory. In addition to providing office accommodation space, the Department of Geological Survey headquarters building is also meant to house laboratory equipment used to analyse samples from mineral exploration activities. Exploration activities result in the production of drill cores, which are then archived by the DGS in the core sheds for future use. It is for this reason that additional core sheds are needed to cater for the increased mineral exploration activities. Two core sheds were completed in Kang and Molapowabojang. Due to slow progress, two other core sheds, which were planned, could not be started. They will be implemented in NDP 10.

Mineral Exploitation

9.178 The major minerals mined in Botswana are diamonds, copper, nickel, coal, soda ash and salt. Table 9.2 shows mineral production figures for the period 2002 to 2008.

9.179 While the production of diamonds and copper-nickel was constrained by production capacity during NDP 9, soda ash, salt and coal production were constrained by the market.

9.180 Diamond production was able to respond to increased demand, until the global economic crisis which started in 2008. This caused the main diamond mines in Botswana to close for the last quarter of

NDP nine (quarter ending March 2009). This accounts for the sharp drop in the share of mineral revenue in total government revenue shown in Table 9.3. At the same time, copper-nickel production was stagnant.

Table 9.2: Mineral Production Statistics

YEAR	DIAMOND S (000)	COPPER-NICKEL- MATTE	COAL	SODA ASH	SALT	GOLD
	(Carats)	Tonnes	Tonnes	Tonnes	Tonnes	Kg
2002	28,368	56,626	953,081	283,197	315,259	8.4
2003	30,412	51,983	822,780	234,520	229,432	9.0
2004	31,125	54,448	913,087	263,358	208,319	162.2
2005	31,890	68,637	984,876	279,085	243,945	2,708.8
2006	34,293	64,368	962,427	255,677	151,595	2,546.5
2007	33,639	53,947	828,164	279,625	165,710	2,722.0
2008	32,595	61,686	909,511	263,566	170,994	3,176.0

Source: Department of Mines

9.181 Table 9.3 illustrates the contribution of minerals to GDP and Government revenue. Chart 9.7 shows the composition of non-tax mineral revenues during 2008/9.

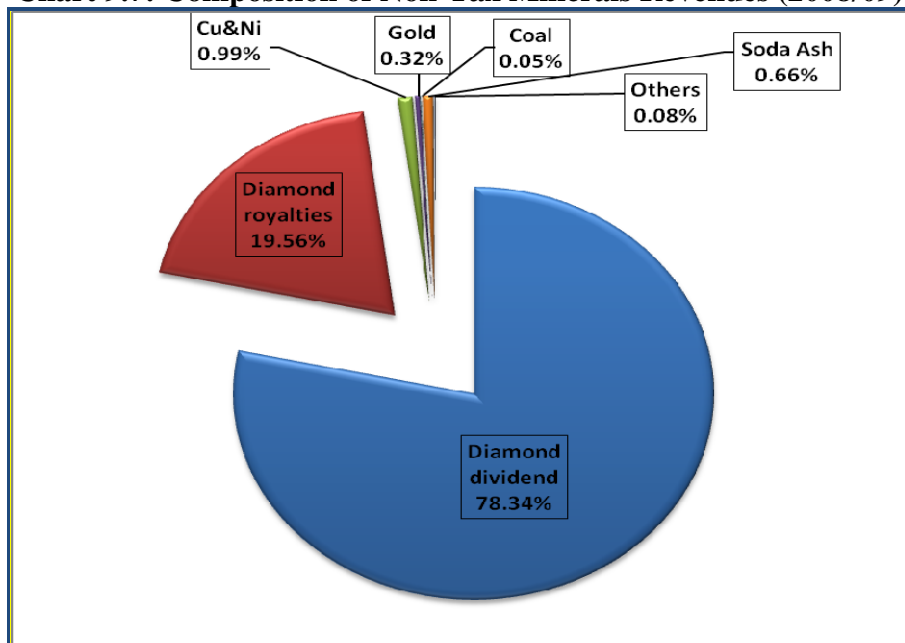
Table 9.3: Contribution of Minerals to Gross Domestic Product and Government Revenue

National Accounts Year (ending June)	% Contribution of Minerals to Gross Domestic Product	Mineral Revenue as a % of Total Government Revenue (a)
2003/04	39.7%	50.3%
2004/05	42.9%	48.3%
2005/06	41.1%	49.6%
2006/07	40.9%	47.9%
2007/08	38.2%	43.1%
2008/09	n.a.	30.8%

Note: (a) fiscal years ending March

Source: Ministry of Finance and Development Planning

Chart 9.7: Composition of Non-Tax Minerals Revenues (2008/09)



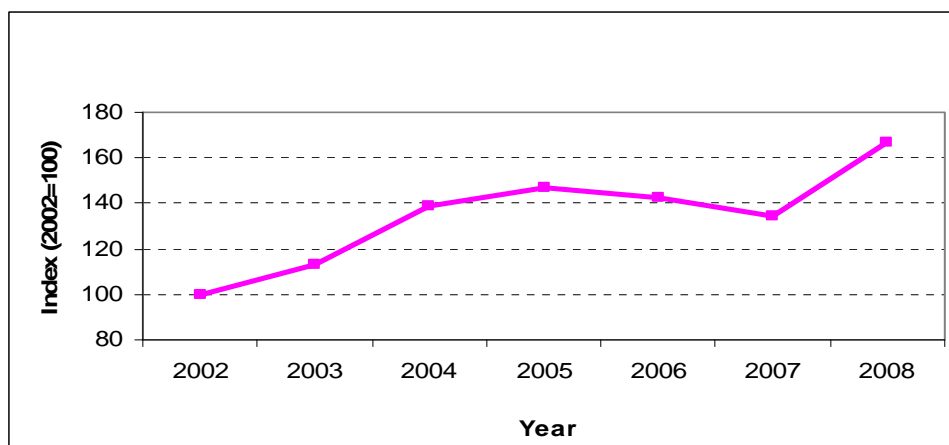
Source: Department of Mines

Diamonds

9.182 Botswana maintained its status as the world leading diamond producer by value. For the first six years of NDP 9, Debswana Diamond Company, which is owned in equal shares by the Botswana Government and DeBeers, consistently produced over 30 million carats per year from its mines at Jwaneng, Orapa, Letlhakane and Damtshaa. A record

production of 34.29 million carats of diamonds was achieved in 2006. Chart 9.8 shows diamond price movements from 2002. A fourth Debswana diamond mine, Damtshaa, which was commissioned in 2002 at a production capacity of about 250,000 carats per annum, doubled plant capacity during 2006.

Chart 9.8: Diamond Price Movement 2002-08



Source: Department of Mines

9.183 The Jwaneng Mining Licence, which expired in August 2004, was renewed for a further 25 years in 2006. As part of the agreement for the renewal of this mining licence, the Orapa, Letlhakane and Damtsha mining licences were extended to run concurrently with the Jwaneng mining licence. The agreement also included the setting up of the DTCB, to take over the activities undertaken by Botswana Diamond Valuing Company, as well as distribution of diamonds to local cutting factories. The DTCB building has been constructed and operations commenced in March 2008. Establishing DTCB will also benefit the development of the financial sector, as huge quantities of financial transactions will go through Botswana.

9.184 Debswana will undertake technical investigations to look into the potential of underground mining as its operations go beyond the current open-pit operations. It is anticipated that when both Orapa and Jwaneng mines finally move from open pit to underground mining, production will decrease significantly, negatively affecting revenues.

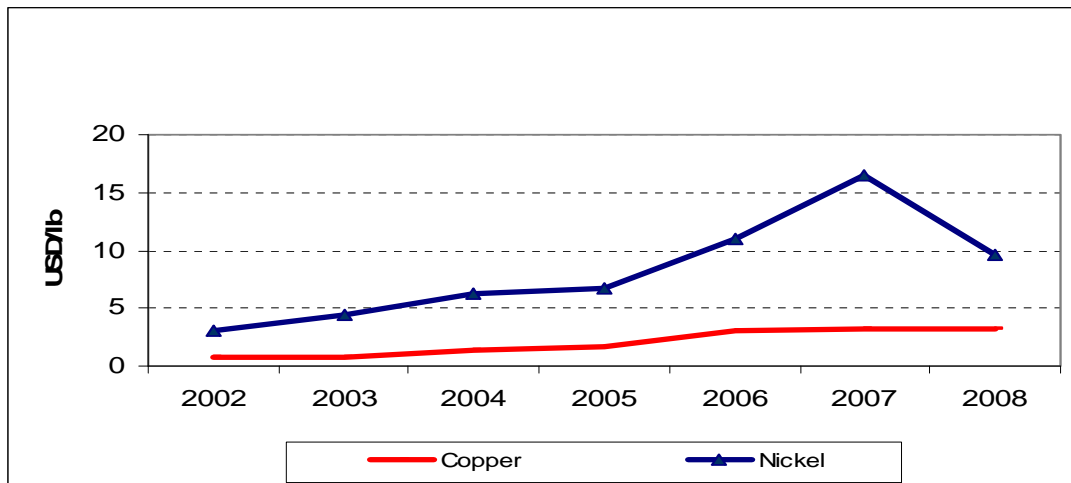
9.185 DiamonEx Botswana was issued a mining licence to mine diamonds near Lerala in August 2006. Construction started during 2007 and commissioning occurred during the second quarter of 2008, with production in the third quarter of 2008. The

expected life of the mine is 10 years at a production rate of 330,000 carats per annum. DiamonEx made its first sale in October 2008, but went into care and maintenance in February 2009 due to the depressed diamond market. The mine remained closed during 2009.

Copper-Nickel

9.186 Combined nickel and copper production from Tati Nickel Mining Company (TNMC) and BCL Limited during NDP 9 fluctuated between 51 thousand tonnes in 2003 and 69 thousand tonnes of matte in 2005. At the start of NDP 9, due to then prevailing low metal prices, BCL was dependent on emergency funding provided by Government. Increased metal prices improved BCL's financial position to the point that it was able to repay the entire emergency funding principal during 2006. From July to August 2007, the company undertook a major refurbishment of its smelter. A number of capital projects are also being undertaken to place the company on a strong footing to meet future challenges. Copper and nickel prices increased to historic highs during the period up to 2007, before being affected by the collapse of primary commodity prices in 2008/9. Chart 9.9 shows trends in copper and nickel prices to mid 2008.

Chart 9.9: Copper and Nickel Prices 2002-08



Source: Department of Mines

9.187 After operating a Hydrometallurgical Demonstration Plant successfully for two years at the Phoenix Mine, LionOre (now Norilsk Nickel) invested in the Activox hydrometallurgical refinery to be operated by Botswana Metals Refinery (Pty) Ltd, a wholly owned subsidiary of TNMC. Construction of the Activox plant commenced in October 2007, but capital costs increased more than three-fold since the completion of the project feasibility study, rendering the project non-viable. A decision was made in late May 2008 to suspend the project.

9.188 Messina Copper, a subsidiary of African Copper PLC, was issued a mining licence in December 2006 over the old Bushman Mine near Dukwi. Construction commenced during 2007 and commissioning occurred during the second quarter of 2008, with concentrate production commencing during the last quarter of 2008. The production capacity of the mine is 300,000 tonnes of copper concentrate per annum.

Coal

9.189 Morupule Colliery remained Botswana's only coal producer during NDP 9. The colliery has capacity to produce about a million tonnes per year. Production at this level is, however, constrained by demand. The major customers are Morupule Power Station, BCL Limited and Botswana Ash. Morupule started coal exports to the SADC region in 2003. The annual tonnage has risen from some 14,000 tonnes in 2003 to over 70,000 tonnes in 2006, but this was not able to offset a decline in production for domestic use.

9.190 The Department of Energy Affairs undertook a coal beneficiation study, which led to the construction of a coal wash plant in 2007 by Morupule Colliery. The plant was commissioned during the first quarter of 2008. It will enable the colliery to expand its customer base by supplying washed and improved quality coal. To prepare for the future coal demand, Morupule Colliery undertook a study to expand its operations to meet the requirements of Morupule Power Station Expansion Project planned for commissioning in 2010. Morupule colliery

is planning to increase production capacity to between 3 and 4 million tonnes per annum.

9.191 Meepong Resources, a subsidiary of CIC Energy Corp, applied for a mining licence in December 2006 to mine coal as part of the combined mine and export power station under the Mmamabula Energy Project. The project proponents and the Government of Botswana are currently in negotiations over licensing and other agreements required for the project. The project sponsors are also in negotiations with potential off-takers for the power, namely, BPC and Eskom of South Africa.

Soda Ash and Salt

9.192 Soda ash and salt production at Sua Pan continued during NDP 9 with the highest annual production of 279,625 tonnes in 2007 for soda ash, and a corresponding figure of 243,945 tonnes in 2005 for salt. South Africa continues to be main market for soda ash, while salt is mainly for export to countries to the north of Botswana (Zimbabwe, Malawi, etc). Excessive rainfall during the NDP 9 period negatively affected production of soda ash at Botswana Ash.

Gold

9.193 Mupane Gold Mine was issued a mining licence in September 2003, after successful discovery of a gold deposit during NDP 8 in the North East District near Francistown. Production started in the last quarter of 2004. Production rose to 3,176 kg in 2008. In that year, exports of gold were P382.4 million, which was 1.1 percent of total merchandise exports in that year.

Conserving and Protecting the Environment

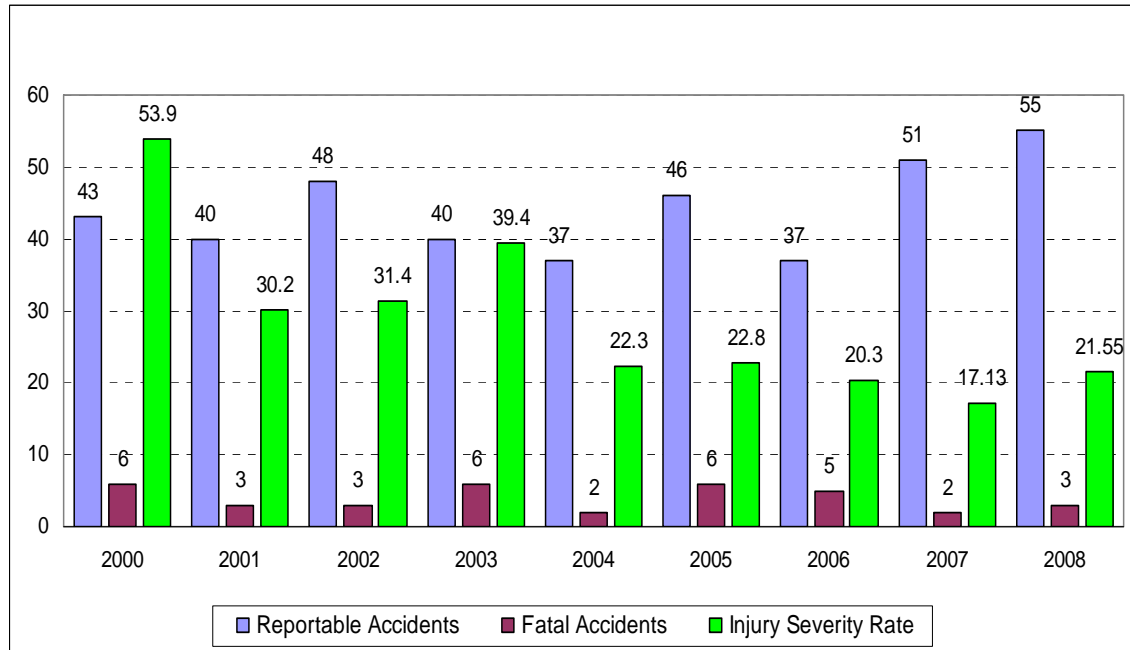
9.194 As part of its environmental protection efforts, the Department of Mines continued with identification and rehabilitation of old and abandoned mines. During the NDP 9 period, rehabilitation work focused in the Francistown and Moshaneng areas. The dumps and shafts around the old Moshana asbestos mine were rehabilitated. In Francistown, the rehabilitation work of the Monarch Mine was completed during 2008/09 financial year. In terms of total sites requiring rehabilitation nationally, 56 percent have been rehabilitated, with the major constraint being the availability of funds.

9.195 To assist further with the protection of the environment, guidelines have been developed to assist small scale mining (predominately involved in the extraction of sand and gravel) with good mining practices and rehabilitation. Some improvements have been made on the ground, but the major challenge remains illegal extraction of sand and gravel. An increase in manpower to deal with this issue has had limited success as the illegal operators have resorted to operating around the clock and using sentries and modern technology to evade detection.

Safety and Health

9.196 Chart 9.10 shows the number of accidents that occurred and the injury severity rate (SR). SR is the number of shifts lost due to work related injury per 200,000 man-hours worked. The decline in SR during NDP 9 is mainly due to reduction in severity of accidents that occurred in the mining industry, as the average employment in the industry and number of accidents did not vary much during the plan period.

Chart 9.10: Reportable Accidents 2000-08



Source: Department of Mines

9.197 Table 9.5 outlines environmental projects that were planned in NDP 9. The projects were of two types; those for rehabilitating old and abandoned mines, and those for better controlling the extraction of sand from the river systems to make it environmentally friendly. Four out of the five rehabilitation projects have been completed, with the exception of the rehabilitation of the Monarch abandoned shafts and dumps. The rehabilitation of old mine shafts and dumps is a continuous exercise. Whenever discoveries of old mine sites that pose a danger to the public and

wildlife are made, funds will be secured to rehabilitate such sites. Currently, the majority of the old mine workings which have been identified, have been rehabilitated or are being planned to be rehabilitated in the coming Plan period. Bottlenecks encountered during old mine rehabilitation are funding limitations and knowledge of best rehabilitation methods that can withstand the harsh environmental conditions. Vandalism by the public has also been identified as one of the factors limiting the success of the rehabilitation efforts.

Table 9.4: Mining Environmental Projects

Date & Duration	Project & Tender Number	Work done	Method	Comments
2004/05	EIA Study on River-sand mining TB 10/1/32/2001-2002	3 rivers and 1 pit sand	Consultations and site visits	The study resulted in the development of best sand mining practice and exclusion of certain portions of rivers from mining.
2004/05 12 weeks	BMC, Shashe Mine, Golf Club TB 10/4/9/2001-2002	33 shafts and openings	Backfilled with rock and rambles and sealed with reinforced concrete slabs on top	No evidence of failure, but some new openings have appeared due to caving.
2005/06 4 months	Moshana Old Asbestos Mine TB 10/4/9/2001-2002	25 shafts, 15 dumps and some old buildings	Backfilled with rock and rambles and sealed with reinforced concrete slabs on top	No evidence of failure, but some new openings have appeared due to caving. Vent pipes and dumps exposed to vandalism and illegal mining, respectively
2007/08	Erection of sign boards on illegal mining	270 sign boards	Manufacturing of the boards	This is a follow up project from the EIA study. Vandalism of the boards by scraping off the writings on them.
2007/08 9 months	Monarch Abandoned Shafts and Dumps PR 10/1/3 08(III)	27 shafts and 14 dumps	Form slurry from the dumps, and pump it into the shafts all the way to the surface	Small scale miners feel there is still value in the dumps; hence it is a challenge to the rehabilitation project to make the area safe.

Source: Department of Mines

Mining Industry Employment

9.198 Average employment in the mining industry did not vary much between 2003/04 and 2007/08 because mining is highly capital intensive. A slight increase of 6.8 percent in mining employment was recorded

in 2004 during construction of the Mupane Gold Plant and Tati Nickel Mine expansion. But the average employment in the mining industry was static until 2007 (Table 9.4). Construction at Messina Copper and DiamonEx contributed to a 15 percent increase in mining employment in that year.

Table 9.5: Employment in the Minerals Industry

Year	Citizens	Expatriates	Total	Expatriates as % of total
2002	12,520	803	13,323	6.0%
2003	12,378	858	13,236	6.5%
2004	13,104	1,028	14,132	7.3%
2005	12,958	849	13,807	6.2%
2006	13,678	896	14,574	6.2%
2007	15,524	820	16,830	4.9%
2008	15,908	796	16,704	4.8%

Source: Department of Mines

NDP 9 Challenges

9.199 An analysis of the challenges emerging from experience during NDP 9 has been carried out to inform strategies for NDP 10, and is presented below.

Table 9.6: NDP 9 Challenges

CHALLENGES	CAUSES
Reduction in projected revenue from diamonds	Mining into deeper levels, increased operational costs and reduced production
Lack of diversification in mineral types away from diamonds	Historically low: <ul style="list-style-type: none"> • mineral commodity prices other than for diamonds and copper • demand and exploration activity for other minerals • interest in unattractive low grade ores for base metals and coal
Quality of reported prospecting data	<ul style="list-style-type: none"> • Lack of supervision and auditing of prospecting activities due to capacity constraints • Insufficient legislative provision
Lack of citizen participation in the mining sector, including in small scale quarrying	<ul style="list-style-type: none"> • Exploration and mining are high risk investments • Lack of education and exposure amongst citizens • Lack of deliberate legislative and financial incentives
Speculative prospecting licence holding	<ul style="list-style-type: none"> • Higher returns expected by applicant • Non-enforcement of legislation • Lack of enforcement capacity
Lack of local beneficiation and value addition processes	<ul style="list-style-type: none"> • Traditionally no investment into processing, beneficiation and value addition • Lack of enabling environment (financial and legislative)
Import of equipment, raw materials by the mining sector.	<ul style="list-style-type: none"> • Lack of local manufacturing and technology supply capacity
Lack of capacity (high turnover of experienced geologists & other geoscientists and mining engineers).	<ul style="list-style-type: none"> • Unfavourable retention policies • Competition with other private players in the mineral sector • Lack of deliberate skills training strategy to meet the current demand
There is a lack of new economic mineral deposits in the time leading up to the NDP 10 period and few new mine openings (2) in NDP 9	<ul style="list-style-type: none"> • Lack of regular quality review of exploration strategies • Lack of regular quality geological modelling • Lack of regular quality prospecting license reporting

STRATEGIES FOR NDP 10

9.200 The overall aim of the Mineral Development Policy is to maximise the national economic benefit from the development of mineral resources. The specific objectives of the Mineral Policy are:

- To maximise the economic benefits of mining, including opportunities for citizens to participate directly in mining, whether as contributors of capital, labour, goods or services;
- To create a competitive environment that will stimulate private sector investment in minerals exploration and mining operations;
- To regulate the minerals industry in a way that ensures the most efficient and beneficial investigation and exploitation of mineral resources of the country, with proper regard for the health, safety and welfare of employees;
- To ensure efficient collection of fiscal revenue due to the Government from mineral operations;
- To ensure that appropriate safeguards against negative environmental and societal impacts are in place as a condition for mining operations to take place;
- To collect and disseminate geological and minerals related information to promote investment in the minerals sector.

9.201 The strategies that will be used to achieve these policy objectives are:

Mineral Investment Promotion, Marketing and Diversification

9.202 Government, through MMEWR, will aggressively pursue the promotion of mineral investment in Botswana. As part of this, exploration and techno-economic studies funded by Government will be conducted into some mineral commodities

to induce interest and investment by the private sector, including participation by locals. This will be a further step forward, beyond the previous activity level of conducting mainly baseline prospecting by Government.

9.203 The strategy aimed at mineral investment promotion and marketing will include advancing data availability and accessibility through the internet and other web portals. During NDP 9, the first step towards this comprised the development of the NIGIS database framework of operation. NDP 10 will witness it becoming operational. The NIGIS will afford access to all customers of old, new and reviewed geo-scientific models of mineral prospects, as well as available prospecting ground. Populating the NIGIS database will continue in order to improve access and dissemination of up-to-date quality geo-science information to help promote mineral commodity investment opportunities.

9.204 This strategy is driven primarily by the need to address the challenge of the anticipated future decline in diamond revenue. The decline will be due to rising production costs resulting from the switch over from open pit to underground mining at the major diamond mines. Over reliance on rough diamonds sales has persisted for too long. Diversification will be pursued within this strategy to invest in other mineral types and a concerted shift towards value addition in diamonds and other minerals.

Promotion of Citizen Participation in the Mineral Sector

9.205 The mineral sector entails a high risk investment, which has not drawn adequate participation and attention from citizen investors, even on a small scale. In order to promote private sector growth, and to contribute towards attaining sustainable rapid economic growth, a strategy will be

implemented to promote citizen participation in the mineral sector. Efforts will be made to address the challenge of constraints in financing, and the high risks in exploration and development. These constraints are exacerbated by the limited exposure of citizens to the minerals industry. Small scale industrial minerals resources projects will be packaged to bankable feasibility. Linkages with development and financial institutions, such as BDC, BEDIA, LEA and CEDA, on these minerals development projects, will be established.

9.206 The beneficiation of industrial minerals will be promoted to enhance import substitution for construction materials and dimension stones. With optimal utilisation of appropriate technologies, the economic potential of these resources could be realised. Citizen participation in the minerals sector can be further enhanced through providing incentives in the mining code for joint ventures between citizen and foreign companies in an effort to promote the transfer of capital and skills.

Competitive Process for Awarding Prospecting Licenses

9.207 One of the challenges experienced during the previous NDPs is that of entities acquiring mineral concessions without adequate resources (financial and technical) to explore effectively the concessions area. This challenge will be addressed during this Plan period through the introduction of competitive bidding for prospecting licenses in selected strategic areas. This will also help prevent resource sterilisation.

Promote Local Beneficiation and Value Addition

9.208 The Botswana Mining Code prescribes negotiations between the Government and an applicant for a mining license for diamonds. In the interest of

facilitating investment and optimising national economic benefits, the Government will enter negotiations, for large projects in particular and including non-diamonds projects, where it is considered prudent to do so.

9.209 Local value addition to diamonds will be pursued through the activities of the Diamond Hub. The volume of diamonds supplied to the local cutting and polishing factories will be increased to over \$1 billion per annum. This will attract related support industries, such as diamond banking, insurance and security to Botswana. It is anticipated that, during the early part of NDP 10, diamond aggregation by Diamond Trading Company International will also relocate from London to Gaborone.

9.210 Botswana has abundant coal resources, estimated at over 212 billion tonnes. Recent developments in the energy sector, such as escalating energy demand and shortages, have significantly increased the value of coal. During NDP 10, Botswana must position herself to fully take advantage of this development. In this regard, a Coal Road Map will be developed which will outline options for beneficiation of coal (coal to hydrocarbons, coal for export and coal for power generation).

9.211 The strategy will respond to previous NDP challenges, such as limited or no investment in processing, beneficiation and value addition. Lack of enabling environments, especially with respect to financial and legislative conditions, will need to be addressed.

Capacity Building

9.212 Engineering, geoscientific and artisan skills shortages are a serious challenge to the global mining industry. Botswana is also adversely affected. In partnership with key stakeholders such as

the Botswana Chamber of Mines and training institutions, the Government will give mineral sector skills development a priority. The mineral sector has already been identified as one of the priorities for the Botswana International University of Science and Technology (BIUST), which will provide higher level training in skills that support sector growth.

9.213 Other initiatives, in support of the strategy, will include outsourcing of expertise to assist in mineral exploration, development of bankable feasibility study documents, and monitoring of mineral exploration and exploitation (mine auditing) activities.

Improved Strategic Grassroots Mineral Exploration

9.214 The Government will continue to play a leading role in primary mineral exploration of areas that have so far attracted little private sector mineral exploration interest. This shall take the form of remote sensing, aeromagnetic surveys, regional soil geochemical surveys, and the search for industrial minerals (e.g., research on the suitability of some calcretes as cement grade limestone).

Safety, Health and Environment

9.215 In order to minimise the adverse impacts of mining on public health, safety and the environment, the minerals sector will continue to ensure that old mine sites that were mined prior to the enactment of the Mines and Minerals Act will continue to be identified, surveyed and rehabilitated. Exploration and exploitation in current and new mine developments will adhere to the provisions of the recently enacted environmental management and monitoring legislation and policies.

9.216 During NDP 9, no existing mining operation has set up funding for the closure of its operation. To ensure availability of funds for closure at end of the life of the mine, there is need to review and amend the relevant legislature on mine closure.

9.217 Illegal mining of industrial minerals, such as sand and gravel, continues to cause environmental degradation in areas around rivers and areas where the construction industry is growing. Geochemical baseline data will be collected to monitor changes in the environment, brought about by industrialisation, indiscriminate dumping, and population growth.

9.218 Cleaner technologies and adherence to prescribed safety standards will be adhered to in order to make exploitation of minerals safe and competitive.

Sector Performance Matrix 9.2: Minerals

Sector Goal: To exploit mineral resources sustainably (effectively, efficiently and ecologically)

Mineral sector NDP 10 Goals	Performance Indicators	Plan Baselines	Plan Targets
1. Mineral Resources, Identification, Assessment, and Exploitation	• Contribution to GDP by the mineral sector	40%	50%
	• Number of employees in the mineral sector	17,000	20,000
	• Contribution of non-diamond minerals to GDP (diversification)	1.2%	5%
	• Private sector growth (Botswana companies playing role in mineral sector, especially industrial minerals)	41	50
2. Mineral Beneficiation	• Number of downstream industries created	1	6
3. Sustainable Management of Natural Resources	• Percentage of known abandoned mines rehabilitated	58%	75%
	• Number of reportable mine accidents	57	40
	• % of new development planning areas with geotechnical consideration taken on board.	40% (<i>DTRP to assist</i>)	100%
	• Percentage of mines with secured mine closure funding	0%	100%

Source: Department of Mines

SUMMARY OF PROGRAMMES

Programme 1: Mineral Resources Identification and Assessment

9.219 Key issues being addressed under this programme are encouraging exploration and new mine developments, as well as management of mineral resources and the environment. To achieve this, MMEWR provides comprehensive data and information to explorers, as well as guidance for suitable mineral targets to explorers.

MMEWR will collect and disseminate geological and mineral related information through the National Geoscience Information Centre. Further initiatives on e-Governance, including the upgrading of a website for the Department of Mines, will be pursued to provide reliable and accurate information in a timely manner. Skilled and motivated staff will be provided to meet the future challenges of the minerals sector. Rehabilitation of old and abandoned mines will continue during NDP 10 in line with protecting the public health and safety and

protection of the environment. Mining legislation relating to safety will be reviewed to bring the legislation in line with international best practice. This will be accompanied by the formulation of guidelines and standards for mine closure. Equipment will be acquired during the plan period by the Department of Mines for use in monitoring of environmental compliance by the mining industry.

Programme 2: Mineral Beneficiation

9.220 The programme will promote local value addition in the mineral sector, as well as create linkages with the rest of the economy, which was initiated in NDP 9. The Botswana Diamond Hub was established at the end of NDP 9 to develop a sustainable secondary diamond industry in Botswana. Consultancies and studies will be undertaken to determine the feasibility of establishing the Botswana Diamond Centre and the conversion of coal to hydrocarbons. Studies and consultancies are expected to guide development of a secondary mineral industry in Botswana. Key activities include establishment of the diamond office, a one-

stop-shop for diamond cutting and polishing factories, a rough and polished diamond trading centre and construction of a national gemmological facility. Beneficiation from coal will be advanced through the development of a coal road map, which will guide coal projects.

Programme 3: Mine Rehabilitation and Safety

9.221 The programme's objectives are to identify and rehabilitate old and abandoned mines on an ongoing basis; and to review mining statutes, standards and guidelines. The planned activities are intended to promote public safety and environmental sustainability through elimination of the hazards that old un-rehabilitated mines pose to the public. Mining statutes, standards and guidelines will be reviewed to take care of the developments that happened in the mining industry over the years. The programme will promote standardised mine closure, which includes mine closure surety and mine closure guidelines.

SECTOR: AGRICULTURE

INTRODUCTION

9.222 The sector has two major components; livestock and arable production. Agricultural production is based on the traditional, subsistence-oriented systems, with limited commercial activities for both crops and livestock. Poor infrastructure, and difficult production and market conditions, hinders improvements that could lead to the growth of the sector. Only 45 percent of farmers have access to roads, 17 percent to electricity, 22 percent to telecommunication, 64 percent to water for

livestock, 66 percent to water for domestic use, 39 percent to grain storage, 52 percent to markets and 54 percent to sanitation. This has resulted in slow agro-industrial and supply chain development that is needed to drive the growth of associated subsectors, such as food processing, transport and manufacturing.

9.223 As a consequence of low and erratic rainfall, and relatively poor soils, arable production is predominantly a high risk and low input, rain-fed system of low productivity. The production of cereal grains

(mainly sorghum and maize) varies considerably from season to season, dependent almost entirely on rainfall, with an annual mean production of 46,000 tonnes, but fluctuating from 8,200 to 175,000 tonnes. Crop production continues to experience limits on its growth posed by recurring drought, poor management, inadequate arable land, ageing farm population, inadequate market access and marketing facilities, and inadequate use of improved technology.

9.224 About 70 percent of rural households derive part of their livelihoods from agriculture. Crop production is mainly based on rain-fed farming. The crop industry is dominated by small traditional farms, with an average size of five hectares. About 63,000 arable farms fit under this category, while only 112 farms are larger than 150 hectares.

9.225 There are signs that crop production and productivity have been declining, despite the growing population. Cereal productivity ranges from 300kg/ha for small-scale subsistence farmers to 2,500 kg/ha for commercial farms. There is need to improve the performance of the arable subsector to reduce the high levels of food import, abandonment of arable agriculture, rural-urban migration and poverty, and to enhance its potential to create employment. The majority of small scale farmers lack the necessary inputs for improving production and timely execution of farm operations. It is, therefore, important to assist them with essential implements and inputs, such as fertilisers and seed.

9.226 The availability of treated waste water in major cities and villages provides a

good opportunity for developing its use for irrigation, as a long term drought mitigation strategy.

9.227 The main livestock species are cattle, small stock (goats and sheep) and poultry, with populations of about 2-2.5 million, 1.5 million and 31 million, respectively. Livestock populations have fluctuated over time due to high mortality caused by recurring drought, pests and diseases.

9.228 Because of the constraints listed above, agriculture is characterised by low productivity and its output has exhibited little upward trend over the years. Despite the challenges, there is potential for improvement to increase the sector's contribution to GDP, to help alleviate poverty, to create employment and improve food security at the household level.

REVIEW OF NDP 9

9.229 At Independence, agriculture contributed 40 percent of GDP and 27 percent of formal sector employment. By 1988, the sector's contribution to both GDP and formal sector employment had declined to about 4 percent according to the National Policy on Agricultural Development (1991). This was mainly due to the emergence of other sectors, notably, the mining sector, from which the country realised around 80 percent of its export earnings. Except for beef and poultry, Botswana is currently a net importer of most agricultural products. Beef provides 80 percent of the sector's contribution to GDP, which is currently at 1.7 percent of total GDP, after continuing decline in the past ten years (Table 9.5).

Table 9.7: Agriculture Contribution to GDP (%)

	1997/98	1999/00	2001/02	2003/04	2005/06	2006/07	2007/08
Agriculture	3.4	2.4	2.2	2.2	1.8	1.8	1.7

Source: CSO, National Accounts

9.230 Production of other non-cattle livestock contributes minimally to the national food requirements, with small stock and pig production contributing 2 percent and 20 percent respectively, while ostrich production is almost nonexistent. Dairy production is in its infant stage with dairy products (fresh milk, milk powder and other products) contributing only 3 percent of the national requirements.

9.231 Although livestock, particularly beef cattle, have played a dominant role in the sector, beef exports have not reached the

annual EU Cotonou Agreement quota that offers preferential access to EU markets for Botswana beef of 18,916 tons/annum. The average fulfilment in the last ten years has been 63 percent, the lowest being during 2006 (Table 9.8). This occurred despite efforts to improve herd quality by cross breeding that was promoted through subsidised artificial insemination. The decline in export figures since 2001 is attributed primarily to low prices, an issue which was addressed by changes in the price formula in 2008.

Table 9.8: Quantity of Beef Exports to the EU (Tonnes)

	1997	2001	2003	2004	2005	2006	2007
Chilled Meat	5,075	8,118	5,376	4,692	4,198	2,986	1,119
Frozen Meat	8,432	8,110	3,825	5,433	3,375	3,140	5,336
Total Exports	13,508	16,228	9,201	10,125	7,574	6,127	6,455
Percentage Quota Fulfilment	71	86	49	54	40	32	34

Source: Botswana Meat Commission Reports

9.232 Over the years, Botswana has been able to maintain access to lucrative international beef markets, due to compliance with sanitary and phytosanitary requirements of the export markets. One of the major constraints to increased livestock production and access to these markets is the threat of trans-boundary and wildlife-transmittable animal diseases, such as Foot and Mouth Disease (FMD). Prevention and timely control of these diseases continues to be a challenge for the sector.

9.233 During NDP 9, arable production remained predominantly subsistence in nature, mainly carried out by small-scale farmers. The exception is a small number of commercial farms in Pandamatenga that contribute about 80 percent of the domestic production of cereals.

9.234 The key problem of inadequate record keeping at farm level was addressed through capacity building of farmers and extension staff on record management, with technical assistance from the UN Food and Agricultural Organisation (FAO) and the

Commonwealth Secretariat. On-farm record books for various enterprises and a brochure on ‘*Importance of Record Keeping*’ were developed; and some farmers have started using them. The Ministry has also been involved in assisting farmers with the development of business plans and assessing agricultural business proposals for financial assistance by CEDA.

Livestock Production

9.235 The productivity of cattle and small stock failed to reach the target levels set for NDP 9, as measured by calving and mortality levels, off-take and milk production. However, some progress was made in increasing calving percentages of both traditional and commercial farms, and reducing mortality in traditional farms compared to NDP 8 (Table 9.9).

Table 9.9: Livestock Performance Targets for NDP 9

Commodity Parameters	NDP 8 (Actual)	NDP 9 (Target)	NDP 9 (Actual)
Cattle			
Calving Percentages			
Traditional Farms	50%	70%	58%
Commercial Farms	51%	70%	59%
Off-Take Rates			
Traditional Farms	10%	15%	9.5%
Commercial Farms	14%	20.9%	12.5%
Mortality			
Traditional Farms	12%	5%	9%
Commercial Farms	4.5%	4%	5%
Smallstock			
Kidding Percentage	100%	150%	79%
Off-Take Rate	8%	30%	8%
Mortality Rate	36%	15%	22%
Milk production(Litres /cow/lactation	2000	4000	2900
Poultry (meat and eggs as percentage of national requirements)	98%	100%	98%

Source: Viability and Long Term Development Strategy for Livestock Subsector, March 2006, and Ministry of Agriculture 2009.

9.236 Progress was made in providing livestock marketing infrastructures, such as the Botswana Ostrich Abattoir and its approval for exports, establishment of the Dibete Ostrich Multiplication Unit, construction of loading ramps and livestock marketing centres, expansion of the National Animal Breeding Laboratory, construction of milk collection centres (one completed at Pitsane), construction of the Lobu Small Stock Field Station phase one, and staff

houses for the Kang Indigenous Chicken Project.

9.237 The implementation of the Livestock Identification and Trace Back System was started in 2000 as a requirement for export to the European Union. Processing of livestock movement permits and other transactions, such as change of cattle ownership, logging of vaccinations and

livestock census at national level, were continued. The revised Meat Industries Act was passed in July 2007 to harmonise inspection regulations of meat products for slaughter facilities countrywide, and to transfer the regular meat inspection mandate to a single authority, the Department of Veterinary Services.

9.238 Tsetse-fly was successfully eradicated from more than 25 000 km² of the Okavango Delta using aerial spraying. The spraying was extended to some portions of Namibia, Angola and Zambia in order to minimise chances of re-invasion from neighbouring countries. Privatisation of some services provided by the Livestock Advisory Centres (LACs) started in July 2004, with Gaborone, Lobatse and Francistown LACs stopping the sale of livestock feeds and veterinary equipment. The exercise was extended to twelve other LACs in major villages in December 2004.

9.239 As mentioned, livestock production was hampered by persistent outbreaks of FMD and other trans-boundary diseases, such as Newcastle Disease. Recurring drought also caused high livestock mortality. Inadequate slaughter and packaging facilities for poultry were a major constraint

for small scale producers. Commercialisation of the livestock industry remains a challenge, with the majority of farmers failing to adopt new technologies to support new initiatives, such as weaner production and stud breeding.

Crop Production

9.240 Domestic cereal production failed to make an impact on national requirements. Horticultural production improved substantially, showing an increase in productivity, and raising its contribution to national requirement from 24 percent in 2004 to an average of 40 percent over the rest of the Plan period (Table 9.10). The improvement is attributed partly to the establishment of farmers associations across the country who received effective training and demonstration.

9.241 The performance of arable farming is still constrained by small farm size, inadequate water resources, recurring drought, poor drainage in certain areas, poor soil and crop management and non-affordability of critical inputs, such as seed, fertiliser, and pest and disease control requisites.

Table 9.10: Production of Cereals and Horticulture during NDP 9 (Metric Tonnes)

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Cereals						
National Demand	148,000	196,000	190,000	191,000	177,672	200,133
Annual Production	41,000 (27.7%)	24,000 (12.2%)	34,000 (17.9%)	27,000 (14.1%)	43,000 (24.2%)	33,841 (16.9%) (provisional)
Deficit	107,000	172,000	156,000	164,000	134,672	166 292
Horticulture						
National Demand (Mt)	67,000	69,000	70,000	71,000	74,000	75,000
Average Production/ha	30	31	35	38	35	38
Annual Production	16,000 (24%)	18,000 (27%)	31,000 (44%)	38,000 (53%)	38,000 (51%)	39 000 (52%)
Deficit	51,000	51,000	39,000	33,000	36,000	36 000

Source: Department of Crop Production Annual Reports

9.242 The NAMPAADD focused on the commercialisation of the agriculture sector through technology transfer and application. It established three Production and Training Farms (PTFs) at Glen Valley, Dikabeya and Ramatlabama to provide practical skills training in arable production to both extension staff and farmers. The PTFs also served to demonstrate the economic viability of recommended technologies in modern farming. However, there was minimal impact from the demonstrations because of the high cost of recommended technology.

Horticulture, Land and Water Development and Management

9.243 Two major horticulture irrigation schemes were developed at Glen Valley and Dikabeya on 263 hectares of land. These projects, in addition to many others owned individually by farmers, have increased land available to horticultural production nationwide to 3,000 hectares.

9.244 The Tonota Fruit Tree Nursery was established and started production of fruit tree seedlings in 2008/09. During the initial stage, the nursery will supply 7,000 assorted

fruit seedlings per annum, which will cover the current demand of about 6,000 seedlings per annum. The supply will be increased to 15,000 seedlings per annum when it is expected to meet the estimated demand of the NDP 10 Plan period.

9.245 Some agricultural land has been lost to other uses, mainly for town and urban village development. In 2000, Government directed that all land with potential for agriculture production be identified and gazetted in order to conserve it for current and future use. A total of 2.1 million hectares (ha) of agricultural land was gazetted during NDP 9. Out of this, 579 leasehold farms were demarcated, 343 were allocated and 154 developed. Of the 627,000 ha of arable land mapped during the period under review, 407,000 ha are located on suitable soils. The process of land gazetting will continue during NDP 10.

Plant Protection

9.246 Pests, diseases and weeds continued to be a major impediment to crop production. Two major outbreaks of corn

crickets were experienced during NDP 9, resulting in substantial damage to crops. The Integrated Pest Management approach was employed to control various pests. Quelea birds were controlled using conventional control methods, such as chemical sprays.

9.247 During NDP 9, the Plant Protection Act of 1959 was reviewed, paving the way for the Plant Protection Act of 2007. The Act was part of the plan to improve provision of phytosanitary services. Implementation of the Agrochemicals Act of

1999 began during the period under review, and 394 agrochemicals were registered, the primary objective being to protect human health and the environment from the adverse effects of agrochemicals.

Honey Production

9.248 During NDP 9, domestic honey production increased from 1.2 metric tonnes in 2004 to 5.9 metric tonnes in 2008. Yearly fluctuations (Table 9.11) are due to poor forage in some years.

Table 9.11: Honey Production (Metric Tonnes)

Year	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Target	2.6	5	6.5	8	10	12
Production	1.2	5.9	5.3	8.4	5.9	n.a

Source: Department of Crop Production Annual Reports

Agricultural Business and Trade

9.249 During NDP 9, Government participated in negotiations for trade agreements at regional and multilateral levels that offered improved market access to Botswana producers. The European Free Trade Association (EFTA) offers products from the Southern African Customs Union (SACU) duty and quota free access with flexible rules of origin. The SACU-US Trade, Investment, Development and Cooperation Agreement provide the framework for formal interaction between parties regarding investment and development aspects. The SADC-European Economic Partnership Agreement offers duty and quota free market access to all products (agricultural and industrial goods). The SACU-Common Market of the Southern Cone (MERCUSOR), on the other hand,

provides for market access to some horticultural products, canned fruits, animal breeds and equine meat.

Cooperatives Development

9.250 During NDP 9, Government participated in the development of the National Cooperative Policy which seeks to guide co-operatives on initiating economically viable and sustainable enterprises. A study on Organisational Development in Cooperatives and Agricultural Management Associations was completed during the period and its recommendations will be used to address the problems inherent in group-based commercial activity. The economic and financial viability of establishing a central market in Gaborone was conducted and indicated that there was potential for positive outcomes. The market was established and is now operational. This market is intended to also use the non-

operational horticultural markets established in the early NDPs as satellites and assist in making them operational. Similarly, livestock marketing facilities, developed during NDP 9 with a view to increased off-take, will also be made operational during NDP 10.

Agricultural Research and Technology Development

9.251 During NDP 9, this programme released about 80 percent of the technologies intended for development. These included varieties of cereal, fodder and grain legume, crop management and chemical control methods for problem weed species (such as *Cynadon* and *Datura*), stocking rates for some of the rangelands and fabrication of some basic equipment for use by small scale farmers, such as planters and ploughs. Collection of plant and animal genetic resources was undertaken, serving to initiate animal species conservation. Improvements were made in the turn-around time for laboratory analysis, and local seed production continued to meet requirements even in years of drought. The completion of regional infrastructure allowed for the decentralisation of research activities to the Western, Francistown and Ngamiland agricultural regions.

STRATEGIES FOR NDP 10

9.252 As mentioned, the agricultural sector contribution to GDP has declined over the years from 43 percent in 1966 to 1.7 percent in 2006/7. Though the sector only provides 2.9 percent of formal private sector and parastatal employment, it still plays a significant role in rural livelihoods and in informal employment. The two main components of the sector, livestock and

arable production, are still based on traditional communal and subsistence farming systems, with limited commercial activity. Poor levels of infrastructure and agro-industrial development perpetuate the low input, low management rain-fed systems typical of the sector. Consequently, agriculture is still characterised by low productivity and production. In view of this, current agricultural policy objectives address food security, diversification of the production base, increased output and productivity, employment opportunities, provision of a secure and productive environment and conservation of scarce agricultural and land resources.

9.253 The major constraints in the growth of the sector are farm fragmentation that makes provision of infrastructure expensive, inadequate resources, recurring drought, pests and diseases, non-affordability of critical inputs and low adoption of improved technologies. In the above context, the sector goals, expected results and strategies during NDP 10 will be as follows:

- Goal 1: To facilitate the growth and competitiveness of the agricultural sector in the economy;
 - Goal 2: Enhance farmers' capability and willingness to use resources in a sustainable manner and ensure prudent use and management of rangeland resources; and
- Goal 3: Provide requisite human resource needs in the agricultural and related sectors.

Support to Household Food Security and Small, Micro and Medium Size Enterprises

9.254 This strategy is aimed at enhancing production levels and sustaining livelihoods for small scale farmers in rural areas. Small scale farming is important for rural

livelihoods, household food security and poverty alleviation, and also for the development of SMME agricultural enterprises and cooperatives in both rural and urban areas. Small scale crop production is mainly carried out by women, but has potential for the participation of youth and marginalised groups. The strategy focuses on the provision of subsidised services, inputs, skills and the promotion of clustering through service centres to be distributed strategically across the country.

Commercialisation Based on Competitive Advantage

9.255 This strategy seeks to promote commercialisation in areas of competitive advantage, and recognises the potential key role played by private investment in increasing agricultural production. Large scale commercial cereal and oilseed production takes place in the southern Pandamatenga area, with more labour intensive horticultural production taking place around Kasane, in the Tuli Block and other locations with water availability. Attention during NDP 10 will focus on the potential for irrigated production in the northern Pandamatenga area and in areas bordering new dams, such as those at Thune and Lotsane.

9.256 Government will strive to provide the conditions to attract private investment through provision of infrastructure such as roads, electricity, water and telecommunications and technology necessary to enhance productivity and production.

9.257 Government will facilitate access by farmers to credit, markets and insurance, and will continue to support genetic improvement through crossbreeding, and by hiving off services currently provided by government to the private sector. Analysis to

investigate the technical and economic viability of investment in technological development, and in the areas of bio-fuel and bio-technology and value addition, will be carried out.

Pest and Disease Management Strategy

9.258 Around 40 percent of households continue to own cattle. Herd size distribution analysis from 2000 indicated that about 40 percent of smallholder farmers owned between 1-40 cattle. Unlike cattle, small ruminants (sheep and goats) cope well during drought years and are critical for drought mitigation in a country prone to drought like Botswana. The majority of small ruminants are kept by small farmers and their sales and home slaughter are estimated at about 58 000 and 80 000 annually, respectively.

9.259 FMD and other animal diseases continue to pose a threat to growth and profitability of the livestock subsector. This strategy aims to put in place measures that ensure that major diseases and pests are kept at manageable levels to prevent loss of produce and ensure continued access to international markets. This will be attained through the establishment of buffer zones along FMD high risk areas, as well as effective management and monitoring tools for disease control.

9.260 This strategy will seek to improve the response to the outbreak of pests, such as the *quelea* bird, rodents and locusts largely responsible for substantial crop yield losses, and to ensure environmentally friendly methods are used.

Institutional Capacity Building

9.261 The extension system, which provides advice to farmers, is currently very

deficient. This strategy is aimed at building institutional capacity. This will include skills development and technology transfer, and strengthening farmer associations to enable them to lobby for policy to ensure that technology development is demand driven. Other initiatives will include decentralisation of key services and manpower to the farming communities to ensure that there is readily available support. Efforts will also be made to focus on skill development for agricultural professionals according to the market demand.

Conservation of Agricultural Resources

9.262 Sustainability of agricultural resources, such as soil, range, genetic resources, water, etc., depends on their good management and conservation. The strategy seeks to sensitise and empower farming communities to manage these resources efficiently and to undertake the rehabilitation of degraded areas. The strategy will seek to indentify science based understanding of indigenous knowledge associated with the use of local genetic resources, and to harness the benefits of intellectual property and associated rights according to international agreements.

Sector Performance Matrix 9.3: Agriculture

Sector Performance Indicator	Goal	Key	Baseline:		NDP10 Period Targets						
			Year	Achievement	Year 1 (2009/10)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Goal: To facilitate the growth and competitiveness of the agricultural sector. KPI: Agriculture % contribution to GDP			2008/09	1.7	1.7	1.7	1.8	1.9	2.0	2.1	2.2
Goal: Enhance farmers' capability and willingness to use resources in a sustainable manner KPI: Additions to rehabilitated area (ha)			2008/09	8,600	2,000	4,000	6,000	8,000	1,000	1,200	1,400
Goal: Provide human resource needs in agriculture and related sectors KPI: Level of skilled agric labour force - % of total			2008/09	50	51.4	52.8	54.2	55.6	57.0	58.4	60
Other Performance Targets											
Outcome: Increased horticultural production KPI: % of domestic horticultural production to national demand			2008/09	40% of domestic demand (30,000 tonnes)	45	50	55	60	65	70	80 (194,250 tonnes)
Outcome: Increased cereal, oil seeds and legumes production KPI: % of domestic production to national demand			2008/09	15% of domestic demand (38,000 tonnes)	20	25	30	35	40	45	50 (127,000 tonnes)
Outcome: Increased beef production KPI: Off-take rate % age			2008/09	10% on average	10.5	11	11.5	12	13	14	15
Outcome: Increased small stock production KPI: Off-take rate %age			2008/09	5%	5.8	6.7	7.5	8.3	9.1	9.9	10
Outcome: Increased poultry production KPI: tonnage of poultry products (000 tonnes)			2008/09	65.0	66.0	67.2	68.2	69.2	70.3	71.4	71.5
Outcome: Increased sale of agricultural products KPI: % growth in sales value of selected products over base year			2008/09	P575 million	5%	15	27	32	37	38	40
Outcome: Availability of improved technologies and services KPI: Number of technologies released			2008/09	48	2	4	3	4	3	2	3
Outcome: Improved service delivery KPI: Customer satisfaction %			2008/09	60%	63	66	69	72	75	78	80

SUMMARY OF PROGRAMMES

Arable Agriculture Development Programme

9.263 The availability of treated waste water in major cities and villages provides a good opportunity for its use in irrigation as a long term drought mitigation strategy. The majority of small scale farmers lack the necessary inputs for improving productivity and timely execution of farm operations. It is important to assist them with essential implements and inputs such as fertilisers and seed. The programme provides for the development of horticultural production, irrigation schemes, use of waste water for production and rain-fed cereal and legume production and support to farmers to improve their productivity. Specifically, the programme seeks to improve productivity under irrigated and rain-fed agriculture to commercial levels through technology transfer and application. The Government will establish Agricultural Service Centres, equipped to provide farm machinery, implements and input support to the farming community and, where feasible, cluster fields will be provided with potable water.

Livestock Development Programme

9.264 The programme has components for improving the quality and quantity of beef and dairy cattle, small-stock, poultry and pigs. It will assist farmers to develop basic infrastructure for farming and purchase some of the inputs. The programme also seeks to support the development of the poultry (chicken and ostrich) supply chain through establishment of chicken abattoirs and parent breeding stock facilities. On dairy, a nucleus herd to supply dairy farmers with breeding stock and strengthening of technical and management skills of farmers

and extension officers will improve the performance of the subsector.

Livestock farmers will be assisted with drilling and equipping of boreholes in areas where finding water is a problem and resource-poor farmers will be assisted through the supply of start-up stock for small-stock and poultry.

Agricultural Business Development Programme

9.265 It is important to develop the livestock industry supply chain through:

- Increasing cattle off-take (throughput at processing plants) by removing supply barriers posed by the requirements of veterinary and police permits and transport logistics between the markets and the production areas;
- Improving product quality consistency (to better meet customer needs); and
- Reducing the seasonality of supply (to improve base load production levels).

9.266 The programme develops strategies for the growth of the agricultural industries and monitors and evaluates the economic performance of the sector. The policy is to liberalise beef markets and expand the export base of agricultural products. It is also intended to build capacity to analyse, provide negotiating support on trade policy, and to monitor its implementation. Capacity building in organisational, business management and technical skills for farmers will be provided through this programme. Facilitating market access through infrastructure development in production areas is one of the core programme objectives.

National Plant and Animal Health Regulatory Services Programme

9.267 Botswana exports beef to markets that require products of a high standard, with premiums paid for high quality. Global trade requires management of risks posed by the spread of plant and animal diseases, quality control of agricultural products and food safety. About 10 percent of animals that reach BMC have measles, reducing annual export earnings by about P50 million. It is, therefore, important to train beef cattle farmers on the public health risks and their negative impact on revenues. The programme focuses on building infrastructure and capacity to manage risks associated with animal and plant pests and diseases, on ensuring food security and the safe use of genetically modified organisms. In addition, measures will be put in place that will boost consumer confidence with regard to food of animal and plant origin.

Agricultural Research and Technology Development Programme

9.268 Low adoption of production enhancing technologies is also a challenge to farmers as their applications are sometimes expensive and require import of inputs, such as seed and chemicals. Recently, farmers have been demanding improved hybrid cultivars, machinery to substitute for scarce agricultural labour, and other modern technologies that can intensify agriculture and reduce the risks of adverse weather.

9.269 The programme will develop appropriate technologies to mitigate production constraints, in particular, the

negative impacts of the harsh environmental conditions. The provision of services, such as soil and plant analysis, seed production, conservation of animal and plant genetic resources under the programme, ensures sustainability of production resources. Research and development is useful for policy development, educational purposes and agricultural industry development.

Support to Enhance Service Delivery Programme

9.270 For effective extension service delivery, it is important to improve employee capabilities and information flow on technologies generated by research. The programme is meant to improve the work place environment and equip extension workers with cutting edge technology to enhance information exchange.

9.271 The programme has four components, viz.: fleet expansion, computerisation, office and residential facilities and research support. Specifically, it entails development of information technology infrastructure to enable staff in outstations to access IT services. It will purchase vehicles for extension officers so that they can improve farm visitation and improve their work environment through construction of integrated offices and residential facilities. The research support is a technical development programme that supports arable and livestock production.

SECTOR: TOURISM

INTRODUCTION

9.272 Tourism is a major global socio-economic sector and one of the leading components in international trade. The World Travel and Tourism Council (WTTC) have estimated that the travel and tourism industry accounts for 76.1 million jobs worldwide and it is projected that by 2017 these will rise to 86.6 million. Globally, its total economic activity is expected to contribute around US\$7,060 billion annually.

9.273 In Botswana, travel and tourism provides 23,000 jobs. This refers to those employed directly in tourism transport, accommodation, food and beverages, recreation, entertainment and travel services. It excludes the wider travel and tourism linked activities in agriculture and manufacturing. In 2007, economic activity generated directly by travel and tourism was estimated at P 9.9 billion. This includes local incomes and contributions to government revenues.

9.274 In the decades after Independence, tourism in Botswana developed in a rather uncontrolled manner. To address this, Government developed a Tourism Policy (1990). As the sector grew, it became evident that the traditional approach had become outmoded. The industry faced issues of increased regional competition, citizen participation, etc. There was, therefore, a need to review the policy. Botswana accordingly adopted a “high value-low volume” model which has served the country well in the past twenty years, both in terms of generating tourist numbers, but especially in terms of preserving the product and ensuring it remained unspoiled.

9.275 The “high value-low volume” strategy avoids having an excessive number of tourists in a given tourist area by the judicious use of price (through park entry and camping fees and the high price of concessions) and the assurance of quality, offering a unique nature experience, but without compromising the integrity of the resource. It has, however, been found to be restrictive. The Tourism Master Plan of May 2000 recommended a modified “high volume-mixed price” strategy. This strategy would enable potential tourists to choose from a wider variety of affordable tourism products within the country.

9.276 The Tourism Policy will be reviewed to set the scene for accelerated tourism growth and a vibrant, globally recognised tourism industry. Product diversification will help to broaden the tourism base and spread tourism to more geographical regions, thereby increasing citizen and community participation, and, consequently, employment creation and income.

9.277 Given the drive toward economic diversification, there is need for a systematic approach towards the product and geographical diversification of Botswana tourism. It needs to be championed at the highest level if its potential is to be fully realised, with the country’s leaders taking every opportunity to highlight its importance. This should be part of the conscious campaign to publicise the strategic role and benefits of tourism, not just to influence decision makers within government, but also to stimulate a more positive perception across the wider public. Tourism activities, which are largely private sector based, are affected by many government policies, e.g., for infrastructure, land allocation, immigration and education.

9.278 Key activities undertaken by Botswana's Tourism Board and the Department of Tourism (located in the Ministry of Environment, Wildlife and Tourism) are:

- Ecotourism – to develop the tourism product, and facilitate meaningful participation of local communities, while ensuring environmental sustainability.
- Marketing – promotion and marketing initiatives have intensified to enhance the competitive advantage of Botswana as a premier tourist destination. International marketing representatives have been appointed in major source markets such as Germany, UK and USA. The Botswana Tourism Board participates in major international tourism promotional events and promotes domestic tourism.
- Quality Assurance – grading and classification of tourist facilities and development of grading standards for other sectors, e.g., mobile safaris, conference facilities.
- Research and Statistics – the development of the Tourism Satellite Account (TSA) quantifies all aspects of travel and tourism demands, from personal consumption to business purchases, capital investment, government spending and exports. It then translates this information into economic measures of production, such as GDP and employment.
- Licensing and Inspection – the Department of Tourism continues to inspect and license tourist enterprises.

Prior to licensing of enterprises, an inspection is carried out to ensure compliance with tourism regulations.

- Tourism training levy – to upgrade skills of frontline staff in the tourism industry. A tourism training levy fund is managed by a committee comprising members from the public and private sectors.

REVIEW OF NDP 9

9.279 During NDP 9, 18 new sites for tourist lodges were identified. These sites are at various locations within the National Parks and Forestry Reserves, including the Chobe Forest Reserve, Makgadikgadi and Nxai Pans Park, Central Kalahari Game Reserve and the Kgalagadi Transfrontier Park.

9.280 It is envisaged that more sites will be availed to investors, particularly in Wildlife Management Areas. In addition, 39 existing camp sites throughout the National Parks and Game Reserves are set for privatisation, and some have been put to tender. While privatisation may not add to the existing inventory of facilities, it is anticipated that private sector managed facilities would improve the standard of facilities and contribute to an increase in visitor arrivals.

9.281 Table 9.12 provides a breakdown of licensed facilities in the country. Since 2003, there has been strong growth of citizen owned establishments due to the reservation of certain establishments (e.g., guesthouses) to 100 percent citizen owned companies.

Table 9.12: Ownership Structure of Licensed Tourist Enterprises

Ownership structure	2002	2003	2004	2005	2006	2007	2008
Citizen	178	202	225	223	254	290	296
Joint-Venture	116	135	138	129	129	132	135
Non-Citizen	14	168	179	170	177	177	177
Total	442	505	542	522	560	599	608

Source: Department of Tourism

As indicated in Table 9.13, there has been particularly strong growth in the accommodation sector where there is reservation of guesthouses/bed and breakfast facilities to 100 percent citizen

owned companies. The bed and breakfast/guesthouses cater for both domestic and regional markets, low budget international tourists in transit to tourist attraction areas, and for conference attendees.

Table 9.13: Category of Licensed Operations

Category	2002	2003	2004	2005	2006	2007	2008
Accommodation	271	322	353	349	365	384	400
Mobile Operator_a/	134	140	143	135	149	164	158
Travel Agency	37	43	46	38	46	51	50
Total	442	505	542	522	560	599	608

a/ A tourism enterprise or operation that offers facilities off site only, such as safari or tour operators, and any enterprise that receives and transports travellers and guests.

Source: Department of Tourism

9.282 The development and marketing of two pristine destinations, namely the Okavango Delta and the Chobe, has received the most concentration, with successful results. Kasane/Chobe could have yielded much better results were it not for air access limitations, which in recent years has given Livingstone, Zambia a competitive advantage. To date, there are at least four direct flights per day between Johannesburg and Livingstone.

9.283 Due to the eco-sensitivity of these two prime locations, management plans are in place to control carrying capacities for sustainable tourism. As a result, the marketing strategy for these two areas has focused on promoting 'high value - low volume tourism'. The Botswana Tourism Master Plan highlighted that Botswana should adopt multi-faceted strategies for other geographic locations (modified high volume/mixed price). For instance, in areas that are not eco-sensitive, such as cities, villages, some parts of the Central Kalahari Game Reserve, the Kgalagadi Transfrontier National Park, etc., higher

volumes could be targeted at medium to lower prices.

Tourism Statistics

9.284 The WTO defines "Tourism" as activities of persons travelling and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. A "Tourist" refers to any person travelling to a place other than that of his or her usual environment for less than twelve consecutive months and whose main purpose of the trip is other than the exercise of an activity remunerated from within the place visited. It follows that direct tourism consumption refers to consumption of goods and services linked with movement of tourists, e.g., tourism accommodation, travel organisation services, etc.

9.285 The "Tourism Satellite Account (TSA)" is a set of accounts and tables based on the methodology of National Accounts, which presents different tourism economic parameters for a given reference date. These tables refer to different variables, both for tourism supply and demand. A TSA for Botswana, which identifies the value-added arising from tourism, was developed in a report published in September

2007. The report highlighted the situational analysis of travel and tourism's current contribution to the Botswana economy. It also made policy recommendations for Botswana's tourism to reach its full potential. The report also projected Botswana's tourism growth up to 2017. The following are the highlights of the report.

9.286 The number of tourist arrivals in Botswana in 2005 was just under two billion, representing an average annual growth of 13.7 percent since 1995, compared to the World and Sub-Saharan Africa average growth of 4.3 percent and 4.5 percent, respectively (Table 9.14). The vast majority of tourists visiting Botswana arrive by road. In 2005, more than 95 percent of total arrivals were by road, with South Africa accounting for 39.5 percent followed by Zimbabwe at 32.9 percent. The growth is due to the

uniqueness of the product offered and the fact that the tourist areas are not congested.

Table 9.14: Tourist arrivals by Percent Growth

Arrivals	Botswana	Sub Saharan Africa	World
Average Growth	13.7%	4.5%	4.3%

Source: World Travel and Tourism Council

Table 9.15: Actual Tourist Arrivals in Botswana

Year	1995	1999	2005
Arrivals	521,021	843,314	1,988,027

Source: Department of Tourism

9.287 In 2005, the average expenditure per foreign tourist was USD178 with expenditure per day averaging US\$54 (Table 9.16). The average length of stay in Botswana was 5.6 nights.

Table 9.16: Average Expenditure per Foreign Tourist per Day

Expenditure Average Per Day	Business Tourist	Leisure Tourist	Visiting Friends & Relatives
	USD84.00	USD73.00	USD33.00

Source: World Travel and Tourism Council

9.288 The mode of transport usage in percentage growth per annum by 2005 was as follows: air (4.5 percent), road (95.4 percent), and rail (0.2 percent). The role of air transport is quite small. The numbers arriving by air have actually decreased over the years due to air access constraints and excessive air fares.

9.289 According to the TSA, "Travel and Tourism" contribute 10.6 percent of total employment and 16 percent of non-mining GDP. Total travel and tourism demand is forecast to average 5 percent growth per annum over the Plan period, exceeding that for the Sub-Saharan Africa and the global average. Achievement of these forecasts is

dependent on the realisation of projects such as airports infrastructure, and deriving the best economic value from FIFA World Cup 2010, from the No. 1 Ladies Detective Agency movie book series, and tourism diversification development projects. The FIFA World Cup 2010 teams in Botswana will facilitate Botswana's exposure in the international media, thus saving money that would otherwise have been spent with international advertising agencies.

SECTOR STRATEGIES

9.290 The challenges that face the Botswana Tourism industry are:

Product development and geographical diversification;

- Marketing intensification;
- Infrastructure development;
- Regional competition;
- Citizen participation in tourism as investors;
- Improved service delivery;
- Domestic tourism;
- Enhancing the image of the country.

9.291 In order to address the above challenges, Botswana's tourism should adopt the following strategies.

Product Development and Diversification Strategy

9.292 While there is some evidence that product diversification is taking place, the process of diversification is slow. For Botswana to expand its market reach and share, there is need for further development, diversification and expansion of tourism attractions and experiences. Substantial and sustainable development of tourism in Botswana requires the expansion of tourism products, either by increasing existing capacities and/or adding new products. New product segments will lead to the opening up of new regions for tourism, thus reducing the pressure on the northern part of the country. The identification of these regions will follow that of new products.

9.293 The promotion of citizen entrepreneurship in tourism, and the diversification of the tourism product from wildlife, will continue to be the main focus of the sector's development efforts. There will be more emphasis on community based tourism to widen the beneficiary groups. There is also need to pursue tourism linkages with industries such as mining and agriculture, through activities such as mine tours and cattle ranch stays.

9.294 As a way of diversifying the tourism product, a cultural and heritage tourism development programme will be initiated to expose visitors to local traditions, lifestyles and cultural resources. A National Eco-Tourism Strategy has been developed to support product diversification. The Strategy will ensure that the planning, development and management of tourism in Botswana by the Botswana Tourism Board is consistent with the concept of sustainability.

Capacity Building and Skills Development

9.295 Tourism success depends heavily on personalised service and hospitality. An appropriately skilled and educated workforce is a key success factor for tourism. A hospitality training school of international standard will be established in partnership with the private sector.

9.296 Citizen participation and involvement in the tourism industry will be encouraged and incentives introduced to promote local tourism ownership and entrepreneurship. It is proposed that tourism be introduced throughout the schools programme, with a special focus on the value of nature, wildlife and their sustainable use.

9.297 Through the Community Based Natural Resource Management policy, every

effort should be made to develop the capacity of local communities to plan, manage and benefit from their resource base. Joint ventures between local and foreign tourism entrepreneurs will be strongly encouraged.

Investment Promotion

9.298 Foreign investment in tourism is highly valued and should be encouraged in synergy with efforts to promote local tourism ownership and entrepreneurship. In order to increase tourism investment and business expansion, the tourism sector will collaborate with existing financial institutions such as CEDA to establish financing and technical support for tourism enterprises. Currently, financial institutions do not support tourist related businesses strongly.

9.299 Consideration will be given to the establishment of a one stop point of entry for prospective tourism entrepreneurs where they will be able to submit business proposals and be directed to the relevant authorities.

9.300 Investment in tourism requires enhanced land use planning, for example, in the Makgadikgadi Pans and the Kgalagadi Transfrontier Park, highlighting land availability for tourism development. In collaboration with the Ministry of Lands and Housing, a tourism land bank will be considered to make suitable land available. This will offer convenience to prospective tourism investors as serviced land will be readily available to them.

9.301 There is need to diversify tourism investment geographically to reduce concentration on the fragile areas in the northern part of the country. This will benefit other areas and increase participation and involvement of local communities.

Marketing and Promotion

9.302 International marketing and promotion still present major challenges for the industry. Because of limited funds, Botswana's cannot compete effectively in the market lags behind its competitors.

9.303 International tourism competition is fierce. Competitor destinations are becoming increasingly equipped and skilled at expanding their market shares. Botswana will adopt an aggressive marketing approach to maintain and expand its market share. The Botswana Tourism Board has appointed overseas marketing representatives and continues to participate in world tourism events, including tourism fairs. Market research and intelligence will be improved for the country to remain in touch with global market trends. A tourism brand identity will be developed and applied as an overarching theme and visual identity to be used by all tourism stakeholders.

9.304 The promotion of domestic tourism has not yet yielded the expected results. Several factors are responsible for this, including inadequate awareness among locals about tourism. The relatively high costs of the industry make leisure travel unaffordable for most citizens, and account for the apparent lack of interest in promoting domestic tourism.

9.305 Domestic marketing with special emphasis on short breaks and weekend packages will be increased to encourage Botswana to explore their own country. Concessionary rates for citizens (which already exist in entry fees to national parks) should be introduced and marketed to promote domestic tourism. Public awareness and education campaigns should be intensified. Botswana should also be encouraged to visit other countries so that they become ambassadors of their country.

Planning and Regulation

9.306 The regulatory framework will need to be strengthened. Regulation of environmental management processes and practices will be developed. Tourism development plans and guidelines for all key tourism districts will be formulated. Tourism licensing and grading systems will be improved, streamlined and harmonised to avoid duplication and to focus on entry level requirements such as safety and hygiene.

Environmental and Cultural Resource Management

9.307 The concept of tourism sustainability enabling Botswana to benefit from their natural and cultural heritage, without compromising the ability of future

generations to do so, is fundamental in tourism development. Since pristine, authentic natural and cultural experiences are at the core of the tourism brand, Botswana will strive to become a world leader in natural and cultural resource management.

9.308 Therefore, responsible tourism practices will be promoted and businesses that employ such practices will be recognised. Environmental scoping will be conducted where land is allocated and promoted for tourism investment to ensure coverage of environmental sensitivities and reduce duplication of efforts by bidders. As mentioned, management plans are in place to control carrying capacities for sustainable tourism in the Okavango and Chobe due to their eco-sensitivity.

Sector Performance Matrix 9.4: Tourism

Sub sector Goal: To increase tourism contribution to the GDP from 5 percent to 12 percent.

Sector Outcome/ Output	KPI	NDP10 Period Targets							
		Achievement 2008/09	Year 1 (2009/ 10)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7 NDP 10 Target
Tourism Contribution to GDP	Share of GDP	5%	6%	7%	8%	9%	10%	11%	12%
Outcome 1: Increased Tourism Revenues	% increase in tourism revenues	5%	6%	7%	8%	9%	10%	11%	12%
Output 1: Diversified tourism products	No. of ecotourism enterprises	5	6	6	6	7	8	9	10
Output 2: Increased private sector involvement	% increase in private sector involvement & FDI	5.4%	6%	6.5%	7%	7.5%	8%	9%	10%
Output 3: Increased number of tourists	No. of tourists	1.9 ml.	2.3 ml.	2.3 ml.	2.5 ml.	2.5 ml.	3.0 ml.	3.5 ml.	4 ml.
Output 4: Increased job opportunities	No. of jobs created by tourism industry	23 000	26 000	29 000	32 000	35 000	38 000	41 000	30 000

Source: Ministry of Environment, Wildlife and Tourism

SUMMARY OF PROGRAMMES

Tourism Product Development and Marketing Programme

9.309 Botswana has diverse tourism products that need to be developed and marketed to diversify the country's economy. The tourism industry is currently predominantly based on wildlife and wilderness, whose concentration is in the northern part of the country. This presents great potential for diversification into other products, such as cultural and heritage tourism. To expand cultural and heritage tourism, community based initiatives will be strongly supported so that local communities become more involved in the travel and tourism industry. Local communities will be

encouraged to utilise natural resources in their areas and to be fully involved in the development and promotion of cultural tourism. The programme will benefit all types of tourists, i.e., domestic, regional and international. It will also benefit the local communities through their direct involvement in the tourism industry, venturing into tourism-related projects and by citizens being employed by the tourism enterprises. This will enhance appreciation of tourism as a concept and the conservation of natural resources. However, there is need for a deliberate policy effort to intensify skills development for tourism industry personnel and build capacity of community-based organisations that participate in tourism.

SECTOR: LABOUR

INTRODUCTION

9.310 The labour sector supports the attainment of sustainable economic growth through putting in place a set of laws, regulations and policies which fully embrace the principle of openness. Labour laws ensure harmonious and peaceful industrial relations, resulting in enhanced productivity and rapid socio-economic growth and development.

9.311 The Ministry of Labour and Home Affairs (MLHA) is responsible for labour administration services, which include labour inspections, trade disputes resolutions, social security protection, issue of residence and work permits, registration and placement of job seekers, promoting good industrial relations, occupational health and safety, and worker's

compensation. The sector seeks to promote harmonious industrial relations, one of the key elements necessary for creating a conducive business environment for foreign investors and professionals.

9.312 In recent years, the sector has been characterised by growth of trade unions in both the public and private sectors. This process was facilitated by the changing of labour legislation after the ratification of international labour standards in 1998. This has resulted in major changes in domestic law, especially since 2003.

REVIEW OF NDP 9

Labour Laws

9.313 Investors and other stakeholders have criticised Botswana's labour laws for being restrictive, thus making it difficult for investors to invest in Botswana. There is a concern that it is difficult to obtain work and residence permits in Botswana, and that this makes the import of foreign professionals difficult. In response to these concerns, the Government, in consultation with relevant stakeholders, has reviewed relevant laws, regulations, procedures and processes. As a result, the work permit processing period has been reduced from 6-12 months before December 2006, to 14 days. These measures have helped to reduce the delivery time for investors wishing to start businesses in Botswana, thus helping to create a more favourable environment for foreign direct investment inflows and rapid socio-economic growth.

9.314 With the adoption and implementation of computerisation projects and the establishment of a 'One Stop Investment Shop' at BEDIA, it is envisaged that the work permit processing time will be further reduced. Government will continue to review its labour legislation to ensure that labour laws create a conducive climate for business and entrepreneurial development.

9.315 The computerisation of the functions of the Department of Labour and Social Security has been initiated to address the processing of work and residence permits. Implementation will take place during NDP 10. The establishment of a second Immigrants Selection Board in Gaborone has also contributed to the reduction in the turnaround time for work permit processing. The planned decentralisation of labour administration services to sub-districts in Bobonong, Palapye, Ramotswa, and Kanye, to bring services closer to the people, has

been implemented. Satellite labour offices have been established in those locations, except in Palapye where a District Labour Office has now been established.

9.316 Changes were proposed in legislation, including proposals to merge work and residence permits. As a result, work and residence permits will be issued by one office, thus improving service delivery. Proposals were submitted to the Attorney General who has drafted the bill which is being finalised at the MLHA. Additional improvements are envisaged to help to reduce further the turnaround time.

Labour Unionisation

9.317 During NDP 9, there has been significant growth in unionisation of the public sector as a result of enabling legislation, namely the Trade Disputes and Trade Unions and Employers Organisations Act. This was meant to facilitate the right to organise and engage in collective bargaining arising from ratification of relevant international conventions. The Employment Act was also reviewed to protect workers' claims in the event of the insolvency of the employer. Before 2005, there were 29 unions, all in the private sector. Between 2005 and 2007, an additional 22 new unions were formed. Currently there are 54 registered trade unions, one federation of trade unions and one employers' organisation. Of the 54 trade unions, 34 are public sector, and 20 are private sector.

The Minimum Wage

9.318 The Revised National Policy on Incomes, Employment, Prices and Profits was amended in 2005 to introduce minimum wages for agricultural and domestic employees. The objectives of the revised policy are to moderate wage growth as a means of enhancing international competitiveness, to spread the benefits of development as widely as possible, and to

expand productive employment opportunities as a means of raising incomes and alleviating poverty, and minimising unemployment. It is proposed to conduct a study on the impact of minimum wage rate adjustments on employment levels, which will highlight the effects on both developmental and economic factors.

Labour Inspections

9.319 In the past, there has not been enough capacity to conduct a preventive programme of labour inspections, and there was weak coordination of labour inspections. To address this lack of coordination, a labour inspectorate division was established. Since a dedicated inspectorate for labour inspections is now in place, more inspections have been conducted, which has assisted in curbing and reducing trade disputes.

Trade Disputes

9.320 Improvements were made in the trade dispute resolution system in order to make it simple, prompt and more accessible. Most importantly, the changes in the system resulted in the establishment of a panel of mediators and arbitrators, and the introduction of arbitration as a method of resolving trade disputes. Mediation steps have been reduced from two to one, with the requirements for lawful industrial action outlined. As a result of these changes, the turnaround time for mediating trade disputes has been reduced from six months to 30 days.

9.321 The amendment of the Trade Disputes Act in 2004 provided for the Industrial Court to have jurisdiction over industrial disputes involving public officers. This led to an increase in the number of cases that were received and to an increased backlog. The expansion of the jurisdiction of

the Court to hear cases which could not be mediated within 30 days exacerbated the problem of a backlog of cases. The Court, on average, registered 150 cases a month against the disposal of 20 cases per month. There was a shortage of court rooms, which would be addressed by the new Industrial Court building which is now complete. However, data switches are to be installed before the building can be occupied. With the additional courtrooms, it is expected that the backlog will be reduced.

Child Labour

9.322 The Labour Force Survey of 2005/06 indicated that around 38,000 children (aged 7 to 17) were engaged in economic activities. Most of these were found to be in the agricultural sector. Child labour can be harmful and often interferes with education of the children. A multi-sectoral approach to implement the Child Labour Action Plan has been adopted by the relevant Ministries. The first phase of the Elimination of Child Labour Project started in 2004 and ended in 2008. The second phase to deal with the Action Plan commenced in 2008. The action programme on the elimination of child labour has been adopted by relevant stakeholders, and a new phase to the project was launched in October 2008 to implement the action programme.

STRATEGIES FOR NDP 10

9.323 The sector goal for NDP 10 is to improve industrial relations and enhance social harmony. This is to be done through:

- The strengthening of the labour inspection system;
- Strengthening of social dialogue structures (i.e., the forums that enable employers, government and trade unions to discuss matters of common interest in relation to employment issues);
- The planned establishment of an independent dispute resolution service;

- The review of labour laws;
- The implementation of an action programme on the elimination of child labour; and
- The development of an HIV/AIDS and employment policy.

9.324 The proportion of national coverage in terms of labour inspections, trade disputes and turn-around time will be used as performance indicators.

Labour Administration

9.325 Computerisation of the labour administration system is planned during NDP 10 to improve service delivery. Although the provision of the Trade Dispute Act requires that trade disputes should be settled within the legislated 30 day period, the Department of Labour continues to explore alternative dispute resolution mechanisms (mediation and arbitration) to assist in reducing processing time of disputes.

9.326 Consideration will be given to making the dispute resolution function autonomous. This means establishing a dispute resolution system to replace what is currently done by Industrial Relations Officers and part-time mediators and arbitrators from the private and parastatal sectors. Government, in partnership with the private sector, plans to create a new institution to deal with such matters, but outside government. This is imperative because public officers now have the right to report their trade disputes in the existing trade disputes resolution system. The current arrangement, where public officers mediate and arbitrate trade disputes emanating from public officers, brings into focus issues of impartiality and fairness. The number of trade dispute cases being registered is likely to continue to rise with the unionisation of the civil service, which is a challenge both

for the Department of Labour and the Industrial Court.

Labour Inspection

9.327 There are a limited number of labour inspectors, usually two per district labour office, which results in their being unable to conduct labour inspections as frequently as required. Best practice in this area indicates a move to routine inspections, and other labour inspections at the request of employers or employees. At the moment, inspection is done only on a request basis. As a result, inspections have been operated reactively since businesses are inspected where there are reports of transgression of the law. To address this, the capacity of labour inspectors will be strengthened in terms of quality and quantity to allow them to perform their duty effectively. Labour inspections will be planned and will be used as a preventative measure to help avoid possible industrial disputes.

Decent Work Country Programme

9.328 With the assistance of the International Labour Organisation (ILO), Botswana is working on a “Decent Work Country Programme”. The Decent Work Country Programme involves safeguarding workers rights, promoting social protection, social dialogue and employment creation. Effective social dialogue among workers, employers and Government will be established to address issues of common concern and resolve emerging issues amicably. This will necessitate the strengthening of structures for social dialogue and determining the agenda for dialogue. The social protection system will be reviewed to enhance social security coverage through comprehensive social security policy and legislation. It is envisaged that the social security policy and

legislation will cover both the contributory social insurance fund and social safety nets. All these are expected to contribute to harmonious industrial relations, resulting in enhanced productivity and a positive impact on social harmony.

Legislative Review

9.329 Particular attention will be paid to fine tuning the labour laws to the provisions of the ILO Conventions ratified by Botswana. The Employment of Non-Citizens Act will be reviewed in order to address issues that hamper Botswana's competitiveness, such as restrictive labour regulations and the poor work ethic in the national labour force. An action programme on child labour will be developed to ensure compliance with international obligations on the Minimum Age for Admission to Employment, and the Elimination of the Worst Forms of Child Labour Convention.

9.330 The Revised National Policy on Incomes, Employment, Prices and Profits introduced a minimum wage in the agricultural and domestic service sectors in order to further protect vulnerable workers from financial exploitation. The implementation of the Manpower Development, Training and Localisation aspect of the policy will ensure that there is a steady increase in the supply of skills in order to mitigate the impact of shortages of skills in the labour market.

Trade Dispute Resolution

9.331 The timely resolution of disputes, and the quality of the decisions rendered by the Industrial Court, should create an unequivocal landscape in the area of labour law, labour relations and employment law, and assure investors of certainty and value for their investments.

9.332 During NDP 10, the Industrial Court will continue to discharge its mandate by focusing on the following critical objectives: case backlog reduction, building and expansion of information sharing capabilities and improvement of existing court infrastructure and houses to accommodate judges. The expansion of the new court building, and the establishment of a permanent court in the north of the country, will increase the accessibility of the Industrial Court. A permanent court in the north will ensure that cases are heard daily and this should increase the speed of disposal and reduce the turnaround time. The ICT projects will increase the capacity to share information with the public, including development of a website and labour law library, while the Computerised Records Management System should improve efficiency. Court forms and precedent, decided cases, legislation and other information will be availed to the public on the website. Fleet expansion and the Judges' residences will provide support to the main objectives and projects.

Sector Performance Matrix 9.5: Labour

Sector Outcome/ Output	KPI	NDP10 Period Targets							
		Achievement 2008/09	Year 1 (2009/10)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7 NDP10 Target
Outcome 1: Timely and quality service delivery									
Output: Information systems Automated Business Processes	Turn-around time	Trade Disputes = 30 days Work Permits = 14 Days Worker's Compensation (Total) = 30 days	30 days 14 days 30 days	30 10 25	30 7 20	30 5 15	30 5 10	30 5 10	30 5 10
Outcome 2: Social Harmony	Industrial action and trade disputes								
Output 1: Improved industrial relations	Number of trade disputes	Trade Disputes = 8,000/annum	7,800	7,600	7,400	7,200	7,000	6,800	6,600

Source: Ministry of Labour and Home Affairs

PROGRAMME SUMMARIES

Labour Administration System

9.333 Sustainable and rapid economic growth is dependent on private sector investment in the country. To attract more investors, there is need for good industrial relations, characterised by low industrial action, a good dispute resolution system, an effective labour inspection system, and speedy issue of work and residence permits. Major challenges are the poor work ethic in the national labour force and restrictive labour regulation. Measures to expand and strengthen infrastructure and capacity will be carried out to enhance service delivery from the labour administration system.

CHAPTER 10

INFRASTRUCTURE AND UTILITIES

NDP 10 Goal

10.1 The sectors presented in this Chapter are linked to the Key Result Area (KRA) for Sustainable Economic Growth presented in Chapter 9. They will support the National Development Goal aimed at providing **a well developed and reliable system of infrastructure and utilities.**

10.2 Critical areas to achieving this NDP goal are: Transport and Works, Water, Energy, Lands and Housing. This goal significantly contributes to the growth of other sectors such as agriculture, tourism, trade and industry, minerals, health, etc.

10.3 This Goal looks at the development of infrastructure and utilities, their operation and maintenance and the overall impact on service delivery. A well developed and reliable system of infrastructure is vital for sustainable development and economic growth. The World Bank has estimated that a 1 percent increase in a country's infrastructure stock is associated with a 1 percent increase in the level of GDP.

10.4 As a land-locked country, Botswana's physical infrastructure is an integral part of its regional and international competitiveness. Productivity in virtually every sector of the economy is affected by the quality and performance of the country's transportation, water, power supply and other types of infrastructure. Access to and efficiency of infrastructures is therefore of paramount importance to Botswana's competitiveness.

10.5 However, the large size of the country, coupled with the relatively small

and dispersed population and the scarcity of water and appropriate conventional construction materials, make the per capita cost of infrastructure provision and maintenance relatively high. For this reason, Botswana is faced with a difficult challenge in devising appropriate strategies for improving provision and maintenance of infrastructure.

Goal Performance during NDP 9

10.6 Project implementation for infrastructure construction and commissioning is a major challenge. Between 60 and 80 percent of NDP 10 infrastructural projects is a carryover from NDP 9. This is a clear indicator of the implementation capacity challenges experienced during the course of NDP 9. Major difficulties were experienced in the implementation of a number of projects, for example: Serowe Stadium, Ntimbale Dam and Goodhope Secondary School.

10.7 Consequences of implementation problems include; low generation capacity in the electricity sector (75 percent of electricity is imported); a high water supply deficit in many regions in Botswana (up to 35 percent water deficit); and a low coverage of transport infrastructure (roads, rail, air, etc.). Serviced land for both residential and commercial purposes was also in short supply.

Goal Strategy for NDP 10

10.8 Attainment of the NDP Goal for a well developed infrastructure involves issues

of access, quality and efficiency. The infrastructure networks vary in relation to their progress in achieving satisfactory levels in these aspects. Some infrastructure networks have reached clear watersheds in terms of their evolution and policies. Institutional reforms for the provision and maintenance of the nation's infrastructure during NDP 10 will relate to the relative roles of, and the relationships between, the public and private sectors, with ever more emphasis being placed on increasing the role of the latter.

10.9 Historically, substantial amounts of public funds have been invested in fixed assets required to provide roads, power, water and other basic services. In the case of roads, it is time to refocus public policy and funds away from the creation of fixed assets, to the effective maintenance of those assets, thereby ensuring the quality and efficiency of transport infrastructure. Institutional change to increase the role of the private sector, through the expansion of practices such as outsourcing in road maintenance, will be pursued during NDP 10.

10.10 In the case of power supplies, global and local demand for low-cost regional supplies from South Africa have created short and long term power access problems

for Botswana. These are already being tackled through a combination of public and private investment. It will be vital to ensure that tariff policy provides the basis for sustainable power supplies over the long term.

10.11 In the water sector, institutional reform to support continuing public investment will be key to the development of the sector. Existing duplication and confusion in relation to service delivery responsibilities will be addressed through an institutional framework which is in line with best international practice. There will be separation of resource management functions (policy making, implementation monitoring) from service delivery activities to ensure that organisations concentrate on and develop their core competencies. The regulatory regime will be strengthened.

10.12 Lands and housing are sectors where the role of the private sector will be expanded through appropriate policies and measures. Increased involvement of the private sector in supplying serviced land for residential and commercial purposes, and in providing housing which is both publicly and privately financed, will be vigorously pursued.

SECTOR: TRANSPORT AND WORKS

INTRODUCTION

Public provision of transport and works infrastructure plays a key role in supporting major economic sectors such as tourism, trade and agriculture. Presently, about 4 million tonnes of cargo is carried annually by Botswana's transport infrastructure network, and it is extremely important for this to move easily and speedily through the network system. It is planned that this

volume of cargo will increase by 25 percent to 5 million tonnes during NDP 10.

10.13 Botswana's public sector transport programme entails the construction and effective maintenance of new roads, the rehabilitation/reconstruction of existing ones, construction of weighbridges, and the provision and rehabilitation of bridges. Without physical access to resources and markets, growth stagnates and poverty

reduction becomes difficult to sustain. In Botswana, roads play a particularly important role in view of the fact that their point-to-point connectivity is necessary to complete the networks for other transport modes.

10.14 There has been a phenomenal growth in the length of the paved road network since Independence, when there were virtually none roads. At present, the Public Highway Network (PHN) consists of some 18,327 km of road, which has been classified on a functional basis into four categories, namely Primary, Secondary, Tertiary and Access roads. Central Government is responsible for Primary and Secondary roads, which consist of about 9,000 km. Out of this total kilometrage, 6,500 km are paved and the remaining 2,500 km are unpaved. The total network under Local Authorities comprises 14,611 km of roads (this includes 9,327 km of PHN and internal roads), of which 1,165km of road is track, 6,013km is earth, 5,500km are gravel and 1,934 is tar roads.

10.15 The reliability of the infrastructure is presently at unacceptable levels (roads

quality at ≤ 60 percent and buildings quality at ≤ 50 percent of their respective expectations). Infrastructure maintenance has been of serious concern over the previous Plans. During NDP 10, there will be strategic shifts in policy towards sustaining the quality of roads and other key infrastructure facilities through enhanced road maintenance programmes, carrying out institutional reform and more involvement of the private sector, particularly in the maintenance area.

REVIEW OF NDP 9

Road Transport

10.16 The vehicle population in Botswana continued to grow at an annual average rate of 9 percent during NDP 9. Overall, the national fleet grew

by more than 50 percent from 204,228 to 319,459 over the NDP 9 period. The profile of the vehicle fleet is as follows (Table 10.1):

Table: 10.1: Vehicle Population Profile (percentage)

	End NDP 8 (%)	End NDP 9 (%)
Private passenger vehicle	38.5	45.9
Public service Passengers	4.1	4.4
Light commercial vehicle	41.3	33.7
Heavy commercial	5.7	6.2
Other commercial	7.6	7.1
Construction vehicle	2.8	2.7
Total	100	100

Source: Ministry of Works and Transport

10.17 Vehicle statistics indicate that there was a significant drop in the proportion of light commercial vehicles, while other

classes (other commercial and construction) experienced a slight drop too. Only private passenger vehicles experienced a significant

increase. The share of heavy commercial vehicles and public service passenger vehicles also grew slightly. This may be attributed to the importing of substantial numbers of private passenger vehicles from East Asia during NDP 9.

10.18 Public service vehicles during NDP 9 have experienced a slight increase as a proportion of the national vehicle population. However, the public transport modes remain the same, where the public has a choice of midi-buses and buses for long distance and combis, midi-buses, taxis and call cabs for local trips. The passenger public transport system remains largely based on regulated competition.

10.19 During NDP 9, the focus of government road transport activity was on facilitating movement of goods and people, consumer protection and security, road safety and customer service satisfaction.

10.20 However, many of these activities were affected by capacity constraints in the Department of Road Transport and Safety (DRTS). Implementation has been affected by budgetary constraints, shortage of skills, poor performance by contractors, obsolete legislation, and shortage of office accommodation. An institutional capacity review of the DRTS evaluated its operations and structure with a view to improving its performance. This review was conducted under the auspices of MWT's Organisation and Methods Review, and was completed in 2008.

10.21 A major task for NDP 9 was the preparation of an Integrated Transport Policy. This task, which was led by Ministry of Works and Transport (MWT) headquarters, began in 2006 and was expected to be completed by the end of October 2009. Efforts were made to enhance participation of local authorities in policy and decision making with regard to transport

services, i.e., in land use and transport planning, to incorporate the requirements of passenger transport, and non-motorised traffic (pedestrians and cyclists).

10.22 Amendments to the Road Traffic Act, to strengthen the legal provisions to penalise poor driving and driving under the influence of alcohol, have been under consideration by Government. The amendments would introduce a system of cumulative penalty points on a person's driving licence, and strengthen enforcement in respect of driving under the influence of alcohol and non-payment of fines. Provision would be made for use of traffic cameras. DRTS is also reviewing the Road Transport Permits Act with a view to updating the Act during NDP 10.

10.23 Following a study during NDP 8, the planned introduction of metered taxis has not yet been implemented. DRTS plans to update the study with a view to introducing metered taxis during NDP 10.

10.24 The computerisation of transport permits and road worthiness certificates, together with the automation of driver theory tests, were undertaken. The computerisation of Dibete weighbridge was also completed. These projects were intended to curb the rampant fraud and corruption associated with the issue of these documents. Upgrades were initiated and completed on the driving licence system (DLS) and public officers identity document (POID) systems, as well as the vehicle registration and licensing systems (VRL). These upgrades were carried out to address emerging needs as well as to maintain efficient and effective service delivery.

10.25 The planned enhancements of the driving licence system (DLS) to accommodate the demerit point system could not take off due to a lack of provisions in the Road Traffic Act. The Integration of

the Transport Management Information System was deferred pending the computerisation of all the required business processes.

10.26 Bilateral road transport agreements, initiated with Zimbabwe and Zambia during NDP 8, were concluded during NDP 9. A Southern African Customs Union (SACU) agreement, with provisions relating to transport, was also initiated and concluded during NDP 9. Their purpose is harmonising and standardising procedures on road operations and law enforcement.

10.27 Road accidents have continued to be a major concern. It was intended that during

NDP 9 a national road safety strategy would be developed. This will be completed during NDP 10. Other continuing road safety activities focused on traffic law enforcement, road safety education, improvement of driver training and licensing, establishment of driver training facilities, and establishment of vehicle testing stations to facilitate the introduction of mandatory roadworthiness testing for vehicles every three years.

10.28 Road traffic safety is still a serious concern in the country, in spite of a marked improvement in the number of accidents per 10,000 vehicles and number of casualties per 100,000 population (Table 10.2).

Table 10.2: Road Safety Trends (Botswana)

YEAR	Accident	Casualty	Fatal	Reg. Vehicle	Est. Pop	Crashes / 1000 Vehicles.	Crashes / 10000 Pop	Casualties / 1000 Vehicle	Fatalities / 10000 registered vehicles	Fatalities / 100 000 Pop	Fatalities / 10000 licensed drivers
2000	16313	7790	529	154000	1642339	105.9	99.3	50.6	34.4	32.2	34.4
2001	17125	7945	526	166405	1680863	102.9	101.9	47.7	31.6	31.3	31.6
2002	18610	8014	520	186865	1721204	99.6	108.1	42.9	27.8	30.2	27.8
2003	18329	7969	557	204228	1762512	89.7	104.0	39.0	27.3	31.6	27.3
2004	18136	7840	532	225182	1715355	80.5	105.7	34.8	23.6	31.0	23.6
2005	17522	7069	450	246681	1727372	71.0	101.4	28.7	18.2	26.1	18.2
2006	17035	6935	429	267117	1739556	63.8	97.9	26.0	16.1	24.7	16.1
2007	19487	7639	497	293755	1756650	66.3	110.9	26.0	16.9	28.3	16.9

Source: Ministry of Works and Transport

10.29 The current number of accidents is a cause for concern. Botswana compares unfavourably with its neighbours, not to mention the world leaders in road safety. The current number stand at 17 people killed per 10,000 vehicles and 28 per 100 000 population, compared with South Africa which stands at 14 people killed per 10,000 vehicles and 26 people killed per 100,000 population.

Roads

10.30 In the roads sector, over 60 percent of the planned NDP 9 road and bridge projects are at various stages of implementation. Completed roads and bridges include Mopipi–Rakops, Letlhakeng–Dutlwe, Nelson Mandela and Lemmenyane Drive, Mahalapye–Kalamare, Sekoma–Kokotsha and Dibete–Mahalapye, Thamaga Bridge, Tlokweng Old Bridge, Moshupa Bridge and Lotlhakane Bridge. Ongoing roads include Dutlwe–

Morwamosu, Middlepits–Bokspits, Tshabong–Middlepits, Gaborone–Tlokweng, Francistown–Ramokgwebana and Gaborone–Metsimotlhabe. Factors contributing to delays in implementation include budgetary constraints, non-availability of appropriate manpower to be able to manage the implementation of projects, inadequate resources within the industry (contractors and consultants) to effectively implement projects due to demand by major regional projects such as the 2010 World Cup, long procurement processes, capacity constraints within the Roads Department and poor project management.

10.31 During NDP 9, the Roads Department expanded the labour-based routine maintenance programme that had been piloted in NDP 8. The roads covered included Ramatlabama–Ramokgwebana, Lobatse–Jwaneng, Gaborone–Kanye, Gaborone–Tlokweng Border Post, Gaborone–Molepolole, Francistown–Mathangwane, Serule–Sefhope, Kgagodi–Sefhope; and Palapye–Seleka.

10.32 The Access Road Policy was revised during NDP 9 and cost recovery charges were introduced for some activities, such as processing of wayleaves and sale of tender documents. Fuel taxes have continued to be adjusted toward the approximate variable road maintenance costs on paved roads in accordance with the recommendations of the Domestic Road User Charges Study of 1999; but total revenue from user charges still covers only about a third of the maintenance required. A Road Tolling Feasibility Study was also carried out during NDP 9, and it was subsequently decided that tolling was not feasible at current traffic levels. Documentation of best practices in the form of guidelines, such as the Road Maintenance Manual, is continuing.

10.33 A review of the Public Roads Act is underway, which is expected to lead to amendment of the Act during NDP 10.

Public Building and Engineering Services

10.34 One of the priorities for public building provision during NDP 9 was to overcome fragmentation between the former Department of Architectural and Buildings Services and the Department of Electrical and Mechanical Services. These two departments were merged to create a single unified department called the Department of Building and Engineering Services (DBES).

10.35 DBES achieved partial success in piloting the establishing of ministerial technical units or dedicated ministerial teams in six ministries that have a sizeable number of building projects. The full potential of the dedicated teams will only be realised once a range of professional skills is available in the units. Recruitment of professionals should be in place before the end of 2009.

10.36 In NDP 9, all consultants engaged by DBES to provide consultancy services signed appropriate agreements and conditions of contract. With effect from 1st July 2007, the form of contract entered into was in accordance with the Public Procurement and Asset Disposal Board (PPADB) prescribed standard conditions of contract embodied in the standardised bidding packages.

10.37 The process of devolving building maintenance services to all ministries and independent departments started in earnest during the NDP 9 plan period. The initial stage of the process, which entails defining the appropriate policy and/or legislative framework, was completed during the NDP 9 plan period. Implementation of the framework will, however, spill over into NDP 10. Nonetheless, during NDP 9, minor

maintenance funds were devolved to ministries, which allowed them to undertake minor maintenance.

10.38 In preparation for integrating the extensive use of technology in the implementation of construction and maintenance projects, DBES completed the establishment of local and wide area networks throughout the country. DBES also expects to establish an integrated project monitoring system which will help it to plan, monitor and control the implementation of government building projects.

10.39 Some success was achieved in the use of alternative procurement models. Government initiated two public private partnership (PPP) agreements for the provision of serviced office accommodation. Important lessons have been learnt from the two PPP pilot projects. The experience gained will inform the implementation of new projects on this model. Further alternatives that were introduced on a pilot basis included the procurement of consultancy services using the integrated (consortia) team model, and the design and build model for the construction of some government projects.

Central Transport Organisation (CTO)

10.40 CTO been able to increase vehicle availability from 85 percent to 90 percent of its active fleet during NDP 9. To address capacity limitations, CTO will build a new workshop at Mohembo inclusive of staff accommodation.

10.41 CTO subcontracted some of its accident repairs and maintenance work to private garages. A private garage accreditation system was established and 189 private garages had signed the Service Level Agreement by 2008.

10.42 To promote more responsible vehicle usage, CTO was expected to decentralise financial responsibilities for vehicle usage to users. Discussions are underway to establish transport officer positions in the ministries and departments, which will be followed by decentralisation of financial responsibilities.

10.43 A recent diagnostic study has documented the extent of inefficiency at CTO, and compared the present set-up with options such as establishing a parastatal and entering into a PPP. The Study recommended the establishing of a PPP arrangement to be responsible for part of the CTO fleet on a pilot basis. The recommendation is under consideration by MWT.

10.44 CTO commissioned a study of privatisation of its fuel operations. The study should be completed during NDP 10.

Civil Aviation

10.45 Air passenger numbers increased from 491,889 in 2003 to 706,577 in 2007, while aircraft movements rose from 66,035 to 86,100 in the same period. This was equivalent to an average annual growth of 9.5 percent for passenger numbers and 6.9 percent for aircraft movements. The number of Botswana registered aircraft increased from 102 in 2003 to 158 in 2008.

10.46 NDP 9 emphasised the need to increase civil aviation capacity to cope with the growing scale of aviation in Botswana. This was to include expansion of institutional capacity and development of additional infrastructure, notably at airports. Expansion was constrained because it was difficult to attract and retain qualified aviation professionals, especially in the engineering disciplines.

10.47 Various civil aviation projects which had been shelved during NDP 8, were

revived during NDP 9. The additional workload exacerbated the problem of limited institutional capacity.

10.48 The major advance during NDP 9 was the passage of the Civil Aviation Authority (CAA) Act in 2004. This established the CAA to take over the operation of airports and related facilities from the Department of Civil Aviation (DCA), and operate these along commercial lines. The CAA Board was established in March 2007, and the transition from DCA to CAA was completed in 2008/09.

10.49 Botswana adopted a gradual approach to implementing the Yamoussoukro Decision to liberalise air transport services in Africa. Botswana approved an Air Transport Policy that supports the liberalisation of the domestic air transport market. A Memorandum of Understanding with South Africa, signed in May 2007, introduced multiple designations of carriers for the first time, bilateral air services agreements and Memoranda of Understanding were also signed between Botswana and Zambia, Qatar and the United Arab Emirates.

10.50 Studies are about to be initiated to assess the feasibility of Botswana becoming an air cargo and logistics hub for the Southern African Development Community (SADC). The recommendations of the studies should be implemented during NDP 10.

10.51 Faced with an urgent need to expand the capacity of Botswana's airports, a series of aviation development projects were initiated during NDP 9. These included the expansion of airports at Gaborone, Maun, Francistown and Kasane, and provision of reliable communication, navigation, surveillance and aviation security systems at several airports. Detailed designs have been prepared for most of these projects and

construction will be carried out during NDP 10.

Air Botswana

10.52 During NDP 9, a number of unprofitable routes were removed from Air Botswana's schedule. These included the route from Cape Town to Maun, as well as Maun to Kasane. Air Botswana's limited resources were then put behind its primary routes. Emphasis was given to improving service punctuality and reliability. This contributed to Air Botswana returning to profitability during 2007/08 after a number of years of losses. In 2007/08 it recorded a net profit in the region of P12 million and an operating profit in the region of P17 million. On-time departure for the year was in the region of 80 percent, after being well below 60 percent three years previously.

10.53 Major constraints on the growth and development of the airline where the ageing aircraft fleet, and the costly BAe146 aircraft, which gave rise to problems of unreliability and high cost. By the second half of NDP 9 the shortage of pilots, driven by high international demand for pilots, became a major constraint. A further constraint was the lack of commercial systems such as loyalty programmes and revenue optimisation systems. It is difficult for a small airline such as Air Botswana to afford the costs of implementing and maintaining such systems. A further constraint concerned limitations in airport and airfield infrastructure in Botswana that restrict the use of appropriate and efficient aircraft.

10.54 The Air Botswana privatisation initiative reached a conclusion during NDP 9. After two unsuccessful attempts to attract a strategic equity investor, in 2006 potential investors were given freedom to propose other models of privatisation. This led to selection of a bid from a South African company which proposed the winding down of Air Botswana and the

establishing of a new joint venture. As a condition, the Government would lift the exclusive route rights enjoyed by Air Botswana, thereby opening up Botswana's domestic and international routes to competition. Ultimately, Government turned down the proposal as it was felt that it would not adequately support tourism and other economic growth plans for Botswana.

Railways

10.55 As a result of the amendment of Botswana Railways Act in July 2004, Botswana Railways (BR) formed a subsidiary company under the name BR Properties (Pty) Ltd in 2007. This decision was taken to augment revenue generation, since BR owns prime land in major towns, cities and villages. The company is based in Gaborone. BR Properties' mandate is to provide effective property management and development practices by unlocking the commercial potential in BR's land, and thus optimising revenue.

10.56 Through the subsidiary, BR uses a number of development options to engage with interested parties ranging from individuals to companies, along commercial lines. These include leasing properties to the private sector and property developers, as well as entering into partnerships and joint ventures for development of the land. These developments will be guided by the development plan which is drawn up in the context of existing and proposed urban and rural development plans. This plan will cover BR land from Ramatlabama in the Southern region, to Ramokgwebana in the Northern region, and it will also cover land along the railway reserves bordering branch lines of Sua-Pan and Selebi-Phikwe.

10.57 Botswana Railways lacks capacity to overhaul its rolling stock in-house, and outsourcing has proved to be very expensive, especially the overhaul of

locomotives and wagons. BR is looking into using PPPs to build a wagon and locomotive overhaul and assembly plant, and to expand the existing workshops. Because of the deteriorating condition of its passenger coaches, BR terminated the operations of the passenger service until a profitable and more sustainable mode of operation is found.

10.58 New traffic from mining will create opportunities to expand the railway network by developing links connecting Botswana to Namibia and Zambia, and additional links with South Africa. This could, in turn, promote Botswana as a regional railway hub. In this regard, Botswana Railways has submitted Terms of Reference to the World Bank for funding of the feasibility studies in establishing the following railway lines:

- Mahalapye/Mmamabula-Ellisras/Lephalale (proposed coal export corridor)
- Trans-Kalahari Railway line, connecting Botswana to Namibia (to create an alternative south-west logistics corridor mainly for coal export, but with the possibility for other commodities)
- Rail extension from Moseitse to Kazungula (to create an alternate north-south corridor to Zambia, the Democratic Republic of the Congo (DRC), etc.)

10.59 The commissioning of the new Signalling and Telecommunications (S&T) system by BR took place during 2008. This system will help reduce deaths and injuries due to train accidents. It will also improve the running of trains in general. The system has boom gates, signs, bells and notices installed at all level crossings to greatly reduce the risks of accidents. The S&T system was handed over in August 2008. To take further advantage of the system, BR has signed a Memorandum of Understanding with ANSALDO for a feasibility study to explore venturing into the communications business. The project will contribute to the

development of Botswana's communication capacity, and that of the SADC region. Local telecommunications companies, such as Mascom, BTC and Orange, have shown interest in renting any excess bandwidth. BR will finalise a Joint Venture Agreement with ANSALDO for the maintenance of the installed S&T system during NDP 10.

10.60 To ensure environmental sustainability and safety, BR has successfully obtained a three year safety permit to traverse the railway line between Ramatlabama and Rakhuna, from the South African Railway Safety Regulator. The safety permit is given where a railway has demonstrated that its operations are safe to employees, the community they operate in and the environment. BR continues to carry out measures and projects to maintain this.

10.61 To take advantage of growing containerised traffic, BR has formed a joint venture company (Gabcon) with Transnet Freight Rail of RSA. Gabcon is a dry port container terminal in Gaborone and is already registered as an independent entity. The Francistown Dry Port (Francon) will be developed as a new stand alone entity.

10.62 Lack of an Integrated Transport Policy still poses problems for BR's business continuity, as the playing field between rail and road is not level.

STRATEGIES FOR NDP 10

Developing an Integrated Transport Policy

10.63 An Integrated Transport Policy study will develop proposals for a new national transport policy. The policy will be used to guide Government as it shifts its role towards strategic management, while the private sector moves towards increased participation in sector implementation. The

policy will pave the way for the formulation of a Transport Master Plan.

10.64 An integrated transport policy would potentially provide for an independent Transport Regulator, who would look at issues of pricing of services vis-a vis costs incurred and efficiencies. Government funding of road and rail would be streamlined. Currently roads enjoy a large share of government funding. But if there is to be inter-modality of transport services, there should be a shift from this traditional funding. Rail transport has an important potential role to play in the service and trade industry. It reduces transport emissions and alleviates road congestion. Levelling the playing field between road and rail will mean fully internalising all road costs, including the externalities of pollution and congestion, so as to allow rail to compete on the same economic basis as road transport, which currently does not pay its full external costs. Research has shown that road vehicles only pay between one third and two thirds of the costs that they impose on society, which is why it is difficult for more sustainable modes of transport to compete in this highly price sensitive market. The Integrated Transport Policy's aim should be to address the above and other issues which cause disequilibrium between road and rail.

Enhancing the Role of the Private Sector

10.65 Sector strategy for NDP 10 will give priority to institutional reform so as to harness the potential of the private sector. There will be a particular focus on reforming the roles of government and the private sector to make more effective use of their different skills, and to reorient Government's role to concentrate on being the strategic manager, coordinator and regulator of sector activities.

10.66 Many of the sector ministry's (i.e., MWT) existing activities and roles have not

changed greatly since Independence, when there was minimal private sector capacity in technical fields and Government had to carry out most roles in the transport sector. During the subsequent decades, private sector capacity has grown. In some revenue earning activities, such as road transport, air transport services and railways, the private sector has the capacity or potential to operate services independently on a commercial basis. As a result of growth in cross-border ties within the Southern African region, together with the influence of globalisation, Botswana has more opportunities to use commercial joint ventures as a means of overcoming capacity limitations or of gaining access to regional markets, international expertise and technology.

Restructuring Government Institutions to Undertake New Roles

10.67 Over the years, there have been many changes in the way that works and transport activities have been conducted in the provision of transport and buildings. However, these have mostly been modest incremental adjustments that left the underlying institutional structures and assignment of roles between MWT and the private sector relatively unchanged. The scale of activities and level of spending has increased enormously, which has exposed some of the limitations of Government in project implementation and running ongoing transport and buildings operations. Bureaucratic processes and procedures have contributed to implementation delays and cost escalation. As MWT has struggled to cope with the rising volume and complexity of transport and building activities, there have been risks of corruption and other governance problems. Since MWT has been preoccupied with trying to deliver projects and service operations, it has not yet developed the range of tools and capacities required for higher level strategic

management of sector activities (e.g., “real time” monitoring and response systems). And regulatory arrangements have remained weak. This also reflects a need to change the staff mix within MWT in order to have more high calibre professional and technical expertise.

10.68 The Organisation and Methods Review of MWT has proposed structural and other changes to support the shift in emphasis from project implementation and service operation to higher level strategic management. During NDP 10, MWT will implement these changes, adjust its staffing mix and re-engineer its work processes accordingly. In addition, Government will carry out a number of consultancies to allow for informed decision making to improve efficiency in service delivery.

Private Sector Capacity to Undertake Outsourced Work for Public Buildings

10.69 Many government building projects are not delivered on time, within cost, and to an acceptable quality level. This is partly due to fragmentation of the construction processes since Government continues to appoint individual consultants and contractors in different disciplines. This can lead to inter-organisational conflicts, which detract from overall project performance. There is, therefore, a need to reduce fragmentation of the construction processes by organising building contractors to foster a team approach. For example, project implementation could make more use of PPPs to achieve timely and cost effective project implementation, as well as facilitation of project financing.

10.70 In line with the Reservation Policy, all routine maintenance works, such as bush clearing, grass cutting, pothole patching, sign repairs/replacement, guardrail repairs, drainage maintenance, and livestock control are reserved for citizen contractors. The

main challenge is establishing a mechanism for ensuring that citizen contractors progress in scale from small to medium and large contractors, able to compete effectively against foreign contractors. This requires acquisition and enhancement of skills, and ensuring that a steady supply of job opportunities are put to tender. Periodic maintenance of roads, including resealing, fog spray and road marking, is also 100 percent reserved for citizen contractors. However, due to capacity constraints in the local construction industry, some of these works have had to be carried out by locally based foreign contractors registered with PPADB. During the NDP 10 Plan period, local companies will be encouraged to form joint ventures, partnerships, etc. A similar approach will be followed in other areas of the sector. In addition, PPADB grading and compliance procedures will be reviewed by all stakeholders to support this initiative.

10.71 Buildings and roads maintenance contracts will be packaged (in terms of duration and quantity) to make it attractive to contractors and financiers to provide funding for initial capital outlay where required. The current, short term, one year contract for road maintenance, for instance, does not provide this environment. Contractors will be rewarded for good performance by making them eligible for future work from Government.

10.72 Although the Engineers Registration Act was promulgated some years ago, it is still not operational on account of the lack of an Engineers Registration Board to bring the Act into force. Similarly, the Architects Registration Act and Quantity Surveyors Act are still to be enacted. Until these Acts come into force, professionals in the construction industry will continue to render their services in an unregulated environment which tends to compromise the quality and effectiveness. These acts will be made operational during the early part of the NDP 10.

Buildings and Engineering Services

10.73 In spite of the massive expansion in the volume of public building works, the present system of carrying out government construction projects remains highly centralised. DBES is accountable for timely and quality delivery of all projects. Client Ministries are accountable for cost and utility aspects. This approach places enormous demands on DBES, which suffers from fragmentation of responsibilities between DBES and client ministries. There is continuing concern that, due to this system, many government construction projects are not delivered on time, within budget, or according to required standards and specifications. Weaknesses of this nature act as an impediment to delivery of public goods and services.

10.74 During NDP 10 the Government will decentralise the implementation of construction projects to Ministries and independent departments. Each ministry will be empowered to take complete responsibility, control and accountability for the implementation of its construction projects and programmes.

10.75 The planning of building maintenance during the project life cycle has been severely neglected. Unless buildings are properly maintained, their original justification may be undermined. There is an urgent need to give priority to maintenance of government buildings so that they can retain their utility and value, and render the services for which they were intended. Adequate provision for maintenance and planning will become a required part of any construction project.

10.76 In order to complete the devolution of building maintenance operations to ministries during NDP 10, it will be necessary to establish a comprehensive maintenance policy and strategy to guide the

entire process. An inappropriate framework can be costly to Government in terms of impacts on asset values, maintenance budgets and the operations of public institutions. Risks that would be mitigated by an appropriate maintenance policy and strategy framework include building failures and productivity losses, high maintenance costs, and ineffectively maintained building assets leading to non-optimal use or wastage.

Road Transport and Safety

10.77 DRTS plays an important role in the regulation of public transport services, in licensing and testing vehicles and drivers, and in coordinating national road safety activities. However, the rapid growth of motorisation has placed severe demands on its limited staffing capacity. In particular, it has only been able to perform some of the roles of vehicle inspection, and monitoring and enforcement of public transport in a cursory manner. There have been periodic controversies and disputes with public service vehicle operators over the present system for regulating public transport. A further problem has concerned the internal governance of DRTS, as has been apparent from the number of corruption cases concerning issue of licences. Services related to road transport and safety, such as driver training, testing and licensing, will be considered for outsourcing.

Roads and Emphasis on Maintenance

10.78 The past four decades have witnessed a sustained drive to construct a national road network. This has enabled the economy to become more efficient and competitive, and provided communities across the country with access to services and economic opportunities. Since the network is largely in place (and sources of funding are declining), there must be a shift in priorities from new construction to

maintenance of existing roads during NDP 10.

10.79 There are clear indications that road assets have not been adequately maintained. Road condition surveys conducted in 2005 indicate that about 30 percent of the low and medium volume paved road network, and 22 percent of the high volume paved network, are in poor or very poor condition. In future, new roads will be built to connect productive areas in the different sectors only where it is demonstrated to be economically viable.

Funding sources for maintenance

10.80 As regards maintenance financing, significant changes are needed during NDP 10. Existing recurrent budget allocations are only sufficient to finance about one third of the maintenance required to sustain the network. Studies have shown that the cost of such under-budgeting is enormous. It is becoming common for Botswana to have to rebuild roads after less than half of their expected economic life. With an existing road asset base of P10 billion, the additional cost to Government due to inadequate recurrent funding leading to premature reconstruction may be between P500 million and P1 billion per annum.

10.81 A further maintenance financing issue concerns the way that funding is provided. For economic efficiency, there is a strong case for charging users the full cost of maintenance through a system of user charges comprising fuel taxes and vehicle license and permit fees. Increases in such charges should be phased in gradually with a view to achieving full cost recovery by the end of NDP 10. In order to provide the Roads Department with a basis for multi-year planning of maintenance, the revenues from user charges should be “earmarked” to be used only for road maintenance, instead

of being absorbed into general government revenues as is presently the case.

Maintenance and Performance Based Contracts

10.82 As regards the execution of maintenance, there has been a gradual shift from use of departmental labour to use of contractors. Departmental labour is notoriously difficult to manage efficiently. During NDP 10, the use of departmental labour will be phased out. A further opportunity for improving execution involves the use of long term performance contracts. Instead of remunerating the contractor for providing inputs, as is presently the case, the contractor would be remunerated for providing outputs, based on a set of performance standards, within an agreed budget. This commits the contractor to providing a given level of service over an extended period and to bearing the associated risks. It also provides a contractual means of committing Government to financing maintenance, and so can help to avoid the risk of maintenance of the roads in question being under-financed. The use of this approach will be piloted through the proposed Integrated Transport Project to be financed by the World Bank, with a view to its wider application in future.

Institutional Arrangements

10.83 Unless the above elements are in place, the result will be sub-optimal and the condition of road assets will deteriorate prematurely. The present departmental system of roads provision, which emphasises compliance with bureaucratic procedure rather than actual results in terms of road condition, leaves room for laxity in the planning and execution of maintenance. By making maintenance financing subject to

the annual budget process, there will always be risks of maintenance being under-funded.

10.84 For these reasons, other countries have chosen to establish autonomous road authorities funded from earmarked revenues. Some of these, particularly in Africa, were created as a result of pressure from donor agencies, and therefore their sustainability beyond the initial period of donor involvement may be questionable. However, other countries, including China, India, Japan and the US, have successfully used such arrangements to guarantee maintenance financing for an extended period, and to simplify lines of accountability, including in some cases by making the road agency subject to independent oversight by stakeholders.

10.85 A further advantage of the road authority approach is that it would allow greater flexibility over salaries. During NDP 10, a means must be found for ensuring that salaries are sufficient to attract and retain the high calibre professional and technical staff required to manage road sector activities. Training and human resource development will be used to prepare staff to make the change from direct labour operation to contract. This requires a different set of competencies, such as project management, contract administration and PPP, in providing and maintaining roads.

Railways

10.86 In the railways sector, the challenge has long been how to continue to provide essential freight services, particularly to serve mineral export traffic, on a profitable and sustainable basis. This has been complicated by uncertainties over traffic, particularly transit traffic and traffic contingent on possible new mineral developments. In practice, BR's railway operations have not been profitable and it

has not accumulated reserves to finance asset replacement. As a result, BR periodically asks the Government to finance massive investments offering uncertain returns.

10.87 During NDP 10, BR's main priority will be to implement the Turnaround Strategy and to attain the agreed key milestones in order to be eligible for successive tranches of government investment financing. There are seven elements to this strategy covering:

- Internal business remodelling;
- Changing the business model from a transit railway to a mineral export railway;
- Rehabilitation of existing locomotives, rolling stock, and track infrastructure;
- Investment in additional wagons to overcome capacity shortfalls;
- Human capital development;
- Overhaul of BR's information technology;
- Improving safety, health and the environment.

10.88 It is expected that, during NDP 10, feasibility studies will be prepared for the proposed Trans-Kalahari Railway project, and possibly for other links to connect the BR main line with the South African network at Ellisras, and to extend the railway north to Kazungula. These studies will consider options for private sector participation in construction and operation of the proposed railway lines, with a view to relieving BR of the associated construction and operating risks, and reducing Government's role to coordination and regulation. Depending on the findings of the studies, detailed design and implementation may be initiated during NDP 10.

10.89 A further issue for NDP 10 concerns whether to provide passenger services. In the past, passenger services made a substantial loss. As a result of the

development of the road network, such services have been replaced at no cost to Government by long distance bus services.

Civil Aviation

10.90 The central aviation strategy aims to improve the air transport industry by attracting more airlines and passengers. This involves adoption of the Open Sky Policy, or initially to attract international carriers to use Gaborone as a base for direct flights to Gaborone, and then into the region (and possibly from Gaborone to South America/USA, in competition with SAA for its USA route clients). However, the Open Skies Policy should be approached with caution and must be applied on a case-by-case basis to safeguard Botswana's interests. This development will require revision of the Air Navigation Regulations which guide operators and help them to do business in Botswana.

10.91 The revitalisation of the air transport industry (and application of incentives) will be achieved, if liberalisation of airspace is coupled with activities that generate passengers or cargo to transport well packaged activities in sectors such as agriculture and tourism. For example, tourism would be developed such that the increase in the number of tourists justifies direct flights to Botswana from Europe.

Central Transport Organisation

10.92 CTO has been the subject of numerous reviews that identified problems of inefficiency and lack of accountability for vehicles. Nevertheless, not much has changed over the years, and CTO still remains a department of MWT with centralised responsibility for Government vehicles. The main change has been the continued expansion of the fleet. This now amounts to nearly 10,000 vehicles. Running

a fleet of this size presents a severe challenge to management quality.

10.93 In line with the recommendations of the diagnostic study, a reform model for CTO, taking into account the potential benefits of the various options studied, together with the risks, and the need to ensure service continuity, will be implemented. During NDP 10, the priority for CTO will be to implement agreed reforms (commencing with a pilot study for about 2,000 vehicles), to monitor their performance and, based on this experience, decide whether to extend or refine the reform model over the longer term.

Depending on the model to be adopted, this could initially involve pilot testing on a limited scale, passage of legislation, downsizing of CTO's staffing, decentralising of direct financial responsibility to user ministries, and strengthening of ministries' traffic management functions.

10.94 A further initiative during NDP 10 is expected to involve the outsourcing of CTO fuel points around the country, based on the findings of the study conducted during NDP 9. Outsourcing of government bus services will also be considered.

Sector Performance Matrix 10.1: Transport and Works
Goal: Well Developed Infrastructure

Sector: Transport and Works NDP 10 Key Performance Indicator	Baseline:		NDP 10 Target
	Year	Result	
Capacity to export and import	2008/2009	4 million tonnes	5 million tonnes
Condition index	2008/2009	<63%	85%

Source: Ministry of Works and Transport

PROGRAMME SUMMARIES

Roads Infrastructure Programme

10.95 The Road Infrastructure programme will include the provision of new roads, reconstruction of the existing roads and construction of bridges. To control the overloading of vehicles and, therefore, maintain the lifespan of roads, existing weighbridges will be upgraded and new weighbridges constructed at strategic locations. Several new challenges have emerged as a result of traffic growth. These include congestion, particularly in urban areas, and increased road accident risks, especially where busy roads pass through villages and towns. During NDP 10, options will be developed, taking into account engineering solutions such as providing additional lanes, replacing congested

roundabouts with traffic lights or higher capacity traffic interchanges, building bypasses, and introducing access-controlled road sections. In addition, consideration will be given to the feasibility of traffic management measures and possible congestion charging. In order to alleviate the accident risks posed by stray animals, additional roads will be fenced. The labour-based livestock patrol programme will be extended to cover more of the road network.

Railway Infrastructure Programme

10.96 Railway infrastructure is very effective for the transport of heavy and bulky goods between demand and supply

centres. This programme, therefore, aims to serve the productive and trade sectors in the transport of bulk commodity goods. It will provide for the refurbishment of railway and rolling stock to enable it to cope with increased demand for transport, especially with the expected growth in coal output. New export routes will be considered, utilising existing capacity in ports such as Walvis Bay. The port in Namibia provides a shorter route to European markets. Feasibility studies will be carried out in this regard.

Air Transportation Infrastructure Programme

10.97 This programme entails upgrading existing airports and constructing new airfields that have been identified as strategic to the growth of the economy. In addition, Government plans to enhance air transport safety and aviation security through the installation of improved communication, navigation, surveillance and aviation security systems at airports and other strategic locations along air routes. The major beneficiaries of this programme are the tourism, mining, and trade and industry sectors.

Government Transport Programme

10.98 The aim of the programme is to provide a cost effective and efficient transport service to Government. As Government has not been able to achieve this, it is intended that the service be outsourced. Since the transition may take some time, it will still be necessary to upgrade some existing workshops and construct new ones where they are critically required.

Road Transport Services Programme

10.99 The programme aims at improving services to the public and businesses by the

timely issue of permits, licenses, etc., and by providing an environment for efficient and cost effective transport services. The programme will also concentrate on improving road safety, a key policy issue. It will provide vehicle testing stations, children traffic schools, driver testing grounds, expanded and improved driver testing, and enhanced analytical capabilities.

Buildings Programme

10.100 This programme covers rehabilitation works for a number of public institutions. The aim of the programme is to bring the buildings to the level required to provide the necessary service. The buildings are used by Government to service the various sectors and are therefore necessary for the implementation of NDP 10. To provide more efficient maintenance of public buildings, maintenance will be outsourced to the private sector.

10.101 In the health sector, rehabilitation works comprise ongoing projects. The three ongoing projects cover primary hospitals at Hukuntsi, Masunga and Sefhare. Four other projects relate to the Institute of Health Services facilities at Molepolole, Gaborone, Francistown and Lobatse.

Infrastructure - Buildings Programme (Ministry of Local Government)

10.102 This programme provides for the construction and maintenance of public facilities for local government institutions, including supplies/storage and distribution facilities, administration centres, customary courts, and municipal, recreation, primary education and primary health facilities. Programme selection is based on the Local Authorities' statutory mandate to provide basic infrastructure services. Local Government is also mandated to take services to the people at the lowest level of settlement.

10.103 Currently there are 24 storage facilities country-wide, of which 21 were constructed over 40 years ago. They have reached the end of their lifespan, as evidenced by continuous malfunctioning of major structural components. The storage capacity can no longer cope with the current demand for food commodities, due to increased population. This requires construction of additional facilities and rehabilitation of existing ones during NDP 10.

Local Government Municipal and Recreational Services Programme

10.104 This programme caters for projects not funded under any other programme such as market stalls, fire services, cemeteries, abattoirs, bus and taxi ranks, supplies warehouses, construction of mayoral and council chairpersons' houses and mechanical workshops. The programme covers both districts and urban areas, and several such areas will benefit from a variety of these projects, both as spill-overs from NDP 9 and as new projects. Recreational facilities include recreational parks, development and equipping of open spaces and construction of multi-purpose halls, community centres or recreational halls. Provision of sports facilities in these recreational facilities will be made in line with the mandate of Government to make provision for leisure and recreational facilities for communities.

Local Government Land Servicing Programme

10.105 This programme addresses village infrastructure and urban land servicing. It will continue to provide funds for development of bituminous roads, associated storm water drainage and street lights in residential, industrial and commercial areas in villages. This should improve the standard of living of the local populace and create a conducive environment for investment. The programme will provide funds for one-off infrastructure upgrading in old SHHA areas in Gaborone, Francistown, Lobatse and Kasane. It will rationalise the detailed layout plan for old SHHA areas in Ghanzi to facilitate the provision of infrastructure services, and upgrade water reticulation at the Government Enclave in Gaborone.

10.106 Internal roads in villages are mainly gravel requiring uneconomic, frequent regravelling and/or grading to make them passable. The dust generated from these dusty roads poses a health hazard. Lack of good drainage is the main cause of floods. The standard of infrastructure in old SHHA areas is below that provided in other areas of the urban centres. The old SHHA areas in Ghanzi require layout rationalisation to enable the provision of standard infrastructure services. Water pressure of 1.5 bars in the reticulation system in the Government Enclave is insufficient for fire fighting in this classified high fire risk area. The selected bituminous road network will ensure better linkages of wards in the villages and provide access to public institutions.

SECTOR: WATER

INTRODUCTION

10.107 The water sector continues to ensure that water policies and strategies are clear and focused in an endeavour to influence wealth creation and improve the wellbeing of Batswana. The sector is governed by four key pieces of legislation; the Water Act of 1968, the Borehole Act of 1956, the Waterworks Act of 1962 with its amendment Act of 1983, and the Water Utilities Act of 1970, with the amendment of 1978. Other important acts which influence the sector are the Local Government District Act, Aquatic Weeds Control Act and Public Health Act.

10.108 The provision of reticulated water supplies to villages since the 1970's, has improved access to drinking water for the majority of citizens. However, this initiative has been hampered by inadequacy of developed sources, and in some instances, pollution of existing sources.

10.109 The first National Water Master Plan (NWMP) was completed in 1991. The Plan provided guidance for water resource management, and came up with a number of major recommendations. According to the National Water Master Plan Review of 2006 (NWMPR), substantial progress has been made on the implementation of the recommendations, with the exception of institutional and infrastructure development. The institutional recommendations still outstanding include overall institutional arrangements for water resources development and management. The main infrastructure delay has been the late commissioning of North South Carrier 2.

10.110 The NWMPR indicates that the water sector institutional framework has mainly been structured to meet residential and commercial needs, consistent with the

infancy of the sector. Little attention has been paid to demand side management and water resources stewardship. The current challenges facing the sector require a change of emphasis from supply side to demand side management.

10.111 Water resources management, which in this context includes all activities from planning and development up to water delivery to the customer, has been the responsibility of a number of institutions. These include the Department of Water Affairs (DWA), the Water Utilities Corporation (WUC), the Department of Geological Survey (DGS), the Department of Local Government and Development (DLGD), Local Authorities, the Ministry of Agriculture (MoA), and the Department of Waste Water Management and Pollution Control (DWWMP). There have been difficulties coordinating these institutions, which has led to lack of clarity and misunderstanding about responsibilities, and to duplication of effort. The main causes were an inappropriate institutional framework, and poor coordination among institutions engaged in the same sector. To address this, there is need for institutional restructuring and capacity building, alongside water conservation and demand management, and monitoring and evaluation of services.

10.112 One of the recommendations of the NWMPR is to separate resource management from service delivery. This is being implemented and will continue into the early part of NDP 10.

REVIEW OF NDP 9

10.113 During NDP 9, the water sector contributed about 1 percent to GDP. The NDP 9 water resources strategy aimed to address several key issues: institutional framework changes; change in the service delivery modality in major and rural villages; water resources investigation; setting water tariffs to align them with the cost recovery policy; data management to evaluate and monitor serviceability of infrastructure; water quality; protection and conservation; implementation capacity building; outsourcing services; irrigation and water development; and improvement of productivity.

10.114 Although there were no targets in the form of definite outcomes and outputs, the overall aims were:

- To meet the water requirements of all the population through provision of a clean, reliable, affordable water supply with sufficient quantity and adequate pressure to meet the customers' requirements within agreed limits;
- To meet the water requirements for industrial, mining, agricultural, wildlife, commercial and institutional users.

Water Resources Investigation and Development

10.115 Seven groundwater investigations (Maun, Kang-Phuduhudu, Bobonong, Matsheng, Botlhapatlou, Boteti, and Masama) and the construction of four surface water dams (Ntimbale, Dikgathong, Lotsane and Thune) were planned in NDP 9. A fifth dam (Mosetse) was added during the Plan period.

10.116 Only one dam, Ntimbale dam in the North East District was completed during NDP 9, while the rest are at various stages of development. Construction of Dikgathong dam started in March 2008, with completion expected in February 2012. Lotsane dam construction started in April 2009 and will be completed in October 2011. Construction of the Thune dam is expected to start in January 2010, with expected completion in March 2013. The completion of Dikgathong, Lotsane, Thune and Mosetse dams will increase the combined volume of dams from 393 million cubic metres to 948 million cubic metres, while combined yield will increase from 68 million to 147.9 million cubic metres per annum (Table 10.3).

Table 10.3: Dam Capacity and Yield

Dam	Capacity (MCM)	Yield (MCM)
Gaborone	144.2	9.5
Shashe	87.9	23.0
Letsibogo	104.0	24.0
Nnyane	2.3	
Bokaa	18.5	4.9
Moshopa	0.7	
Lotsane	42.3	6.5
Ntimbale	26.4	3.6
Dikgathong	400.0	62.0
Thune	90.0	6.5
Mosetse	31.7	7.9
Total	948.0	147.9

Note: MCM = million cubic metres

Source: Department of Water Affairs

10.117 Groundwater investigations were undertaken in Maun, Kang, Phuduhudu, Bobonong, Matsheng, Botlhapatlou, Boteti and Masama areas. Water demand and yields from these developed well fields are

in Table 10.4. All the investigations were completed within the Plan period, with the exception of Bothlhapatlou which will be completed in NDP 10.

Table 10.4: Well fields Capacity and Yield

Wellfield	Demand (m ³ /day)	Yield (m ³ /day)	Yield (MCM/Year)
Kang	3,525	7,860	2.87
Matsheng	1,680	9,637	3.52
Botlhapatlou	14,000	14,000	5.11
Bobonong	6,500	6,289	2.30
Masama	25,000	25,000	9.13
Maun	13,700	24,650	10.07
Total	64,405	87,436	33.00

Source: Department of Water Affairs

10.118 The development of these resources was complemented by the review of urban water supply master plans for Francistown and Selebi-Phikwe. These entailed the implementation of major capital works in the form of treatment works, pump stations, pipelines, storage and elevated towers to enable transfer of water from major centres to the surrounding villages.

Water Tariffs

10.119 Water Utilities Corporation supplies water to urban areas, charging tariffs which are intended to cover costs and generate a target rate of return on capital invested. The Department of Water Affairs (DWA) supplies water to those areas not covered by Water Utilities Corporation, applying tariffs which do not cover costs and therefore involve a subsidy.

10.120 Water authorities are to increase water tariffs annually over six years to recover 70 percent of operating costs, and to adopt long run marginal costing as the basis

of tariff calculations thereafter. During NDP 9, tariffs were raised for both major and rural villages. In general, rates were increased annually by 14 percent for urban centres, and by 18 percent for rural villages, up to 2005. The major limitation was that the revision of the tariffs was not based on any economic analysis. A water affordability tariff study for seventeen major villages was carried out during 2008, and was completed in March 2009. The proposals from the study await further work to be carried out in 2010 to accommodate water sector restructuring.

Water Quality, Protection and Conservation

10.121 Regular water quality monitoring and testing for chemical, physical and microbiological constituents were undertaken by the sector to ensure compliance with the Botswana Standard for Drinking Water Quality Specifications (BOS 32:2000), and included water quality monitoring of dams and well fields.

However, the quality monitoring for the rural villages water supply was not done on a regular basis due to shortage of manpower and logistical support. Once a water industry regulator is in place in NDP 10, it will take over the responsibility for water quality monitoring.

10.122 The sector implemented a water conservation and demand management technology which included construction of a demonstration wetland system that treated waste water from Department of Water Affairs (DWA) offices for reuse. This wetland system reduced departmental water consumption by 30 percent. The project is now being replicated by a number of institutions, such as the Botswana Police, poultry farms and individual households. The development of the draft National Water Conservation Policy of 2004 and the National Water Supply Regulations were also completed.

10.123 As part of its water demand management strategies, DWA developed a comprehensive water conservation programme. The following are some of the activities that were implemented under the programme:

- Installation of a pre-paid metering system in 13 major villages;
- Water loss measures, such as metering, zoning and in-situ meter testing at Palapye and Molepolole;
- Automatic flushing urinals at government institutions, such as schools, were replaced by manually operated flushing urinals;
- Pilot exercises on rain water harvesting at Shoshong Senior Secondary School, Khawa village and Ledumang CJSS;
- Extensive education and awareness campaigns on efficient use of water.

10.124 WUC was compelled to impose water restrictions in the Gaborone and Lobatse areas, which resulted in a decrease

in water demand of around 10 percent between 2002/03 to 2005/06. The restrictions included:-

- Prohibition of watering playing fields, sports grounds and golf courses with potable water;
- Prohibition of washing pavements using potable water;
- Prohibition of watering Council parks and recreational gardens with potable water;
- Prohibition of watering of residential gardens with hoses held by hand. This was subsequently lifted after the water situation had improved.

10.125 A feasibility study was completed in 2008 on the proposed reclamation and treatment of the Gaborone wastewater for potable use. The results of the study will be implemented during NDP 10 as a pilot project that will use Gaborone waste water. Based on the outcome, it may be rolled out to other suitable areas.

Outsourcing of Services

10.126 To increase private sector participation and to align government policy with a shift towards a private sector driven economy, the implementation of all large to medium sized projects was outsourced to privately owned companies. Other services, such as billing of water connections, have started to be outsourced, while outsourcing of meter reading, and operation and maintenance will be looked into during the NDP 10 plan period.

Human Resources Development (HRD) and HIV/AIDS

10.127 The sector continued to experience problems associated with retention of skilled manpower during NDP 9. The manpower situation became worse due to the impact of HIV/AIDS, and resignations by experienced

professionals were a major constraint on service delivery.

10.128 It was planned to ensure complete awareness of HIV/AIDS to reduce the impact on sector business. This involved the establishment of a Wellness Programme. The engagement of Wellness Officers and Safety, Health and Environment Officers, employed by the private sector on projects, ensured that the private sector, complied with the HIV/AIDS strategy.

Challenges and Lessons

10.129 During the implementation of NDP 9, the sector faced numerous challenges in achieving goals and objectives. Significant impediments are briefly described below.

Restrictive Policies and Outdated Acts

10.130 The Water Policy Act of 1968 is limited in its addressing of water efficiency plans and water resource management issues. These issues are articulated in the NWMPR. They include lack of appropriate legislative and institutional arrangements to properly implement water resources planning, policy formulation, management and delivery.

Poor Project Implementation

10.131 The sector did not implement all the planned projects, and some were not completed according to their original scope and design. These weaknesses were due to insufficient skilled manpower, uncertainty of funds availability and lengthy procurement processes. Lack of skilled manpower led to poor supervision of consultancies and contractors, which manifested itself in project scope change, and unsatisfactory service delivery from completed projects. The major impact of this

is the delay in meeting the demand for water supplies.

Unclear Responsibilities among Different Water Authorities

10.132 The presence of many stakeholders (MMEWR and Local Authorities) in the sector resulted in duplication and poor coordination of service delivery which was often unclear to the customers. This resulted in poor and delayed infrastructure development.

Inefficient Use of Water Resources

10.133 Studies indicated that waste water/effluent constitutes 16 percent of all delivered water resources, of which only 20 percent is reused. Despite efforts to promote conservation of scarce water, water losses and wastage continue unabated. The water losses occur widely in the water systems, at public stand pipes, private connections, schools etc. Technical losses were due to poor performance and maintenance of infrastructure and non-technical losses resulted from non-billing and illegal water connections. Reducing water losses should be supported, *inter alia*, through strengthened legislation.

Water Quality, Protection and Conservation

10.134 Providing water that meets Botswana quality standards continued to be a challenge during NDP 9. This is due to salinity of water sources, pollution at the available good sources, high operation and maintenance costs of desalination plants, and utilisation of inappropriate and complex technology. There is a need for the establishment of wide baseline data on water quality.

STRATEGIES FOR NDP 10

10.135 The NDP 10 goal for the water sector is ‘to supply adequate water efficiently of the required quality for different purposes (domestic, agriculture, mine, trade and industry)’. In this context, strategies to be pursued during NDP 10 were developed on the basis of lessons learnt during the implementation of NDP 9.

Institutional Restructuring

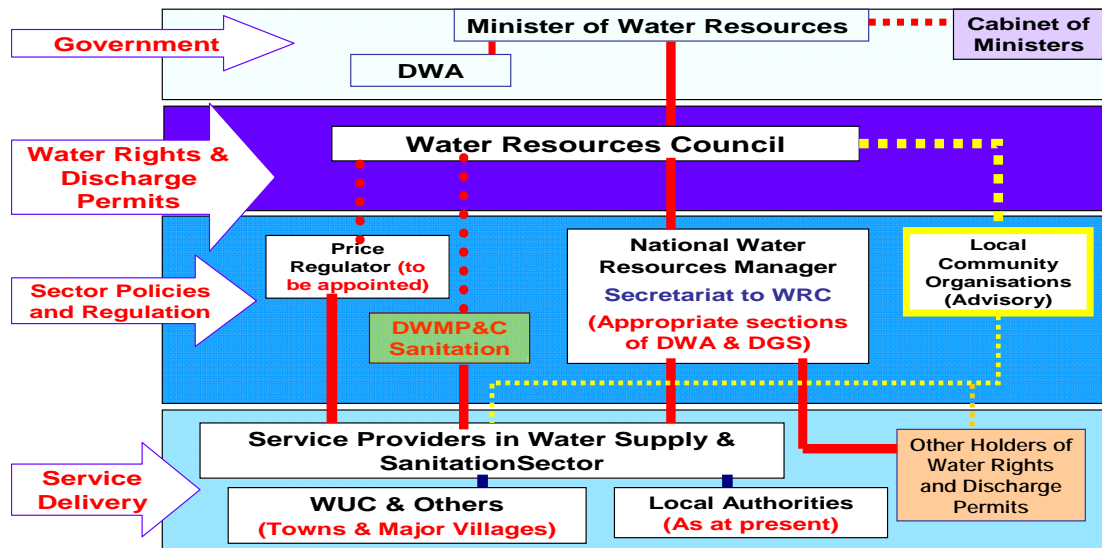
10.136 Water resources in Botswana belong to, and are controlled by, the state. The state has the final responsibility for allocating water rights through the Water Apportionment Board (WAB), whose powers are drawn from the Water Act 1968. The Director of Water Affairs is the Secretary and Registrar of WAB. Integrated Water Resources Management (IWRM) and the NWMP will provide a policy framework for the water sector during NDP 10. The IWRM principles require a more holistic approach to management, considering not only the interdependencies within natural

systems, but also the way economic and social systems affect demands placed on the resource base. It also requires a more participatory approach, emphasising the need for more stakeholder involvement in water development and management. Consistent with the IWRM principles, the NWMPR emphasises demand-side management, rather than the traditional supply-oriented approach. The report proposes an institutional structure that is able to:

- Efficiently implement the recommendations of the NWMPR;
- Meet current and future water challenges;
- Align planning operations with international practices.

10.137 The NWMPR recommendations will be implemented in NDP 10, and will thus guide strategies and initiatives for water resources management. The institutional reform which is recommended by the NWMPR is illustrated in Chart 10.1.

Chart 10.1: Recommended Institutional Restructuring



Source: National Water Master Plan Review Report of 2006

10.138 In terms of institutional strengthening, the NWMPR recommends:

- Separation of resource management functions (policy making, implementation monitoring) from service delivery activities;
- Strengthening the regulatory regime by divesting operator functions in a planned and thoughtful way;
- Setting minimum service quality standards for consumer protection;
- Provision for an independent pricing regulator.

10.139 The arrangement will address the challenge of duplication of responsibilities in the water sector and will ensure an Institutional Framework which is in line with the best international practice.

10.140 To support the new developments, all existing water legislations and regulations will be reviewed. Other water sector policies initiatives to be undertaken during NDP 10 include:

- Approval and implementation of the water conservation policy;
- Approval and implementation of the National Water Supply Regulations;
- Development of a water tariff policy.

Water Infrastructure Development

10.141 Moderate population growth coupled with robust economic activity, as is expected in the future, puts pressure on water resources and water resources infrastructure. During NDP 10, water resources will, therefore, be seen as a platform for economic growth and development and not just as a social responsibility. The current national water demand level stands at 80 Mm³ /annum and is projected to reach

186Mm³/annum by 2030, on a base case scenario.

10.142 Botswana needs to develop robust water infrastructure to enable effective management of scarce water resources. Major water infrastructure projects such as dams, strategic pipelines and wellfield development, will continue during NDP 10. Infrastructure to facilitate strategic use of both surface and groundwater resources will be developed, as well as infrastructure for artificial recharge in areas such as Maun and Bobirwa, and waste water recycling in areas like Palapye – Serowe, Ghanzi and Gaborone.

10.143 The strategy for water infrastructure will be coupled with the strategy for Water Conservation and Demand Management. In this regard, during NDP 10, Government will pursue initiatives to curb water wastage and will explore the utilisation of available technology to reduce high levels of evaporation in dams, which currently stand at 65 percent.

Water Conservation and Demand Management

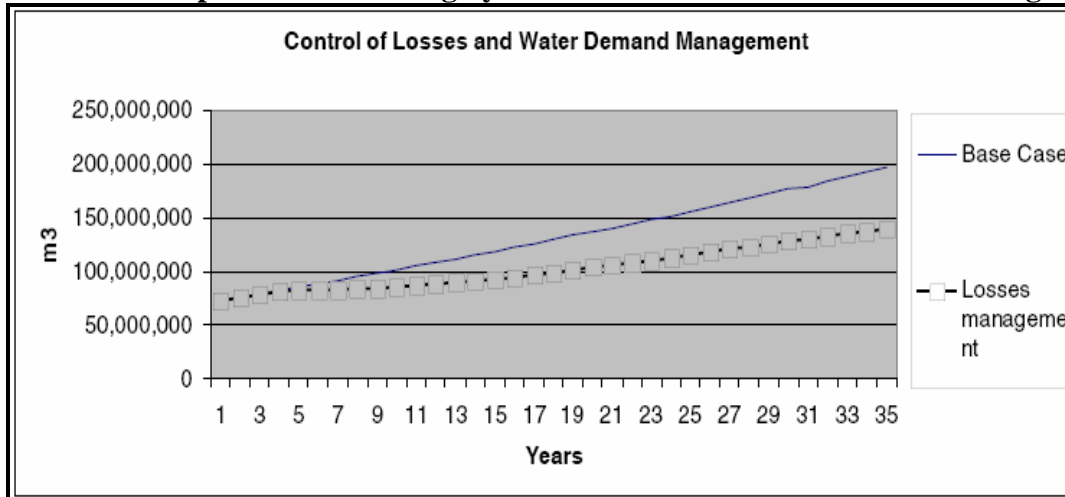
10.144 It has been recognised in water resources studies (NWMPR, Water Conservation and Demand Management Project 2004), that Water Demand Management (WDM) should be given primary consideration in water resources planning, because of its cost effectiveness compared to the development of new resources. The NWMPR 2006 addressed the status of WDM in Botswana through reviews of the draft National Water Conservation policy, and various demand management plans for mining and water utilities.

10.145 The preliminary water balance review highlighted the loss of more than 46

percent (57 MCM) of developed water through various forms of losses and inefficient water use. Another observation was that 32 MCM of water can realistically be recovered through focused campaigns.

Reduction in water loss would defer expensive capital works programmes, as water demands could be reduced by up to 25 percent (Chart 10.2).

Chart 10.2: Impact of Controlling System Losses and Water Demand Management



Source: National Water Master Plan Review Report of 2006

10.146 Most water supply infrastructure experiences high water losses as a result of high pressures, ageing pipe networks, and poor maintenance. The following initiatives will be undertaken to address these problems:

- Rehabilitation and upgrading of water supply schemes;
- Optimisation of the existing network;
- Adoption of whole life costing and risk-based asset management;
- Implementation of Geographic Information Systems (GIS) and maintaining an up-to-date asset inventory;
- Capacity building in asset management.

10.147 The NWMPR comprehensively reviewed the draft National Water Conservation Policy (2004). A major deficiency noted was the lack of reference to actual implementation of strategies. It is imperative that these deficiencies be addressed during NDP 10. In addition, water

conservation and demand management action plans will be developed for all water providers supplying villages and towns with piped water supplies. These plans will be developed by Government in cooperation with major water users. Furthermore, it is intended that WDM-focused institutions and techniques such as national resource accounting and a water conservation unit, be established to monitor water audits and water balances.

10.148 In terms of utilisation of waste water and treated effluent, which constitute some 16 percent of all water resources by volume, the priority is to use effluent water. The quality of treated effluent will be improved to a standard which will allow reuse and development of standards and guidelines to ensure the public and environment are fully protected.

Assessment, Monitoring and Evaluation of Water Resources

10.149 These will be improved through mandatory production of annual audits on the water systems managed by the suppliers (DWA, WUC and Councils). The production of quality audit reports with accurate information necessitates that existing water monitoring systems be improved. Therefore, the review of the existing water system monitoring will become a priority during NDP 10.

10.150 Effective assessment, monitoring and evaluation of national water resources will ensure that water is available for national priorities, that water is used productively and for the most beneficial use, that water is shared equitably, and that the value of water resources is maintained.

10.151 During NDP 10, Government will ensure that:

- information required for decision-making on water resources is collected and analysed;
- information acquired is fully utilised for strategic planning for the use, development and protection of water resources;
- change in water use is dynamic enough to cope with changing priorities and conditions.

10.152 This requires a thorough understanding of the hydrological cycle, in order to promote a systematic assessment of the quantity, quality and variability of water available for development.

10.153 In addition, during NDP 10, Government will:

- establish an independent quality monitoring and evaluation division, under the Regulator, for monitoring and evaluation of services provided in the water sector, both for project implementation and service delivery

(timeliness, water quality, cost and water conservation);

- establish water quality testing laboratories.

Comprehensive Review of Water Supply Infrastructure

10.154 The review of the status of all water supply systems and national metering will be undertaken as part of the major villages rehabilitation projects during NDP 10 to determine the future investments required in terms of capital expenditure and major maintenance stock.

Capacity Building

10.155 The new dispensation envisaged by the NWMPR requires new skills. The study identifies several knowledge gaps in the water sector. Key skill areas identified are:

- Contract management;
- Environmental management;
- Supervisory abilities;
- Systems development;
- Applications development;
- Billing system support;
- Data security.

10.156 The move to a stewardship role for Government requires the development of skills and institutional arrangements for the assessment and protection of water resources. Thus, the following are required:

- Knowledge and skills to perform a strong stewardship role;
- Policies to educate and build awareness on the merits of effective water management;
- Knowledge and skills for effective participation in the activities of regional river commissions.

10.157 Skilled personnel are needed, so that the sector can efficiently lead the development and management of water

resources. During NDP 10, the following will be carried out to build capacity in the water sector and facilitate effective project implementation:

- Establishment of training facilities for applied engineering in water sector organisations in collaboration with relevant institutions (e.g., the Botswana Training Authority, University of Botswana (UB), Botswana International University of Science and Technology (BIUST);
- Utilisation of Public Private Partnership (PPP) as a means of facilitating private sector participation in the water sector;
- Outsourcing of services delivery, such as maintenance works, private connections, meter reading and billing;
- Exploration of funding from multilateral sources (international financial institutions/investors);
- Application of the Engineering Procurement and Construction tendering model for most projects.

Sector Performance Matrix 10.2: Water

Sector Goals	Indicators	Baselines 2008	Targets 2016
To efficiently supply adequate water within the set quality standards	% of demand met.	45% demand met	100%
	% of population covered.	65% covered	100%
	% of unaccounted for water	46% unaccounted for water	10%
	% of water supplied compliant to the set water quality standards.	20% compliance	100%

Source: Department of Water Affairs

SUMMARY OF PROGRAMMES

Institutional Framework Restructuring Programme

10.158 This programme is aimed at addressing challenges of limited water resources and efficiency in service delivery due to institutional problems. It recognises the need to separate water resources management functions from that of service delivery. This programme is seen as the cornerstone for enhancing achievement of other water sector programmes, namely, water resources development, water supply and distribution and water quality, conservation and supply and service efficiency.

Water Supply Resources Development (including Treatment and Transmission)

10.159 Water demand far exceeds water supply. To meet the deficit, unquantified water resources will be assessed and quantified water resources developed. These include dams, wellfields (boreholes) and cross border resources (shared water resources - Orange/Senqu, Limpopo and Zambezi River Basins).

Water Supply and Distribution Programme

10.160 This programme is aimed at optimisation of the existing network, rehabilitation and extension of the network to achieve 100 percent water supply

coverage. The improvement is intended to enhance efficiency of the existing infrastructure and reduce water losses.

Water Quality, Conservation and Supply and Service Efficiency Programme

10.161 This programme is aimed at improving water quality in both rural and major villages countrywide. This is done through regular water quality monitoring and tests of dams and wellfields to ensure compliance with various utilisation standards, such as drinking water quality specifications.

SECTOR: ENERGY

INTRODUCTION

10.162 The energy sector operates through a combination of public and private sector activities. The Ministry of Minerals, Energy and Water Resources (MMEWR), through its Energy Affairs Division (EAD), is responsible for formulation, direction and coordination of the national energy policy. The Ministry shares the energy portfolio responsibility with other ministries, private companies, parastatals and non-governmental organisations (NGOs) including:

- Botswana Power Corporation (BPC), for electricity generation, distribution and supply;
- Multinational oil companies, for direct procurement, supply and distribution of petroleum products;
- The Ministry of Environment, Wildlife and Tourism (MEWT), for forestry and environmental conservation, long term research on fuel wood, productivity of natural woodlands and promotion and implementation of fuel wood programmes;
- The Ministries of Local Government (MLG) and Education and Skills Development (MoESD), for off-grid power supply, and installation and maintenance of solar energy equipment in government institutions in rural and urban areas;

- The Rural Industries Innovation Centre (RIIC), for developing, testing and dissemination of renewable energy technologies;
- The Botswana Technology Centre (BOTECH) undertakes research and development and information dissemination on solar energy.

10.163 In recent years, policy emphasis has been on adequately and reliably supplying energy at least cost to the economy, as well as sustainably utilising energy resources. Botswana's Energy Master Plan was developed in 1985 and has guided the country's energy developments and strategies over the years. The Plan was reviewed in 1996 to take cognisance of regional and local challenges. A lot has evolved within the energy sector since 1996, which will need to be addressed by future energy policy and NDP 10. In the past two decades, policy has centred on low cost energy provision from RSA, which has benefited from the low costs of hydro and coal fired energy, and from economies of scale. Global and regional shortages of electrical energy mean that the policy has run into difficulties. There is a need to shift energy policy and investment to more sustainable, local, but inevitably higher cost sources of supply.

10.164 The energy sector contribution to GDP increased from 1.4 per cent to 1.9 percent during NDP 9. To increase its contribution to economic growth, the following goals will be pursued in NDP 10:

- To deliver an adequate supply of reliable energy;
- To exploit sustainable energy resources;
- To facilitate economic efficiency;
- To improve access and affordability of energy services;
- To ensure security of supply and diversified supply sources.

10.165 These will contribute to the national goals of sustainable rapid economic growth and a sustainable environment. There is a strong and positive correlation between Gross National Product (GNP) per capita and modern energy use per capita. Access to energy services is a pre-requisite for socio-economic development, and for the achievement of the Millennium Development Goals (MDG's).

REVIEW OF NDP 9

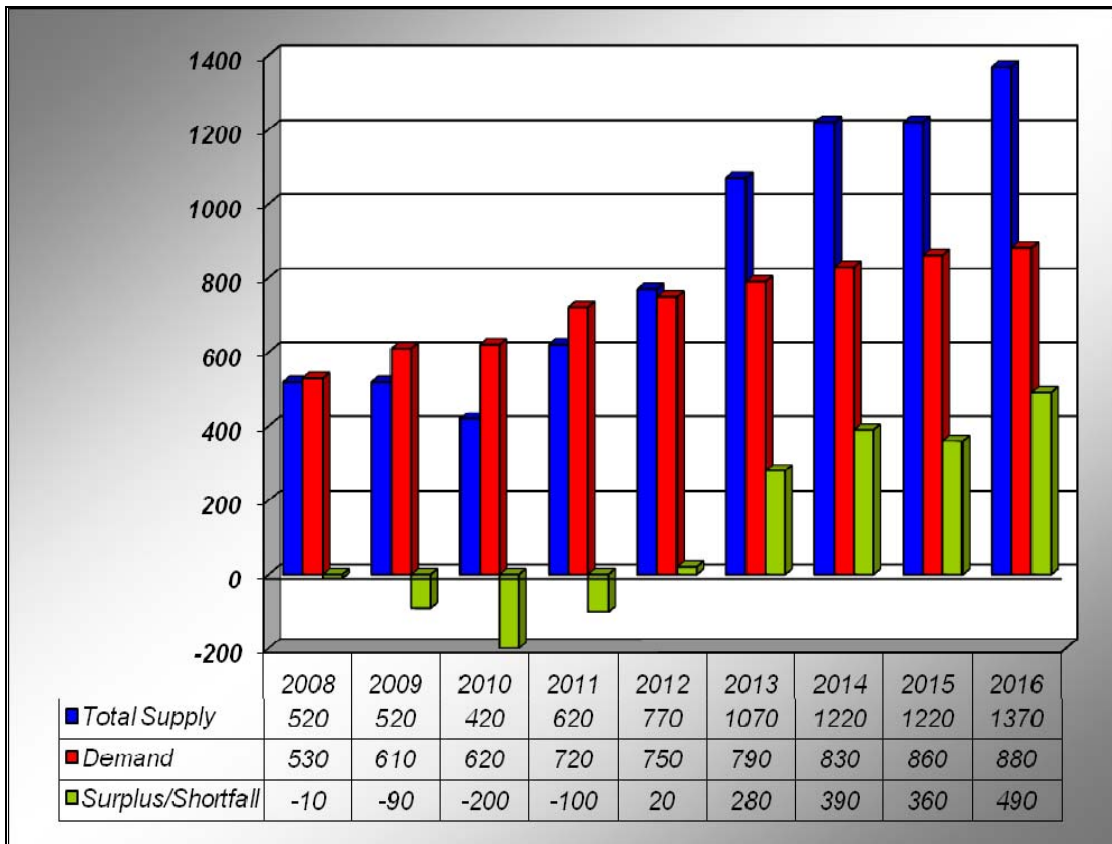
Electricity Supply

10.166 Botswana's electricity self-sufficiency level remained very low during NDP 9. Morupule Power Station contributed only 24 percent (120 MW) of the national consumption of 500 Megawatt (MW). The balance was imported, mainly from RSA. Southern Africa experienced a serious regional power supply deficit during the latter part of NDP 9, and regional power utilities including BPC, are grappling with this problem. An import supply agreement with Eskom of RSA, which came into force in January 2000, expired in December 2007.

On its termination, BPC negotiated a new five year Power Purchase Agreement with Eskom to provide 350 MW in the years 2008 and 2009, 250 MW in 2010, and 150 MW in 2011 and 2012. To supplement the reduced power imports from RSA, BPC has secured additional imports totalling 90 MW from Mozambique.

10.167 Morupule Power Station continued to operate as a base load station, with generation units operated or maintained above the 80 percent availability factor. A feasibility study for generation expansion of the Morupule Power Station has been completed. The Morupule Power Station expansion project preliminary works, such as environmental impact assessment, groundwater investigations and drilling, have been carried out. The final stages of the construction tender evaluation are almost complete. Upon completion of the first phase of the project, which is expected during the second quarter of 2011, the station will provide 600 MW of new capacity, replacing all imported electrical power. Feasibility studies for the second phase of Morupule expansion, which is intended to provide a further 600 MW, have started. At completion of the second phase, expected in 2013, the total capacity of domestic generation will stand at 1,320 MW. This level of domestic generation capacity provides the desired level of energy security for Botswana. In addition, feasibility studies of a project to tap into the vast hydropower resources of the Democratic Republic of Congo (DRC), by five SADC counties (Angola, Botswana, DRC, Namibia and South Africa), have been initiated.

Chart 10.3: Supply- Demand Outlook for Electricity



Source: Botswana Power Corporation

10.168 To facilitate the implementation of additional new energy supply projects, such as Mmamabula, the Mines and Minerals Act Amendment Bill and the Electricity Supply Act Amendment

Bill was passed by Parliament in December 2007. These provide for power supply liberalisation and the operation of independent power producers in Botswana.

10.169 The Electricity Supply Amendment Bill ushered in a new era in the electricity supply industry. It supports the Government's quest to have the private sector actively involved in the development of the country's infrastructure, in that independent power producers will now be able to set up power stations in the country. This will, in turn, enable the Government to

divert more financial resources into the funding of capital projects with social goals.

10.170 The policy of maintaining a balance between local generation and imports of power to obtain a least cost mix was adopted during NDP 9, and the expansion of local generation was deferred to take advantage of the relatively cheap power in the region. The policy enabled the BPC to meet the requirements of the economy in a cost effective manner. However, the Corporation was faced with the following challenges:

- Weakening of the Pula against the Rand as a result of currency devaluation in February 2004;
- Increase in the price of coal;
- Increasing difficulties in the sourcing of inexpensive power, through bilateral power import agreements and from the

Southern African Power Pool's short term energy market;

- Delay in obtaining approval for tariff increases;
- Increase in the price of power/energy imports;
- Prolonged outage of a generator at Morupule Power Station;
- Shortage of materials for construction.

10.171 All the above mentioned factors, coupled with an increase in operating costs due to inflationary pressures, resulted in below target returns on revalued fixed assets. The Corporation recorded unprecedented growth rates of electricity consumption and the number of consumers, but had declining net profits during the period (Table 10.5).

Table 10.5: BPC's Performance Data

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09 estimate
Net Profit P'000	206,006	216,585	120,178	101,305	111,143	-219,123
Return on Fixed Assets (%)	5.3	4.1	-1.0	-1.9	1.81	-9.11
Demand MW	394	402	434	473	493	530
Energy sold GWh	2,642.0	2,731.2	2,916.7	3,119.7	2,889	2,943
Consumers (No. of)	122,625	136,216	151,800	166,651	196,755	196,726

Source: BPC Annual Reports

10.172 Several projects, which were aimed at enhancing system stability, security and reliability of power supplies, were completed during NDP 9. These included:

- Construction of a transmission line from Morupule Power Station to the Thamaga Substation;
- Switchgears installed at the Morupule Substation and Thamaga Substation as well as a shunt reactor at Thamaga Substation, to improve the operation of the Thamaga transmission line;
- Two transformers were installed at the Morupule Power Station, to delink the power station auxiliary supplies from the Corporation's commercial supplies and to increase supply to the Central District and its environs;
- To reinforce the existing supplies to Lobatse as well as to the villages south

of the town, two new transformers were commissioned at Woodhall;

- To provide extra power to Tlokweng and the Gaborone Central Business District, two new transformers were commissioned, with additional switchgear and a new control building.

10.173 To take advantage of the window of opportunity brought about by supply difficulties in the region, plans were initiated to make fuller use of Botswana's abundant coal resources, estimated at 212 billion tonnes, through the construction of a 2,400 MW Power Station at Mmamabula. The Government took measures in 2006/7 to create an enabling environment for the establishment of the Mmamabula Coal Fired Power Station by:

- Entering into an Inter-Governmental Memorandum of Understanding with the Government of RSA for the possible development of an export power station in the Mmamabula area, with Eskom of South Africa being the main off-taker of the generated electricity;
- Facilitating BPC to enter into an Inter-Utility Memorandum of Understanding with Eskom for the development of the Mmamabula project;
- Entering into a Memorandum of Understanding with Coal Investment Corporation Energy (CIC Energy), an Independent Power Producer who desired to develop the Mmamabula Coal Fired Power Station;
- Establishing the Mmamabula Project Coordinating Unit which has been operating since 2007;

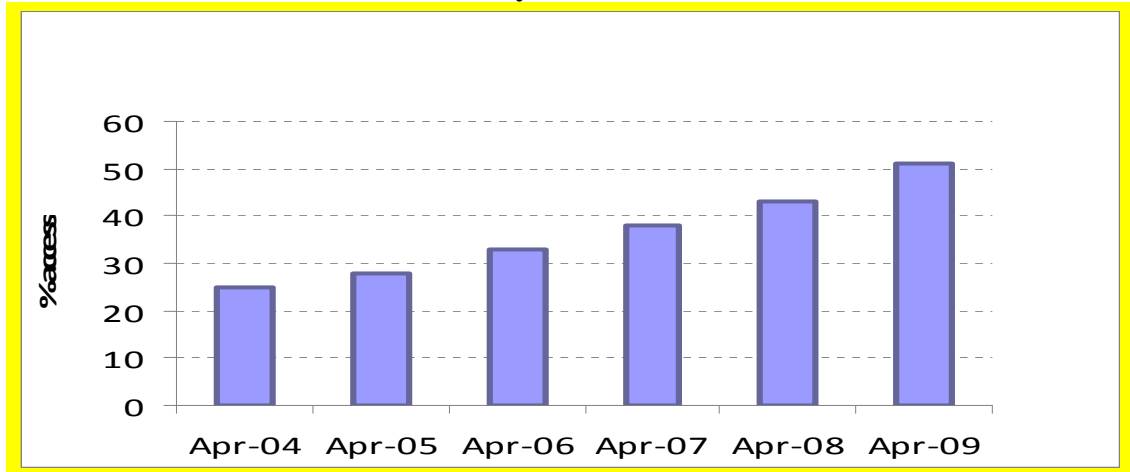
Rural Electrification

10.174 During NDP 9, 145 villages were targeted for connection at a total cost of P734 million. The first 15 villages were electrified in 2004/05, after which work stopped due to budget constraints. However, in 2007 the Government secured external funding in the form of a low interest loan of USD 89 million (P550 million) from the Swedish Investment Bank to electrify 100 villages. The electrification of the first 30 villages was completed by the end of

NDP 9. The remaining 70 villages will be electrified in NDP 10. In addition to the 100 villages, the Government has wholly funded electrification of 30 villages which are next to the power grid, and the project will be completed during NDP 10. Electricity network extension was done in 64 villages as a way of covering the parts of villages which have outgrown the existing infrastructure, and also to bring down the standard cost of connections. (Chart 10.4)

10.175 Customers have not been paying the full cost of electricity connection. Loans were offered at below market interest rates and payment periods ranged from 18 to 180 months. At March 2008, there were 100,325 customers who have benefited from the scheme, as compared to 51,669 by March 2004. The average cost of connection was P30,608. Since the connection fee is P6,000, there is a subsidy per connection of around P24,000. By April 2009, uptake remained low at 51 percent. Overall, there is no business case for electrification of rural villages from the grid. Single or cluster settlement supply from alternative sources (solar, biomass, etc.) will be considered as an option during NDP 10, emphasis will be placed on the network extension of already existing villages. The Rural Electrification Scheme is a revolving fund which will be self funded during NDP 10.

Chart 10.4: Access to Electricity in Rural Areas



Source: Division of Energy Affairs

Ghanzi Cross Border Supply

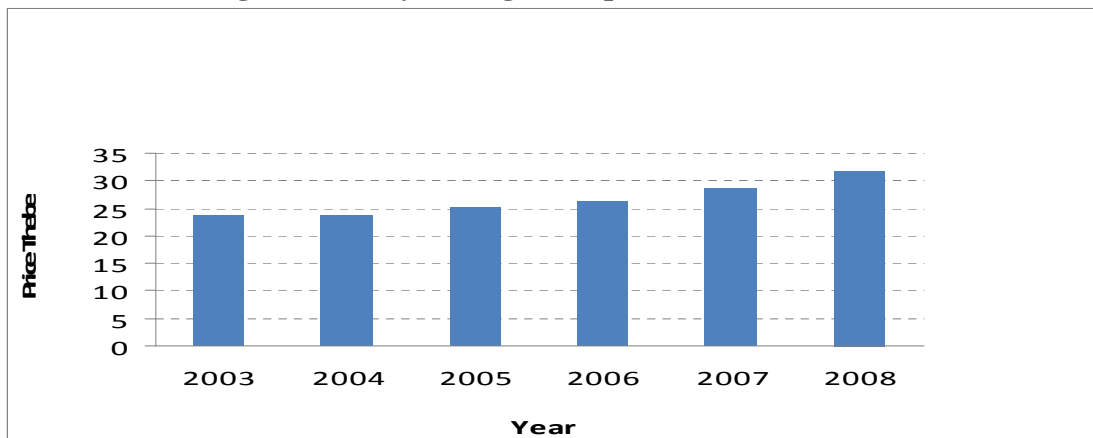
10.176 In December 2004, the Ghanzi Cross Border 132 kV line was commissioned, thereby ending the operation of the local diesel power station. The cost of generating a unit of electricity at the station stood at about P1.47 compared to the selling price of P0.31. As a result, Government had to make budgetary provision averaging P12 million annually for its operation. The commissioning of the new line provided capacity to supply other villages surrounding the Ghanzi Township.

Tariffs

10.177 BPC is required to prescribe charges for electricity use that provide a reasonable return on the value of its fixed assets, plus an allowance for working capital. In determining what is a reasonable return, consideration must be given, amongst other things, to the provision of funds for future expansion and the payment of dividends.

10.178 Tariffs have increased regularly since 2005 (Chart 10.5), but by insufficient amounts to comply with financial targets.

Chart 10.5: Average Electricity Selling Price per Unit



Source: Division of Energy Affairs

Regulation and Governance

10.179 In March 2003, Government completed the study on preliminary investigations into electricity industry restructuring. The objective was to provide the Government with options and recommendations on the future of the electricity industry and on improving its operational efficiency. A set of six different drivers for reform were identified:

- Improving utility performance;
- Introduction of competition;
- Improving sector governance;
- Privatisation of existing assets;
- Private financing of new investments;
- Promoting access to electricity.

10.180 The reform strategy for public governance was adopted as an interim measure. The study resulted in BPC restructuring its operations into Strategic Business Units for generation, transmission, corporate services, customer services,

supply and rural. The process was completed in July 2007.

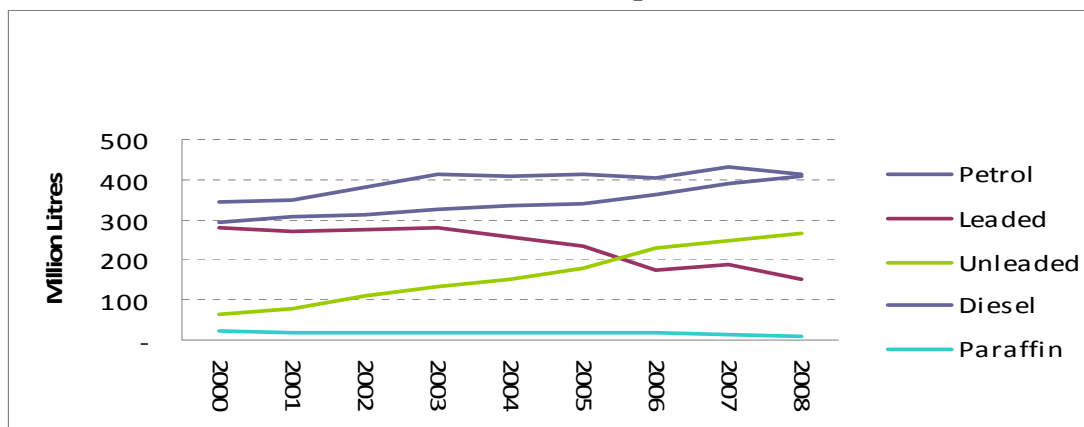
Oil and Gas

Supply and Demand for Petroleum Products

10.181 Demand for diesel increased by nearly 5 percent annually over NDP 9, while petrol consumption was static (Chart 10.6). The increase in the demand for diesel was mainly due to substantial growth in the mining sector. The demand for illuminating paraffin has been declining gradually, due to price increases and rural electrification.

10.182 On the supply side, challenges included lack of adequate commercial storage facilities for the local oil industry, and inequitable supply and distribution of the products to rural areas, which are considered to be less financially attractive for investment by private companies.

Chart 10.6: Petroleum Products Consumption 2000-08



Source: Division of Energy Affairs

10.183 The Government maintains strategic stocks of petrol, diesel and paraffin for use in case of major supply disruptions. By December 2008, the strategic stockholding capacity of the existing storage depots stood at an equivalent of about 22 days for both

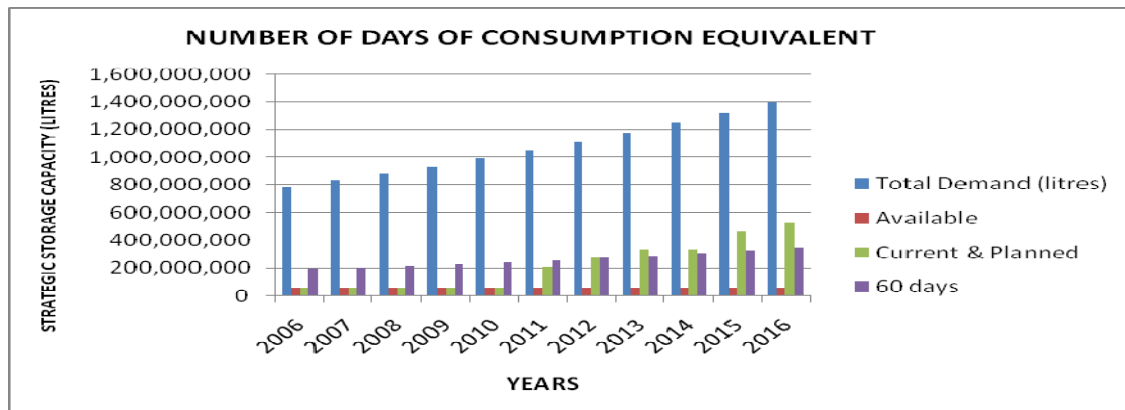
petrol and diesel, while paraffin stood at 110 days based on 2008 consumption. Efforts to upgrade the strategic storage facilities to a level of 90 days were negated by lack of adequate funding for construction of a major unlined underground petroleum storage

facility. This has compelled the Government to embark on a more economically viable alternative entailing the development of additional above ground storage facilities at three different sites. The plan is to reach a 90 days current consumption storage equivalent during NDP 10 (Chart 10.7). Problems with fuel supplies are expected to increase during the 2010 World Cup in RSA.

10.184 Government undertook preliminary investigations of the economic viability of developing a cross border, fuel supply pipeline. Different sources and fuel supply routes were investigated with a view to

establishing alternative routes to reduce dependence on the current single supply route through RSA. Currently, petroleum products to Botswana are transported by rail and road. These modes of transportation compromise security of supply. In addition, they are becoming congested, and road transport is the most unsafe method. International best practice is to transport petroleum products by pipeline across borders and within countries. During NDP 10, Botswana will build a cross-border fuel supply pipeline, which will link the country with supplies from both Mozambique and RSA.

Chart 10.7: Strategic Petroleum Products Storage

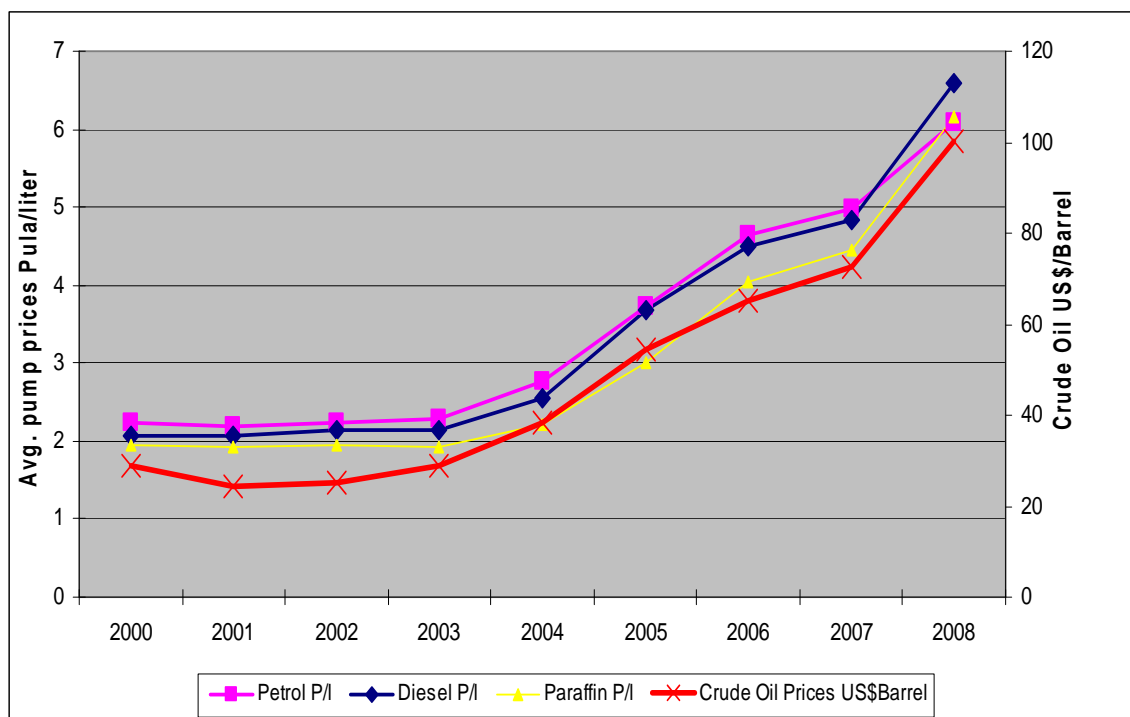


Source: Division of Energy Affairs

10.185 The prices of petrol, diesel and paraffin, which are administratively determined, increased from 249, 232 and 205 thebe per litre in April 2004 to 594, 682 and 550 thebe per litre, respectively, by

April 2009. The price of crude oil (Brent) almost doubled during 2007 and 2008, as the price rose from US\$65.16 to US\$117.00 per barrel (Chart 10.8). It later fell back in 200

Chart 10.8: Petrol, Diesel, Paraffin and Crude Oil Prices 2004-2008



Source: Division of Energy Affairs

10.186 Botswana set up the National Petroleum Fund in 1986, under the Finance and Audit Act. Its purpose is to

meet the engineering and construction costs of the Government Reserve Storage (GRS) facilities, to purchase petroleum products for GRS, and to stabilise petroleum product pump prices and payment of insurance premiums for GRS. Due to the fast depletion of the National Petroleum Fund by heavy slate settlement (money paid to the oil industry as a result of pump prices being set at a lower price than the actual costs of product delivery) to cover the financial deficits experienced by the oil companies, the frequency of the fuel price adjustment was increased from quarterly to monthly. Product prices were adjusted according to their individual monthly over/under recovery rates to reflect the true cost of the products. The National Petroleum Fund levy rate was reviewed in 2007 to ensure that the Fund collects enough money to assist in the

management of prices in the local market. During NDP 10, there will be significant institutional reforms (setting up of the Energy Regulator) which will affect the management of the Petroleum Fund and of petroleum product prices.

10.187 The quality of the products delivered to the local market improved considerably, with sales of lead-free overtaking leaded, and sulphur content reduced from 3000ppm to 500ppm in diesel in 2006. A number of citizen-owned petroleum trading companies were registered. However, only a few of these have since become operational, signalling concerns about the ability of such companies to participate in the local market.

Coal

10.188 Although Botswana has abundant coal reserves, there is only one operating coal mine, the Morupule Colliery, with an

annual production of about one million tonnes of low quality coal. To address the quality issue and the effects of the high ash content on the environment, a 40,000 tonnes per month coal washing plant was commissioned in March 2008. To address the low uptake of coal in the domestic market, a financing mechanism for affordable and efficient coal fired household equipment was proposed. The project could not take off due to unavailability of suitable coal equipment locally. The Rural Industries Innovation Centre (RIIC) was engaged to investigate the possibility of developing a cheap, reliable and affordable domestic stove in August 2008; and a study was completed in February 2009. RIIC produced an evaluation report and funds are being sourced to implement the project.

10.189 To increase accessibility to Botswana coal, two more coal depots are being built at Ghanzi and Kang. After their completion, the depots will be leased to the private sector for operation. Accessibility in the areas within the vicinity of a coal depot increased from 21 percent in NDP 8 to 24 percent in NDP 9.

10.190 Two parts of the solid fuel fired equipment standard, namely the coal burning appliances (reduced smoke emission type) specifications and code of practice for centralised hot water supply, were developed and approved. The standards cover both domestic and industrial equipment.

Biomass

10.191 In order to achieve the NDP 9 biomass policy objectives of ensuring sustainable use of fuelwood resources and taking inventory of as well as monitoring woody biomass, the following efforts were made:

- Government institutions (primary schools, junior secondary schools,

Botswana Defence Force (BDF), and the Botswana Prisons and Rehabilitation Services) were directed to stop using fuel wood. As a result, the BDF and the Botswana Prisons and Rehabilitation Services stopped using fuelwood in their camps and prisons. However, 57 percent of primary schools were still utilising fuelwood. Government has undertaken to install new coal and LPG stoves in all Junior Secondary Schools;

- Investigation of community-based, fuel wood management practices recommended incorporating fuel wood in community-based management of natural resources. However, pilot projects designed for Makomoto and Tlhareselele were not implemented due to lack of funds.

10.192 The Agricultural Resources Conservation (harvesting of veld products) Regulations of 2006 prohibits harvesting of veld products for any purpose other than for domestic use unless written permission has been obtained from the Environmental Resources Board. Fuelwood has been identified as one of the veld products. EAD in MMEWR and the Forestry and Range Resources Department in the Ministry of Agriculture formed a taskforce whose terms of reference included implementation of the regulation, along with policing and efforts to raise public awareness of the regulation.

10.193 During NDP 9, household and commercial biogas digesters were installed in Lobatse, Pitsane and the Tuli Block areas for purposes of cooking and generating electricity. During NDP 10, biogas digesters will be installed in some schools and other institutions of higher learning. In addition, farmers will be encouraged to utilise biogas for electricity generation.

10.194 The long term trend of increasing crude oil prices improves the potential viability for biofuel production. In

Botswana, there is an abundance of marginal land with potential for feedstock and biofuel (jatropha, sweet sorghum, etc.) production. A feasibility study to assess the potential for production and use of biofuels in Botswana, particularly ethanol, biodiesel and biogel, was carried out. The results of this study indicated potential for local production and use of biofuels, mainly ethanol and biodiesel, with the latter showing greater potential (Table 10.6).

10.195 The study recommended a 50 million litre plant for Botswana, with possible private sector participation. The plant would cost between 100 and 150 million Pula, and would require 50,000 to 75,000 hectares of production land.

10.196 Assuming a 50 million litre plant, and projected diesel demand from 2012, calculations presented in Table 10.6 indicate high levels of savings on imported bio diesel. The first production of biodiesel is targeted for 2012.

Table 10.6: Projected Savings on Imported Diesel through Biofuel Production

Year	Projected Diesel Demand (‘000 litres)	Avoided Imports (‘000 BWP)
2012	468.32	369.5
2013	489.43	386.2
2014	511.36	403.5
2015	534.65	421.9
2016	559.38	441.4
2017	585.64	462.1

Source: Feasibility Study for production and use of Biofuel in Botswana, MMEWR

Energy Efficiency and Conservation

10.197 Botswana and the Southern African region are facing severe power shortages and high petroleum product prices due to increased demand and insufficient supply. It makes ever more economic and environmental sense to conserve and use energy efficiently. Studies have shown that it is possible to save about 10-15 percent of energy consumed through short term measures of improving energy efficiency. Government has taken various initiatives for demand-side management, such as replacement of incandescent lamps by compact florescent lamps, and public awareness campaigns. The following initiatives have been taken with a view to saving energy:

- Creating awareness among the general public on energy efficiency and

conservation practices through addressing District Council meetings, workshops and seminars, the media etc.;

- Carrying out energy audits in six public institutions. Some of the recommendations from the audits have been implemented during NDP 9;
- Development of guidelines for energy efficient building design in April 2008. Based on these guidelines, the Building Regulation Board has now included a chapter on energy efficiency in the new building regulations, which are due for implementation during NDP 10;
- Development of an energy efficiency curriculum and compendium for engineering courses at UB, and the Advanced Diploma courses of the Department of Vocational Education and Training;

- The Botswana Energy Champion competition 2008 was launched to encourage energy saving in organisations through behavioural change.

New and Renewable Sources of Energy

10.198 Botswana has abundant solar energy resources, receiving over 3,200 hours of sunshine per year, with an average isolation on a horizontal surface of 21MJ/m². This rate of isolation is one of the highest in the world. Solar energy is recognised as the most promising renewable energy source in Botswana. Given Botswana's power shortfall, all options for power generation must be exploited. Wind energy currently seems to have little potential. Currently, solar energy is used for solar water heating and small-scale electricity generation using photovoltaic (PV) technology. Its contribution to the national energy supply is insignificant. The NDP 9 energy policy objectives for renewable energy were to:

- Promote the use of solar energy for both power generation and water heating where economically feasible;
- Integrate grid and non-grid technologies for rural electrification;
- Promote collaboration with international organisations;
- Promote research and development on new and renewable sources of energy.

10.199 Despite the existence of financing mechanisms for PV electrification, uptake remained low, indicating that there were barriers to the adoption and use of the technology. The barriers included, amongst other things, the high initial capital cost of the solar systems, poor quality of the systems and lack of after-sales service. To address the problems, the Government and UNDP/Global Environmental Fund invested in identifying and removing barriers hindering the widespread use of solar energy in Botswana through the Renewable Energy-

Based Rural Electrification study. The recommendations of the study resulted in the Renewable Energy-Based Rural Electrification Programme and the formation of the Solar Industries Association of Botswana.

Energy Planning and Management

10.200 In order to achieve the goal of applying Integrated Energy Planning, EAD solicited technical assistance from the International Atomic Energy Agency (IAEA) for strengthening the planning capabilities of energy officers. IAEA funded a two year project on Energy Economics and Electricity Expansion Planning (2007-2008). The project achieved the following:

- Transfer of IAEA planning tools to the Energy Affairs Division;
- Enhanced planning capabilities of energy officers through the training provided.

STRATEGIES FOR NDP 10

10.201 The sector goal is to supply adequate and reliable supplies of energy at minimum cost, and to utilise energy resources sustainably. The sector will promote the use of locally available sources of energy to reduce reliance on imported energy, and to encourage energy conservation and saving in all sectors. Botswana has abundant coal reserves and solar energy, which ought to be exploited.

10.202 To address sector goals, the following strategies will be pursued:

- Infrastructure development for electricity generation and transmission;
- Energy conservation and demand management;
- Promotion of new and renewable energy sources;
- Reduction of dependency on petroleum product imports.

10.203 The NDP 10 energy policy aims at providing a least cost mix of supply reflecting total life cycle costs and externalities, such as environmental damage. The policy also intends to integrate gender equality issues in development planning, project monitoring and evaluation as set out in the Women in Development Programme and the National Gender Programme Framework. The following factors were taken into consideration:

- Currently, Botswana imports 76 percent of its electricity from neighbouring countries, particularly RSA. This has serious implications for supply security; hence the need to reduce the risk of exposure to excessive electricity imports by developing adequate capacity for local production;
- Botswana imports almost all its petroleum requirements from RSA and small quantities from Namibia. Therefore, there is a need to diversify routes and sources of supply to reduce the risk of supply disruptions, in addition to the Government's strategic storage programme;
- Botswana is a price taker for most of the non-renewable energy supplies. However, the country is also endowed with abundant coal and solar energy resources that can be used to offer alternative energy supply solutions. Exploitation of these resources should reflect the associated environmental costs;
- In order to reduce the impact of extraction of fossil fuels on the environment and of high crude oil prices, the contribution of biodiesel consumption to the total low sulphur diesel consumption should be 5 percent by 2016. Therefore, there is a need to develop biofuels;
- To reduce scarcity of fuel wood around populated areas, all government institutions using fuel wood should switch to alternative sources of energy;

- There is need to develop an overall energy policy to address national energy challenges and improve efficiency in the sector.

10.204 The policy objectives for NDP 10 will continue to be: Economic Efficiency, Energy Security and Social Equity. Energy services should be supplied at least cost to the economy. This implies that the energy industry should supply efficiently, energy should be used efficiently and the energy supply industry should be financially sustainable. All energy users should have secure supply. Adequate and affordable energy services to households and communities should be provided where economically feasible. The environmental impacts of energy extraction, production, transport and use will be minimised through the implementation of sustainable energy usage initiatives. Activities which promote sustainable development through the integration of women and gender issues into all facets of the energy provision process will be implemented.

Electricity

10.205 The medium to long term demand/supply outlook is presented in Chart 10.3 above. Given the power supply shortfalls within the region, national generation capacity must be increased. Since the BPC Act requires the Corporation to conduct its affairs on a sound commercial basis, tariffs will need to be reviewed periodically to reflect the cost of providing energy. NDP 10 strategies to address the challenges for the electricity sector are set out below.

Infrastructure Development

10.206 In the past 10 years, the Government followed a policy of getting the cheapest power from the region. This has resulted in the country facing power shortages due to

regional power supply/demand imbalances. In NDP 10, Government has decided to pursue a strategy of self sufficiency and facilitating generation of power for export by the private sector. In this regard, the Government has already amended the Electricity Supply Act to cater for the participation of independent power producers. During NDP 10, the Government will develop infrastructure to address the current mismatch between supply and demand. In addition, Government will develop transmission infrastructure to support independent power producers in distributing power from generating stations.

Optimum Utilisation of Alternative Energy Sources

10.207 Past projects to promote use of alternative resources have not been successful, mainly due to inappropriate technologies, lack of social acceptance, and high capital costs. During the second half of NDP 9, the Government concentrated on improving and setting up standard specifications for solar equipment. During NDP 10, the Government will work on the integration of different energy resources into electricity generation. These will include solar energy, biogas, biodiesel and coal bed methane. Sectors operating in remote areas, such as agriculture, will be encouraged to utilise alternative technologies to improve production.

Infrastructure Development for Rural Electricity Supply

10.208 During NDP 9, despite progress with rural electrification providing a way of promoting economic activity and uplifting living standards in the rural areas, the uptake of electricity was very low at only 51 percent as of March 2009. The main reason for the low uptake is the high costs of connection, despite the substantial

government subsidy. The strategy for NDP 10 is to explore alternative, more economic technologies. Government will continue to electrify other villages.

Operating Tariffs

10.209 The BPC will be expected to prescribe charges for electricity such that its revenues are sufficient for a reasonable and sustained commercial return. Tariff increases during NDP 9 were not effected regularly, and mostly were at less than the recommended levels. To improve the viability of the Corporation, there will be regular and cost reflective tariff adjustments. A tariff study will be conducted to support this.

Energy Conservation and Demand Management

10.210 Energy efficiency and conservation issues have gained importance due to global climate change and supply security concerns, high energy costs and regional electricity supply shortages. It is more economical to save energy than to produce it. In NDP 10, the strategy will target efficient utilisation of energy in buildings, transport and industry, promotion of energy efficient equipment, and the development of policy and legislation for demand-side management including price as a regulator of demand.

Oil and Gas

10.211 The oil industry will continue to play a major role in petroleum products procurement and distribution. The oil industry will also continue to improve and extend its distribution network to cover the remote parts of the country. Strategies to address the challenges in the petroleum sector are as follows:

Diversifying Sources of Petroleum Products

10.212 Botswana imports almost all petroleum products from RSA. This has increased supply risk associated with supply disruptions experienced by RSA. Botswana's economy is highly dependent on industrial activities that are fuel intensive, such as mining, agriculture and tourism. During NDP 10, Government will pursue a strategy of diversifying the sources and routes of fuel supplies into the country. In addition, alternative sources of fuel production, such as coal-to-liquids and renewable energy technologies, will be pursued to reduce dependency on foreign supplies.

Development of Petroleum Infrastructure

10.213 Government policy is to maintain a contingency fuel supply programme of 90 days local consumption equivalent. Currently, strategic stocks of petrol and diesel provided only 22 days. In addition, the rail and road transport capacity is not able to cope with increased demand. Government will focus on developing fuel supply capacity by constructing additional storage capacity, as well as a cross border fuel supply pipeline into the country. A central point of coordination for procurement and management of the storage and supply infrastructure will be developed to ensure efficient utilisation of these resources. An energy Regulator will be introduced to cater for efficient management of the energy sector.

Coal

10.214 In NDP 10, Government will concentrate on increasing use of local coal. To fully utilise abundant coal resources, more investors need to be attracted to the sector. A conducive environment is required to promote private sector participation in the mining and distribution of local coal. To

address the issue of accessibility, more infrastructure development will be undertaken, including construction of coal distribution centres. With clean coal now available, ways of increasing uptake, especially in government institutions, which have been buying clean coal from RSA, will be explored.

10.215 Coal is one of the most damaging sources of environmental pollution. Clean coal technologies will be explored to enhance both the efficiency and environmental acceptability of coal. The socio-economic and environmental implications of adopting clean coal technologies, such as coal gasification, exploitation of coal bed methane and the use of the resulting products in power generation, transport, industrial and domestic sectors, need to be studied. Alternative uses of coal could offer alternative energy supply solutions that can improve energy security, while addressing life cycle externalities and the development of new industries.

Improved Energy Planning

10.216 In NDP 9, Government tried to achieve integrated energy planning, facilitated through training as a way of building capacity. The strategy will be continued in NDP 10, to improve effective energy planning and forecasting for the country's energy sector. A comprehensive and up to date database, as well as the capacity for energy forecasting, will be developed. Research into energy and social/economic impacts will be carried out, together with capacity building.

Renewable Energy

10.217 During NDP 10, Government will concentrate on increasing the use of renewable energy as a way of augmenting

existing energy sources and improving security of supply for other fuels. The possibility of a solar thermal power station will be explored, private sector involvement in renewable energy will be encouraged, and renewable energy use will be enforced in government institutions. Regulations for solar and biofuels will be developed to guide production and use of renewables. There is a need to develop and build capacity for these technologies, and training will be

undertaken to achieve this. A comprehensive communication strategy is needed so as to reduce chances of non-acceptance by the general public.

Regional Cooperation

10.218 In NDP 10, existing bilateral and regional cooperation agreements of value will be continued, and new ones (regional and international) will be identified.

Sector Performance Matrix 10.3: Energy

Energy Sector NDP 10 Goals	Indicators	Baselines 2008	Targets 2016
Outcome: Adequate and reliable supply of electricity (self-sufficiency)	% Demand met	20%	100%
Outcome: National access to electricity	% Connected to grid electricity	50%	80%
Outcome: Improved access to coal	% National access	24%	30%
Outcome: Improved security of fuel supply	Strategic stock holding capacity in days	23 days	90 days
Protected environment	% utilisation of environmental friendly energy technologies (CBM, coal to liquids, coal gasification)	0.3%	25%

Source: Division of Energy Affairs

SUMMARY OF PROGRAMMES

Electricity Supply Programme

10.219 The programme is geared towards generation, distribution and supply of electricity nationwide. This entails expansion and construction of power stations, building of transmission network infrastructure and extension of the national grid to areas of need, exploring other sources of electricity in an effort to increase access to electricity, and ensuring security of supply, diversified supply and environmental sustainability.

Energy Conservation and Demand-Side Management Programme

10.220 The programme aims at implementing various energy efficiency measures to improve reliability of supply and to protect the environment. It aims at limiting energy consumption growth to 5-6% per annum, with the emphasis on demand management through the price mechanism.

Adequate Supply of Coal and Petroleum Products Programme

10.221 To promote the accessibility and use of coal as an energy source, the Government will continue developing coal depots by

providing infrastructure. The programme includes maintenance of strategic stocks of petrol, diesel and paraffin equivalent to 90 days of consumption to guard against international supply disruptions.

SECTOR: LAND

INTRODUCTION

10.222 Botswana's total land area is approximately 582,000 km², comprising three land categories, viz., customary (71 percent), state (25 percent) and freehold land (4 percent). The main uses of land are for agricultural, residential, commercial, industrial, civic, community and recreational activities. The main policy concern in this sector is the limited availability of land ready for development, despite an apparently abundant land resource. Another concern is that where land is made available, it lacks basic services to facilitate speedy development. For development to take place, land must be made available in a manner that makes it easy for it to be put to productive use. The major challenge for the sector, therefore, is to avail and allocate land in a timely fashion to meet current and future demand.

10.223 Historically, prior to the establishment of Land Boards in 1968 and their start of operation in 1970, customary land was administered by Chiefs. When the country was colonised and became the Bechuanaland Protectorate, two additional land tenure categories were added, freehold and crown land. Crown lands were administered by District Commissioners. Following Independence, crown land was converted to state land, and its administration was handed over to the then Ministry of Local Government and Lands.

10.224 Sectoral policies for land focus mainly on economic and sustainable utilisation of land resources and on natural resource conservation. These policies are aimed at supporting agriculture, tourism, mining, environmental conservation and human settlement, as well as related socio-economic developments. The major concern is competition for scarce resources, which often manifests itself in the form of resource degradation and land use conflicts. It is critical that land be optimally utilised and conserved through proper land planning and development. This depends, in turn, on the timely availability of reliable information to guide informed decision making.

REVIEW OF NDP 9

10.225 Whilst the objectives for the land sector were not clearly spelt out in NDP 9, the strategic focus was to optimise utilisation of land resources, and to ensure effective and efficient land administration. This guided the programmes and projects which were implemented during the Plan period. In addition, some of the existing policies and legislation were reviewed. Together, these initiatives were meant to achieve improved access to land.

Land Acquisition

10.226 During NDP 9, Government set out to acquire land through various means, in

order to augment existing land resources for urban and village development. The Government acquired 54,329 ha of land comprising 25,602 ha of freehold farms for North East District, South East District, Gaborone and Lobatse, and 28,790 ha of customary land for village expansion.

Land Allocation

10.227 During the Plan period, a total of 202,754 plots were allocated against the target of 125,000 plots. Of the plots

allocated, 195,583 plots were on customary land whilst 7,171 were on state land. Freehold land acquired by Government is allocated through the customary and state land systems.

10.228 The Tables below show the breakdown of allocations for various uses. Assessment of the developmental impact of the plots allocated is limited because of poor information availability. The private sector has also contributed by availing plots for various uses.

Table 10.7: Total Number of Plots Allocated by Use on Tribal Land

	RESIDENTIAL	ARABLE	COMMERCIAL; INDUSTRIAL; CIVIC & COMMUNITY PLOTS	Total	Water Points
2003/04	29 272	6 145	4 273	39690	584
2004/05	24 245	5161	4 218	33624	605
2005/06	18 359	4607	2 449	25415	668
2006/07	22 882	4 370	1539	28791	227
2007/08	10 047	4997	863	15907	78
2008/09	39 608	9195	3353	52156	768
Total	144 413	34475	16 695	195583	2 930

Note * In addition to the plots allocated, 2930 water points were allocated for livestock watering in communal grazing areas, and these have no correlation to the plots allocated. A water point is a site allocated for development of a borehole, well or dam.

Source: Land Boards –Ministry of Lands and Housing

Table 10.8: Total Number of Plots Allocated by Use on State land

	Residential	Urban Agriculture	Commercial, Industrial, Civic & Community Plots	Total
2003/04	550	-	58	608
2004/05	2,183	-	13	2195
2005/06	917	19	143	1079
2006/07	634	-	7	641
2007/08	887	12	92	991
2008/09	1,535	2	119	1,656
Total	6,706	33	432	7,171

Source: Department of Lands, Ministry of Lands and Housing

Regional and Land Use Planning

10.229 A total of ten land use plans were prepared for various districts: Central, Kweneng, Southern, Ngamiland and Kgatleng Integrated Land Use Plans; Ghanzi and Kgalagadi Communal Areas Management Plans; Okavango River Panhandle Management Plan and the Ngamiland Waterpoint Survey. In addition, 26 settlement development plans were also prepared for Gaborone, Francistown, Selebi-Phikwe, Lobatse, Maun, Ramotswa, Mogoditshane, Tlokweng, Kasane-Kazungula, Hukuntsi, Tutume, Tshabong, Jwaneng, Thamaga, Moshupa, Tonota, Gumare, Letlhakeng, Kumakwane, Mmankgodi, Gabane, Goodhope, Mmadinare, Maitengwe, Masunga and Shoshong. To address the socio-economic imbalances within the country, two out of four regional master plans were prepared. These are the Western and South Eastern Regional Master Plans.

10.230 Wildlife Management Areas (WMAs) are an integral part of Tourism Policy implementation. WMAs facilitate implementation of the wildlife-oriented

community-based natural resource management (CBNRM). During NDP 9, the Government committed to continuing its partnership with the tourism sector to ensure that communities realise economic benefits from management of local wildlife resources. Efforts were made to get WMAs gazetted. Gazettement allows for compliance with the designated land use zone. However, gazettement proved difficult because of other competing land uses, especially livestock farming. This competition necessitated the review of the National Land Use Map to address the issue of continuing land use conflicts.

Land Servicing

10.231 Land servicing is a function which is carried out in urban areas. During NDP 9, only 4,526 plots comprising 4,311 residential, 183 industrial and 32 commercial plots were serviced out of the targeted 18,574. The failure in meeting the target was due to funding constraints and shortage of land for urban expansion. Servicing was the responsibility of the Ministry of Local Government (MLG) until April 2006, when a decision was made to transfer servicing of virgin land to MLH. Land servicing by MLG concentrated on upgrading of already built up areas, whilst virgin land was

allocated without services. This contributed to the large backlog of land which has to be serviced during the NDP 10 plan period. The private sector has also provided serviced land for various uses in Gaborone (Phakalane, Gaborone North), South East District (Mmokolodi and Kgale) and Francistown.

10.232 In line with the National Policy on Agricultural Development, 344 ranches were allocated. Of these ranches, only 120 were developed, thus limiting the desired impact. The rate of ranch development has been very slow, so that the anticipated socio-economic benefits from the reservation of land for ranching are not being realised.

Information Systems

10.233 During NDP 9, Government developed various Land Information Systems to enhance decision making in the development processes. These include the Integrated Geographic Information System (IGIS), the Physical Planning Portal, State Land Integrated Management Systems (SLIMS) and the Tribal Land Integrated Management System (TLIMS). They are intended to facilitate the development of a comprehensive land resource database. The process entails computerisation of all land records and land management processes at the Land Boards, Department of Lands, Deeds Registry and at the SHHA offices in the urban councils. Both SLIMS and TLIMS are in the early stages of operation, having experienced delays in the design and testing of the software, and in data capture.

10.234 The IGIS project is intended to improve access to all geospatial, cadastral, geodetic and topographic

information. It entails the computerisation of manually stored data, analogue systems and processes as well as the introduction of, and training on, new technologies. To complement IGIS, the Remote Sensing project is being undertaken to acquire, process and disseminate satellite imagery necessary for national mapping. The development of the Cadastral Information System, Geodetic and Topographic Databases has been completed. Inputting of data is ongoing and the systems will be enhanced during NDP 10.

10.235 The implementation of land information systems has experienced a number of problems. These include:

- Inadequate cooperation and collaboration between and amongst stakeholders, which led to inefficiency and duplication of effort;
- High cost of development of the different systems because of lack of integration between different government departments;
- Failure to keep pace with rapid technological change; and
- Inadequate skilled human resources.

Policies and Legislative Review

10.236 To increase and speed up access to land, various policies and legislation were reviewed to guide future land administration. This was to make the regulatory framework harmonious and responsive to requirements. The review of the Tribal Land Act, Town and Country Planning Act, Land Survey Act, State Land Act and the Deeds Registry Act is ongoing and is expected to be completed during 2009/10.

10.237 One of the challenges for ensuring speedy access to land has been improvement of the land allocation process in the tribal areas. Land Tribunals were set up to handle appeals made in respect of Land Boards' decisions. The first Land Tribunal was established in Gaborone in 1997. During the Plan period, the second Land Tribunal was established in Palapye in April 2005 and, subsequently, two ad hoc Land Tribunals were set up in January 2008, one in

Gaborone and the other in Palapye, to deal with the increasing backlog of appeal cases. Since the establishment of the Tribunal, a total of 2,999 cases were registered; of this number, 1,826 cases were completed.

10.238 Projects which were not achieved are the conversion of tenure from state land to communal land (tribalisation of rural state land). This was because of the complexities in resolving conflicts between land for wildlife and agriculture uses in the target areas. Land banking, i.e., acquisition and reservation of land for future use, was limited. The problems associated with land acquisition included shortage of offers, or owners unwilling to sell the targeted land to Government, or offering land at exorbitant prices.

10.239 The process of making land available for different uses has experienced many difficulties. These include:

- Limited private sector involvement in land delivery because of the absence of primary infrastructure;
- Shortage of serviced land because of unavailability of land to be serviced, and shortage of funds to service available land;
- Substantial increase in the cost of development over the years;
- Encroachment of other uses into agricultural land;
- Lengthy acquisition processes for freehold land;
- Speculation and illicit sale of land, making it difficult to acquire and develop;
- Lack of monitoring of the development and use of land;
- Illegal land occupation; and,
- Unavailability of land.

STRATEGIES FOR NDP 10

10.240 The Sector will employ the following strategies to make land readily available for development.

Land Banking

10.241 The Government will continue to acquire freehold farms, where available, to create a land bank to make land readily available for future development. Structures for monitoring compliance with existing laws, regulations and procedures will be established.

Land Policing

10.242 Land policing is the process of monitoring activities on land, to check compliance with development covenants and the authenticity of land allocation. This will be effected to avert illegal occupation and development of land. Structures for monitoring compliance with existing laws, regulations and procedures will be established.

Private Sector Participation in Land Delivery

10.243 In line with the NDP 10 strategic thrust of encouraging private sector growth, Government will facilitate the delivery of serviced land by continuing to encourage and expand private sector participation in land servicing and delivery. Land servicing guidelines will be reviewed to facilitate land servicing and extend the programme to rural centres. There are a number of ways in which the private sector will be engaged in land delivery during NDP 10. These are through:

- 100 percent private funding: in this model, private companies are provided, through tendering, with an area of virgin land where the demand for plots is high (e.g., Gaborone and Francistown). Distribution of 60 percent to citizens and citizen owned companies and 40 percent to others will be targeted. Under this option, Government will only contribute land and will not take part in the allocation

of plots. Guidelines will be drafted to steer this process.

- Partial funding: Government will provide virgin land to consortia in towns, such as Jwaneng and Lobatse, for them to carry out design and construction, and fund part of the project. This is currently the second most common form of service delivery.
- 100 percent private sector initiative and funding: private companies avail both land and funds for servicing. They will also be responsible for sale of plots.
- 100 percent government funding: this is the most usual method used for land servicing where Government provides funding for the entire servicing. This is usually used for low cost housing. Then plots are allocated at Government rates. The model will only apply where funds are available.

Legislative and Policy Review

10.244 Government will harmonise land related Acts to close gaps and to create an enabling environment for land use and development, and synergies with other sectors.

Reservation of Land to User Ministries

10.245 The strategy is to set aside identified pieces of land for specific uses by the Ministries concerned. They will identify potential developers and recommend formal allocation of identified plots of land to the land authorities. This process is intended to eliminate lengthy allocation processes for potential investors and to ensure best use of land.

Land Use Planning

10.246 Land use planning entails balancing socio-economic and environmental considerations for optimal utilisation of land. This will be achieved through preparation of integrated land use plans and settlement development plans. This is in tandem with both Vision 2016 and the Millennium Development Goal of ensuring environmental sustainability and natural resource conservation.

Computerisation

10.247 This refers to the automation and integration of all land records and land management processes. Government will continue to develop and integrate Land Information Systems to enhance decision making in the development process. The systems will provide integrity, security and accessibility to such information by both the customers and land administration.

Information dissemination

10.248 Information dissemination is the process of providing information to customers and stakeholders in the housing sector. Quality information is important in decision making and Government will put in place mechanisms that will enhance information sharing. This will allow feedback and interchange of ideas amongst stakeholders, which is critical for continuous improvement in housing delivery.

Monitoring and Evaluation

10.249 Periodic monitoring and evaluation of land management strategies, programmes and projects will be carried out to ensure compliance with the stipulated objectives, and achieve the desired impact.

Capacity Building in Land Administration

10.250 This entails developing skills and competencies, supportive structures and

motivating employees through staff welfare programmes to perform effectively on their mandate. Resources

will be made available to support policy initiatives in the land sector.

Sector Goal Key Performance Indicator	Baseline		NDP 10 Period Targets						
	Year	Achievement 2008/09	Year 1 2009/10	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7 NDP10 Target
<i>Sector Goal 1: To make land readily available for development (for all eligible applicants for state and customary land with demonstrated ability to develop available land within specified timeframes)</i>									
<i>Level of access to land</i>	2008/09	60%	70%	75%	80%	83%	85%	88%	90%
<i>Sector Goal 2: To facilitate sustainable management of land resources measured by level of adherence to plans and level of access to land information</i>									
<i>Level of adherence</i>	2008/09	92%	92%	93%	95%	95%	100%	100%	100%
<i>Level of access to land information</i>	2008/09	60%	65%	70%	80%	85%	85%	90%	90%
<i>Access rate to land information</i>	2008/09	50%	60%	65%	70%	80%	85%	90%	90%

PROGRAMME SUMMARIES

Land Acquisition and Allocation Programme

10.251 The programme entails acquisition of freehold farms to create a land bank to make land readily available for development. It includes acquisition of land for village expansion and to augment small districts. In acquiring such land, care will be exercised not to take away land suitable for agricultural production. Under the programme, virgin land will be zoned for residential, commercial and industrial purposes. The programme is intended to service urban areas by putting in place roads, street lights, storm water drainage, sewer connections, power, potable water and telecommunications. It is Government's intention to service major rural centres to urban standards by putting in place similar infrastructure and facilities to those planned for urban centres. By upgrading major rural

centres to urban standards, it is intended to attract investors, and to decongest urban centres, and to create employment opportunities in rural areas.

Land Information Management Programme

10.252 This programme involves development of information systems to enhance decision making. The systems include the Physical Planning Portal, State Land Integrated Management Systems (SLIMS) and the Tribal Land Integrated Management System (TLIMS) to develop a comprehensive land resource database. These involve computerisation of all land records and land management processes at

the Land Boards, Department of Lands Deeds Registry, and the SHHA offices in the urban councils.

10.253 The main objective of the Physical Planning Portal is to manage Town and Country Planning Board records and related appeals. To complement IGIS, the Remote Sensing project will acquire process and disseminate satellite imagery necessary for National Mapping.

Spatial Information Management Programme

10.254 This programme entails the development of information management systems that will deliver spatial data to the Government and the public. It comprises the densification of the Botswana National Reference Frame to provide a base for surveying of residential, commercial and industrial plots; a National Mapping Programme, to produce maps at various scales for the entire country and individual villages; National Atlas Revision, which will provide reference material on Botswana; and National Spatial Data Infrastructure to provide a forum for exchange of information with the geographic information community. The infrastructure will provide a framework of spatial data, metadata and tools that are

interactively connected in order to enable usage of information in an efficient and flexible way.

Land Management Programme

10.255 This programme entails the preparation of land use and spatial development plans. It will facilitate the preparation of 29 settlement development plans by local authorities. One regional master plan and one district settlement strategy will be prepared, and two planning studies will be conducted. Management and dissemination of planning information will be enhanced through the Physical Planning Portal and a web-based physical planning atlas. Other projects include the demarcation of boundaries between state and customary land, and delineation of districts and national boundaries. Studies will be undertaken to determine economic rentals for tourism areas to ensure that the Government and the private sector derive optimum benefits from the use of natural resources. A study on the improvement of capacity building, and systems integration for land administration procedures and processes will be undertaken.

SECTOR: HOUSING AND GOVERNMENT OFFICES

INTRODUCTION

10.256 This sector is responsible for coordinating the provision of office accommodation for Government departments, and housing accommodation for public officers. Office accommodation is provided through the construction of Government office blocks, the purchase of private buildings and rental of office space. Housing for public officers is provided

through construction, purchase and rental of private houses in the open market.

REVIEW OF NDP 9

10.257 To improve the efficiency of the civil service, Government continued to provide suitable office accommodation. A total of 25 Land Board offices have been constructed in NDP 9 against the planned 18. Some main

Land Boards and some sub-Land Boards still have inadequate office accommodation and will either need new buildings or expansion and/or refurbishment.

10.258 Two office blocks (Jwaneng Integrated and Ministry of Health office blocks) were completed for Central Government, and additional office space was sourced from the private sector. The problem of inadequate office accommodation persists because of implementation capacity constraints within Government, as well as in the private sector, which was also unable to meet Government demand for office space. To address the problem, Government has piloted the Public Private Partnership (PPP) concept as a way of fast tracking provision of office accommodation.

10.259 Construction of several office blocks was suspended since an alternative procurement method (PPP) was to be piloted with Block 1 for MLH/MEWT and Lot 21 for the Land Tribunal/Ombudsman. There was selective acquisition of existing buildings to accommodate the Department of Wildlife and National Parks, Police, Auditor General, MTI, IEC and MWT. An amount of 112,472 square metres (m²) of office space was acquired as against a target of 86,500 m².

10.260 With regard to public officers' housing, the Government augments the existing stock by renting housing units from the private market, which are sublet to public servants through a policy of rent support. A number of parastatals and private sector companies also enable access to housing for their staff. These include BOTEC, WUC, BOB, BTC, BPC, and Air Botswana. Commercial financial institutions play a role in making housing finance accessible without Government involvement.

10.261 Government maintains three categories of housing to accommodate public officers. These are District, Institutional and Pool Housing. Currently, there are 24,645 housing units in all categories. The Government rents an additional 700 housing units from the private market for qualifying public servants at subsidised rates. Government currently relies on the Botswana Housing Corporation (BHC) for the implementation of the District Housing Programme. The undertaking was concluded during the 2007/2008 financial year, in line with part of BHC's mandate, which is to provide for the housing, office and other building needs of Government and local authorities.

10.262 BHC have planned to deliver 3,400 houses by the end of NDP 9 but only delivered 3,373. The Corporation has promoted homeownership by selling a total of 2,744 houses to Botswana over the Plan period.

10.263 The implementation of this programme has experienced the following problems:

- Limited capacity to oversee construction projects by Government officers because the officer/project ratio is too low;
- Excessive cost of PPP to Government;
- Inadequate maintenance, refurbishment and full utilisation of existing structures due to poor monitoring and inadequate capacity;
- Inadequate supply of office space and housing units in the market;
- High cost of construction;
- Weak institutional mechanisms to monitor and evaluate the impact of the programmes and projects;
- No legislative framework to support private sector, NGO and CBO participation;
- Government's over-reliance on BHC, to the possible detriment of private sector involvement;

- Uncoordinated involvement of the various stakeholders in housing delivery; and,
- Shortage of serviced land, especially in urban areas.

STRATEGIES FOR NDP 10

Private Sector Participation in Housing Delivery

10.264 Whilst the National Policy on Housing provides for active participation by the private sector in housing delivery, there is currently no legal framework to direct such participation. The same applies to the involvement of NGOs and Civil Society.

10.265 In view of the above, a strategy will be developed for private sector participation in housing delivery. This will follow various methods from full PPPs to total government funding. The various methods of delivery of land for housing are described at paragraph 10.246 above.

Innovative Building Technologies

10.266 In order to fast track housing delivery and reduce construction costs, innovative methods of construction will be researched, adapted to the local environment and implemented. Innovative technologies refer to the use of non-conventional building methods which make construction faster and cheaper to the end users. All stakeholders, including government, property developers, financiers and suppliers of building materials, will be involved in identification, promotion and adoption of these technologies because ownership is critical in ensuring sustainability, acceptability and countrywide coverage. This process is facilitated by the Building Standards Board under MWT.

Indigenous Building Materials

10.267 The sector, through the Department of Housing in collaboration with the private sector, will ensure adequate research on available indigenous building materials with a view to encouraging their use. Efforts will be made to ensure that such materials are improved through treatment to ensure durability, fire and weather resistance. The existence of appropriate building technology and raw materials such as laterite, clay, fly ash and lime which are available in the country, provide an opportunity for sustainable production of local building materials.

Legislative and Policy Review

10.268 Government will continue to foster a conducive policy implementation environment. This will involve the development of administrative, institutional and legislative frameworks. The realisation of an effective policy environment during NDP 10 will be through the formulation of various pieces of legislation, mainly the Housing Act. Continuous legislative and policy review will harmonise all related instruments to close the gaps and to create an appropriate environment for public officers' housing and office provision. The process will also include creating synergies with other sectors, such as financiers, developers and construction companies.

Fostering of Partnerships

10.269 Fostering partnership is the process of identifying and bringing together all stakeholders with a common interest in housing delivery. This takes into consideration the comparative advantage of different players in different areas of housing. Government will foster partnerships with donor agencies, NGOs, the private sector and financial institutions. A major aspect of this is developing funding

mechanisms which will suit different income groups.

Home Ownership

10.270 The strategy of home ownership encourages citizens to build and own houses as opposed to living in rented accommodation. Government will create an enabling environment for institutions and other organisations to encourage their employees to own homes. Government will develop schemes to facilitate first time home ownership and protect principal homes.

Computerisation and Information Dissemination

10.271 Information computerisation and dissemination avails information to

stakeholders in the housing sector. Government will put in place mechanisms that will enhance information sharing including computerisation of housing records. This will allow feedback and interchange of ideas amongst stakeholders which is critical for continuous improvement in housing delivery. The systems will provide integrity, security and accessibility to such information by both the customers, developers and financiers.

Monitoring and Evaluation

10.272 Periodic monitoring and evaluation of the housing strategies, programmes and projects will be carried out to ensure compliance with the stipulated objectives. Remedial measures will be put in place as and when necessary.

Sector Performance Matrix 10.5: Government Housing

<i>Sector Goal Key Performance Indicator</i>	<i>Baseline</i>		<i>NDP 10 Period Targets</i>						
	<i>Year</i>	<i>Achieve- ment</i>	<i>Year 1 2009/10</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Year 6</i>	<i>Year 7 NDP 10 Target</i>
<i>Sector Goal: To facilitate development through provision of adequate office and residential accommodation for government officers</i>									
<i>% of government officers adequately accommodated in offices</i>	<i>2008/09</i>	<i>80%</i>	<i>85%</i>	<i>90%</i>	<i>95%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
<i>% of government officers adequately housed</i>	<i>2008/09</i>	<i>40%</i>	<i>50%</i>	<i>60%</i>	<i>70%</i>	<i>80%</i>	<i>90%</i>	<i>100%</i>	<i>100%</i>

PROGRAMME SUMMARIES

Infrastructure Development Programme

10.273 This programme entails provision of Public Officer Housing, Ministerial Houses and Government and District Councils, Land Boards, District Administration and Tribal Administration staff based in the districts will be continued during NDP 10.

Land Board Office blocks. Construction, upgrading and purchase of houses for Purchase and construction of houses for staff based in towns will continue. This Programme includes the provision of relevant office supplies and equipment.

**SECTION V: ENVIRONMENT, COMPASSIONATE JUST
AND CARING NATION**

CHAPTER 11

SUSTAINABLE ENVIRONMENT

KEY RESULT AREA: SUSTAINABLE ENVIRONMENT

Key Result Area Description

11.1 Botswana boasts a pristine environment comprising an interdependent combination of clear skies, sunshine, fresh air, forests, grass, wildlife, water, land and minerals. The concept of sustainable environment can be defined as a condition that is able to preserve these assets and at the same time be able to meet the needs of current generations without compromising the ability of the future generations to meet their own needs. This includes the utilisation of both fauna and flora.

11.2 The Key Result Area (KRA) covers environmental conservation and protection, environmental policy and management, meteorological services, wildlife and forestry. Sustainable environment is a cross cutting issue which has strong linkages with a large number of other sectors. Botswana's productive economy is fundamentally dependent on its natural resource base via mineral and water exploitation, energy, tourism and agriculture. Many people, particularly in rural areas, are dependent on natural resources for their livelihoods. Hence, sustainable environment is a cornerstone of national development planning, requiring coordinated approaches.

11.3 Vision 2016 reaffirms the importance of sustainable development and the protection of the environment. It places a particular focus on the development of the rural economy. Against this background, conservation and sustainable management of natural resources should be fully integrated in the development planning process, with

emphasis on using renewable resources at a rate that is in balance with regeneration capacity. Non-renewable resources, such as minerals, should be exploited in an environmentally friendly manner.

11.4 In addition to sustainable utilisation of natural resources, the fragile resource-base needs to be protected from over-exploitation and, where necessary, restored to avoid long-term and sometimes irreversible degradation. Human actions affect the environment in terms of pollution, and changes in land-use, forest cover, animal and fish populations and water quality, which in turn affect the well-being of the local people. Development interventions by the Government, civic organisations, the private sector and individuals should, therefore, aim to prevent, reduce and repair the impact of human activities ("pressures") on the environment.

11.5 Over a third of the country's total land area is under some form of conservation, with 17 percent as national parks and game reserves, 20 percent as wildlife management areas (WMAs), and one percent as forest reserves. WMAs are an integral part of Tourism Policy implementation. They facilitate the participation of communities in natural resource conservation, management and development through the Community-Based Natural Resources Management (CBNRM) programme.

NDP 10 Goal

11.6 The NDP 10 goal arising from the Vision 2016 pillar of a Prosperous, Productive and Innovative Nation is:

- The sustainable management of natural resources.

11.7 The associated Millennium Development Goal (MDG) is:

- To ensure environmental sustainability by 2015 (MDG 7).

11.8 Sectors contributing directly to this goal are Agriculture, Environment, Mining, Energy, Safe and Secure Nation, Education and Skills Development, Trade and Industry and Local Government. There is a need for a coordinated and collaborative relationship between these stakeholders for the achievement of a sustainable environment. The stakeholders in the Environment sector will, in pursuing this goal, undertake programmes and projects aimed at ensuring a high level of environmental sustainability. For this reason, strategies will be embarked upon in areas of Environmental Protection, Environmental Conservation, and Environmental Policy Management. These will include development of action plans that will ensure the reduction of environmental pollution and intensive monitoring of environmental resources to curb degradation and over-exploitation of natural resources.

Goal Performance during NDP 9

11.9 The Ministry of Environment, Wildlife and Tourism (MEWT) was established in September 2002 to coordinate all issues relating to environmental conservation and protection. During NDP 9, the Environmental Impact Assessment Act (EIA) of 2005 and the Community Based Natural Resources Management (CBNRM) Policy of 2007 were approved. The Regulations under Agricultural Resources Conservation and Fisheries Acts were

developed in 2004 and in 2008, respectively. The review of the following Acts and Policies was initiated during NDP 9: The Waste Management Act of 1998 and Atmospheric Pollution Prevention Act (APPA) of 1978, Forest Act of 1968, Herbage Preservation Act of 1977, Agricultural Resources Conservation Act (ARCA) of 1974, Wildlife Conservation and National Parks Act (WCNPA) of 1992 and Wildlife Conservation Policy of 1986. The development of Wetlands, Forest and Fire Management Policies was also initiated. Environmental strategies and plans, such as the National Action Plan under the United Nations Convention to Combat Desertification (UNCCD), Biodiversity Strategy and Action Plan, under the Convention on Biological Diversity, Designation of the Okavango Delta as a Ramsar site, and the Okavango Delta Management Plan (ODMP) and the Multi-lateral Environmental Agreement (MEA) implementation strategy, were developed.

11.10 The National Policy on Museums Development was passed by Parliament in April 2004. The policy recommended the establishment of the Botswana Museum and Monument Service (BMMS), a government funded public body to oversee the sound management of all cultural and natural heritage and resources in Botswana. This will be enabled by the repealing of the National Museum and Art Gallery Act of 1967.

11.11 In spite of these achievements, a number of problems were experienced during the implementation of NDP 9. These will partly inform the programme for NDP 10. Some of the problems identified include the following:

- Meteorological forecasting was constrained by low observational network coverage due to the limited

number of stations and shortage of adequately trained observers. The latter reduced operational hours from twenty four to eight. As a result, valuable weather information, useful for socio-economic development, was lost;

- The implementation of waste management projects was adversely affected by inadequate technical capacity, resulting in delayed completion of planned projects. A notable increase in the generation of various types of clinical waste, such as condoms, disposable nappies, hospital and veterinary waste, was observed, posing the challenge of how to dispose of them in an environmentally acceptable manner;
- Over-exploitation of forest and range resources was attributed mainly to commercialisation of the resources. The FAO report (2000) cited a -0.1 percent annual denudation of forest resources. The situation was exacerbated by the expansion of agricultural activities, wild land fires/bush fires and urbanisation;
- The growth in the elephant population has resulted in increased human-wildlife conflict as they move into new areas and the human population continues to grow. As the population of elephants increases, they damage vegetation, which affects other species such as the rare Chobe bushbuck.

Goal Strategy for NDP 10

11.12 The NDP 10 goal of sustainable management of natural resources will be

attained through implementation of the following strategies:

- The mainstreaming of environment and climate change into development processes.
- Numerical weather predictions will be enhanced to overcome constraints on meteorological forecasting experienced during NDP 9. This will improve meteorological observations and accuracy of information.
- New strategies in the waste management sector, including separation of waste at source, development of waste management infrastructure and improved management and collection of waste will be pursued. These strategies will facilitate public buy-in of the implementation waste management hierarchy (i.e., Reduce, Reuse and Recycle).
- Carrying out a forest resources inventory at ecosystem level. This will inform decision making for forest resource management.
- Improvement of wildlife management practices to retain animals within the protected areas. This will limit contact with humans and thereby reduce human-wildlife conflicts.
- Implementation of the Community Based Natural Resource Management Policy. This will enhance conservation of the resources through empowerment of local communities.

SECTOR: SUSTAINABLE ENVIRONMENT

INTRODUCTION

11.13 The country consists of the Kalahari Desert (two-thirds of the land area), the

wetlands and two perennial rivers in the north. The principal land cover is natural grassland, shrub land and woodland, a sixth

of which is conserved in national parks and reserves. These natural resources need to be protected and conserved for the future.

11.14 Historically, environmental conservation and protection were done through traditional practices, including rotational harvesting of wood resources, hunting and letsema (taboos related to use of plants and animals). Controlled areas were introduced in the 1960s as a way of regulating mining and industrial activities. Several key long term pieces of legislation were developed early after Independence, including the Forest Act (1968), Water Act (1968), Atmospheric Pollution Prevention Act (1972), Public Health Act (1971), Agricultural Resources Conservation Act (1976). More recently, the Wildlife Conservation and National Parks Act (1992), the Waste Management Act (1998), and the Environmental Impact Assessment Act (2005) have been passed.

11.15 At the international level, the Stockholm Convention on Human Environment (1972) was regarded as an important milestone in the recognition of the interdependence of environment and development. The 1980 World Conservation Strategy emphasised conservation as including both protection and the rational use of natural resources. The Brundtland Commission (1987) popularised the concept of sustainable development as given in paragraph 11.1.

11.16 In recognition of the concerns for sustainable development reflected in the above, the Government of Botswana adopted the National Conservation Strategy (Government White Paper No. 1 of 1990). The White Paper provided for the establishment of institutions with prime responsibility for coordinating and implementing the National Conservation Strategy (NCS), and for maintaining close links with the national development

planning and implementation process. These institutions are the NCS Board and the NCS (Coordinating) Agency.

11.17 The Government of Botswana has committed itself to a number of Multilateral Environmental Agreements (MEAs), which provide a framework for environmental protection and conservation of natural resources. These agreements relate to waste and chemicals management, biodiversity conservation, management of wildlife resources, wetlands, climate change, endangered species (both flora and fauna), pollution and a number of protocols on shared water sources. In order to realise the objectives of the MEAs, a number of national action plans are being implemented. These include the National Biodiversity Strategy and Action Plan, the National Action Plan on Desertification, the Okavango Delta Management Plan and the National Action Plan on Persistent Organic Pollutants.

11.18 The Ministry of Environment, Wildlife and Tourism was established to consolidate environmentally related functions. Following the creation of the Ministry, several initiatives were introduced, including (see paragraph 11.9), *inter alia*, a National Capacity Self Assessment, a National Communication Policy, development of natural resource accounts (water, livestock and minerals), implementation of the National Waste Water and Sanitation Master Plan, Botswana's initial national communication to the United Nations Framework Convention on Climate Change, the construction of landfills, the establishment of a national environmental laboratory, the establishment of the Designated National Authority for Clean Development Mechanisms and 21 air quality monitoring stations.

11.19 In the past decade, NGOs, community based organisations and the

private sector have become active in working with Government in promoting sustainable development. During this period, government funding and technical support of NGOs' activities and programmes has increased rapidly, resulting in the formation of community trusts and direct funding of NGOs, and in heightened awareness of environmental issues in the population at large. Funding of environmental initiatives and technical assistance was made possible through international and regional partnerships.

SECTOR PERFORMANCE IN NDP 9

Natural Resource Management

11.20 Botswana's reliance on her natural resource base requires that the integrity of the environment is maintained. However, the environment is threatened by climate change, pollution and degradation of natural resources.

11.21 During NDP 9, the natural resource base has been observed to be declining due to inadequate coordination, enforcement, and management of natural resources. Improper management of natural resources and waste disposal has resulted in increased pollution of the environment, increasing desertification, habitat loss which has led to increased human/wildlife conflicts and declines of some wildlife species, loss of forests due to excessive and indiscriminate harvesting for firewood, fencing poles and veldt products.

11.22 During NDP 9, the Environmental Economics and Natural Resources Accounting programme was established. Its aim was to assess the value of natural resources and mainstream environmental-economic instruments into the planning process. Three natural resource accounts were constructed for livestock, minerals and water. The data from the accounts were used

to inform the integration of environment into the national and district development planning processes. To enhance the integration of these concepts into development planning, sectoral officers, including planners, were trained on environmental-economic principles and methodologies.

11.23 Botswana has developed policies, strategies and plans that support the implementation of MEAs. All ratified MEAs are currently mainstreamed in national legislative framework and policies.

11.24 The State of the Environment Report (SOER) was published in 2002 and addressed six key areas of biodiversity, land and land resources, waste and chemical management, water resources, socio-economic issues and atmosphere and climate change. In 2005, a district State of the Environment (SOE) reporting system was developed to ensure that the SOE reporting is used to inform national and district development planning processes.

11.25 The Environmental Impact Assessment (EIA) legislation was enacted in March 2005, and the law came into force in May 2005. The objective of the EIA Act is to provide for the establishment and strengthening of EIA in decision-making processes, and to ensure that the environmental implications of policies, programmes, plans and projects are evaluated before their implementation. It is mandatory that all proponents of development projects subject their developments to the EIA process, through which they commit themselves to the prevention and mitigation of negative impacts on the environment by producing detailed environmental management plans.

11.26 Environmental education and awareness is key in engaging the public in sustainable management of natural resources

and prevention of environmental degradation. Since its inception, environmental education and awareness has focused on raising awareness through workshops, commemoration of environmental days and national fairs, seminars, infusing environmental education in school curricula, and developing strategies for integration into development planning. The level of awareness has, however, not been measured.

Waste Management and Pollution Control

11.27 A deliberate move was made during NDP 9 to intensify the underground water monitoring programme. In response to the underground water pollution in Ramotswa, pit latrines were replaced by a nation-wide roll out of the ventilated improved pit (VIP) latrines, which are more environmentally friendly. On the waste management side, an increase in generation of waste, pollution and land degradation has been experienced. During the Plan period, out of eight planned landfills, five were completed, while construction of two is ongoing. There was a realisation of the need to use treated waste water to support irrigated agriculture, as was the case in the Glen Valley area. Other initiatives that were introduced to improve enforcement of the Waste Management and Atmospheric Pollution Prevention Acts included the employment of temporary personnel (the Green Scorpions) to increase visibility of policing.

11.28 Implementation of waste management projects was adversely affected by inadequate resources within the sub-sector. Furthermore, industry and the public have not been cooperative in managing waste. Toward the end of NDP 9, there was a noticeable increase in pollution of underground water and air.

11.29 Efforts to improve access to sanitation facilities were hampered by lack of capacity, with most projects being carried over to NDP 10. Only about 40 percent of the population is estimated to have access to adequate sanitation facilities. Inadequate sanitation infrastructure and equipment for waste disposal, environmental deterioration, and contamination of ground and surface water sources, mean that urgent action is required. In December 2007, Cabinet directed that sanitation programmes should be delivered by the Ministry of Local Government, with the exception of the construction of landfills and sewerage infrastructure.

Meteorological Services

11.30 The environment sector continued to provide meteorological data and information for use by all sectors of the economy. In pursuit of the aforesaid, 16 synoptic stations and 500 rainfall stations were established to improve coverage of the country. A bill to establish the Department of Meteorological Services and a Designated National Authority was also initiated.

Forestry and Range Resources

11.31 Fuelwood as an energy source is used by most of the population in the rural areas. It was estimated that 57 percent of primary schools were still utilising fuelwood, together with other government institutions. Bio-fuels have contributed to pollution; and their use was characterised by high prices during the latter part of NDP 9.

11.32 The forestry sub-sector has put in place a policy and an improved legal framework to comply with international obligations and to monitor use of vegetation resources. In addition, regulations were passed to monitor harvesting of veldt products. Problems identified included over-exploitation of forest and range resources,

mainly due to commercialisation. The expansion of agricultural activities, urbanisation and wild land fires/bush fires aggravated the problems. The maintenance of fire breaks has been privatised to improve fire management in the country. Insufficient baseline data on national vegetation resources has also contributed to the lack of a clearly defined policy direction.

Wildlife and National Parks

11.33 The overall wildlife biomass in Botswana has increased substantially over the past 10 years. The bulk of the increase has resulted from the doubling of the elephant population between 1994 and 2006. As a result, human-elephant conflict is on the rise outside the protected areas. On the other hand, there has been a decline in populations of springbok, hartebeest, reedbuck, tsessebe and wildebeest. Some of the decreases might be attributed to increased human activities in the south-western ecosystem whose integrity is under serious threat.

11.34 The 14th Conference of Parties to the Convention on International Trade in Endangered Species (CITES) in June 2007 approved Botswana's proposal to trade in elephant by products, such as hides, leather products, hair and ivory.

11.35 As a measure to involve communities in the management of wildlife resources, communities were introduced and mobilised to engage in projects under the concept of Community-Based Natural Resources Management (CBNRM). These community-based organisations (CBOs) cover 150 villages in 10 districts of Botswana, involving more than 135,000 people. The various CBNRM activities created 8080 jobs and generated P16.3 million in revenue by 2006. Most of the revenue was generated by wildlife-based CBOs, particularly trophy hunting and

photographic tourism. The revenues rose to P22.8 million in 2007 for wildlife-based community-based trusts alone. Cultural tourism, including veldt products marketing, craft production and others, accounted for the rest. In 2007, the Community-Based Natural Resources Management Policy was passed by Parliament to guide the implementation of the CBNRM programme.

11.36 A number of implementation problems and challenges were experienced by government during the implementation of NDP 9, and those problems will help inform the programme for NDP 10. These include: inadequate technical skills in specialised areas, weak capacity, lack of integrated planning in environmental management, and inadequate institutional structures to monitor the implementation of MEAs.

National Museum and Monuments

11.37 In an effort to protect national heritage, one hundred heritage sites were gazetted as Monuments in 2006, the Three Dikgosi Monument was erected in Gaborone Central Business District, a 28km long buffer fence around the Tsodilo World Heritage Site Core Zone was constructed as part of its development plan and the National Botanical Garden was established. With the advent of an infrastructural development boom in Botswana, developers and consultants were sensitised to ensure adherence to the Monuments and Relics Act of 2001. Development of the Mogonye, Majojo and Gcwihaba Monuments' management plans were completed. Designs for Galleries at the National Museum and the Natural History Centre were also completed.

STRATEGIES FOR NDP 10

11.38 More attention will be paid to making development more sensitive to the impacts that climate (and global) change will have on land and water resources in particular, and on how disaster risk management will be integrated into development planning. Without proper planning, the lack of adaptation to climate change may impact heavily on the country's long-term development.

11.39 Improved understanding of existing climate-society-environment interaction will provide insights into the country's vulnerability to and adaptive capacity to deal with future climate change. The concepts of resilience, vulnerability and adaptation are critical to understanding the human dimensions of climate change. These cross-cutting issues need to be understood and the linkages strengthened.

11.40 Given the importance of natural resources to rural livelihoods, more attention will be paid to the issue of equity, differential outcomes and changing vulnerabilities. Most vulnerable are the poor in semi-arid areas, as they are dependant on climate-sensitive natural resources and are less able to cope with the impacts. Long term proactive adaptation policies that reflect local realities and concerns will be pursued. Risks need to be assessed and vulnerabilities need to be taken into account. Improved disaster risk reduction plans and the capacity to respond to extreme events need to be reflected.

11.41 It will be important to carry out environmental sector plans (energy, water, etc.). This will involve undertaking quantification of costs and of scenario planning. Environmental change assessments will be 'ground truthed', i.e.,

Mainstreaming Environment and Climate Change into Development Processes

informed by real cases, and grounded in solid science.

Natural Resource Management

11.42 There is a threat to the environment as a result of current practices on the utilisation of natural resources and the effects of global warming. Climate change projections also suggest that the rainfall season will be shorter or less reliable in the future. Hence, there is a need for careful management of natural resources, biodiversity and ecosystems.

11.43 The generation of waste, pollution and land degradation is aggravated by growth in industries and other sectors. This can have adverse effects on the environment and impact negatively on livelihoods if corrective measures are not put in place.

11.44 Given the drive towards economic diversification, there will be a need for a systematic approach towards the integration of resource management and development, cutting across economic sectors, and recognising the linkages between natural resources. Environmental legislation is critical in the regulation and use of natural resources. It provides a management tool for environmental planning and control of development.

11.45 The national goal will be attained through the following outcomes: improved sanitation, weather-climate services and products, clean and safe environment, conservation of natural resources, improved livelihoods and poverty reduction, wildlife management, reduced human-wildlife conflict, maintained ecosystem integrity, improved access to information, informed

decision making, improved environmental governance and customer satisfaction.

11.46 There is a need for a coordinated and collaborative relationship between key role players and stakeholders in the environmental sector in order to achieve sustainable development. The environment sector will, in pursuing this objective, undertake programmes and projects aimed at ensuring a high level of environmental sustainability. To meet this objective, strategies will be embarked upon in natural resources utilisation, climate change and environmental pollution control, as well as measures to address land degradation.

Waste Management and Pollution Control

11.47 The waste management sub-sector would address challenges experienced during NDP 9 through the following strategies: provision of waste and sanitation infrastructure, development of waste management plans, intensification of the environmental pollution monitoring programme and managing quality of the environment to allow recovery of natural resources such as water, air and soils. The strategies will also include implementation of the constituency-based clean-up campaigns. In addition to the above, the environmental protection programme will be delivered through the provision of Ventilated Improved Pit ventilated improved pit (VIP) latrines, waste management equipment, machinery and increasing numbers of drop-off centres.

11.48 Measures will be made to step up the privatisation of certain aspects of waste management. This will contribute towards enhanced waste management operations, employment creation, and the Vision Pillar of ensuring a clean and safe environment. In addition, Government will support the construction of sewerage infrastructure

which will cater for increasing waste generated in major population centres.

Meteorological Services

11.49 Improved weather forecasts and warnings will be achieved through the implementation of the numerical weather prediction function (weather modelling), the expansion and upgrading of the meteorological network, monitoring of ozone depleting substances (ODS), and the implementation of clean development mechanisms. The accreditation of the National Environmental and the Meteorological Calibration Laboratories will enhance the quality and accuracy of information.

Forestry and Range Resources

11.50 During NDP 10, the main thrust for the forestry sub-sector will be the fostering of conservation, sustainable management and utilisation of forest resources to ensure a continuous flow of products and services from the forests without irreversibly damaging their capacity to recover. Forest inventories will be conducted nation-wide to provide the base for resources information. The sub-sector aims to promote indigenous tree planting and intensify education and awareness of the communities. Utilisation of forest resources will be approached holistically, taking into consideration all production, protection, and socio-economic functions. The Community Based Natural Resource Management (CBNRM) programme will be implemented as a rural development and conservation strategy to promote the sustainability of resources.

Wildlife and National Parks

11.51 To address challenges encountered during NDP 9, the sub-sector aims to increase wildlife and fish populations as bedrock for tourism. Aerial and ground

counts will be carried out to determine species diversity and populations to provide credible information for wildlife management. Various strategies, such as promoting non-consumptive use of wildlife resources (e.g., photographic activities) and provision of water within protected areas, will promote the growth of wildlife populations. In terms of governance, there will be formulation of new policies and legislation and review of existing ones to enable smooth implementation of the above strategies. The sector will also promote stakeholder participation, including the CBNRM programme, in coordinated and transparent environmental governance.

National Museum and Monuments

11.52 The main focus will be on development and management of monuments and heritage sites. Botswana's monuments are not fully appreciated because of lack of exposure and hence their economic value has not been realised. There is therefore need to develop these sites extensively to enhance their appreciation and recognition. This will benefit local communities and contribute to the diversification of the tourism product. There will be improved heritage management through research, documentation and partnerships. Exchange programmes, benchmarking and consultative workshops

will be undertaken to inform best practices and heritage management.

Sector Performance Matrix – Environment

11.53 Achievement of the sector goal “sustainable management of the natural resources” will be assessed by the following indicators:

- Access to sanitation facilities by the population will be improved from 40 percent to 55 percent through implementation of the rural sanitation programme and increasing connectivity to the sewerage system;
- Reduction in ozone depleting substances (ODS) by prohibiting import of such substances at ports of entry;
- Improved biomass management through spreading of trans-frontier conservation areas (TFCAs);
- Species diversity will be increased through re-introduction of indigenous species, promotion of the non-consumptive utilisation programme and protection of endangered and rare species;
- Forest cover will be improved through intensification of planting of indigenous trees and improvement of fire management strategies.

Matrix 11.1: Environment Sector Performance Matrix

GOAL	NDP 10 Key Performance Indicator	Baseline:	NDP 10 Period Targets
Sustainable Management of the Natural Resources	% of population with access to sanitation facilities	39% (2003)	55%
	% reduction in ODS	6.8 tonnes	0%
	Biomass Species Index	1.32 LSU/Km ² (2004/05) 2.55	1 LSU/Km ² 2.69
	% of forest cover	80%	85%

Note: LSU = Livestock Unit

PROGRAMME SUMMARIES

Environmental Protection Programme

11.54 Going forward, this programme will focus on mainstreaming climate change both in relation to mitigating the effects of emissions, and to developing adaptation strategies for economic diversification, agriculture, malaria eradication, etc. It will identify the most vulnerable sectors, as well as critical areas for promoting early adaptation. Carbon trading represents a significant opportunity in terms of both technology transfer and mobilisation of funding for development. Institutional, legislative and regulatory aspects will be addressed. The programme will continue to enhance the protection of the environment through proper management and safe disposal of waste, stakeholder participation to reduce pollution of the environment, public education and awareness. It will also encompass provision of weather and climate information for informed decision making and addressing climate change issues.

Natural Resources Management Programme

11.55 This programme deals with the planning and sustainable management of land, forest, rangelands, wildlife and fish resources. Management of these resources is critical to the agriculture and tourism sectors in particular. Public awareness is also key to engaging the public in sustainable management of natural resources and prevention of environmental degradation. In the future, the impact of awareness initiatives will be monitored and evaluated. This programme will put in place policies and

strategies to promote sustainable management of natural resources. There will be analysis of the progress made with CBNRM and identification of key areas to be addressed (such as to scale up and diversify CBNRM operations). Interventions, such as more decentralised and participatory management of designated protected areas, may need to be promoted. Initiatives for sustained land management may need to be expanded. Trans-boundary ecosystems and protected areas will also be given attention.

Environmental Information Management Programme

11.56 The ICT Current Situation Assessment report for MEWT identified the following shortcomings: disintegrated information systems, lack of clear guidelines and architecture for presenting information, inadequate access by stakeholders, existence of stand alone systems, and existence of information in physical files which are not easily accessible and prone to misplacement and loss. The programme seeks to enhance information management through the development of an overarching information management strategy and system. Within this system, a range of subsystems will be integrated and strengthened. These include the Integrated Pollution and Waste Management Information System; the Environmental Information System; the Management of Tourism Satellite Account; the Integrated Vegetation Information Management System; the Integrated Wildlife Management System (Tshwaragano); an integrated Geographic Information System; and the Integrated Meteorological System. Programme development will entail the adoption of common methodologies, protocols and standards, as well as the implementation of

a web-enabled integrated information system that culminates in a single data warehouse.

Environmental Governance Programme

11.57 Environmental governance relates to the way in which the country formulates and promulgates policies and laws and establishes institutions. These should provide for the full participation of stakeholders (public, private sector and civil society) in environmental decision making and implementation, and the domestication of regional and international environmental agreements. Environmental governance plays an important role in achieving the sector goal of sustainable management and utilisation of natural resources. This programme will address challenges which require concerted efforts in the development of skills, capacity and institutional arrangements. Both training and skills development are important to support the implementation of strategies for successful environmental governance. In this regard, stakeholders need to participate in providing financial, institutional and technical support. There is also the need for stakeholders to integrate activities of MEA action plans into their strategies.

Support and Enhancement of Service Delivery Programme

11.58 For effective fulfilment of the environment sector mandate of realising and coordinating all issues pertaining to environmental conservation and protection, efficient service delivery remains one of the core principles. The programme is intended to improve technical and administrative services to meet customer needs and expectations. It supports improved service delivery

through the creation of a conducive working environment for public agencies in the sector. The provision of office and residential accommodation facilities and equipment, as well as skills development, will improve welfare, morale and performance of employees, resulting in improved service delivery and customer satisfaction.

Waste Management and Pollution Control Programme

11.59 Increased waste is an outcome of economic development and improved living standards. Waste management and pollution control are essential contributions to both global and national obligations. Waste itself must be minimised and, where it is inevitable, must be properly managed. This programme ensures protection of the environment through education, awareness and enforcement. Sensitisation to good practice, and the enforcement of key legislation, such as the Waste Management Act of 1998 and the Atmospheric Pollution Prevention Act of 1971, must be strengthened. NGOs, the Department of Waste Management and Pollution Control, the Police and district authorities will all play a role in carrying out this programme.

Rural and Urban Sanitation (Solid Waste Management) Programme

11.60 The programme strives to increase access to basic sanitation and services such as regular waste collection, and to come up with initiatives geared towards community participation in the protection of their environment through proper management of waste. The programme focuses on procurement for local authorities of waste management equipment and machinery (compactor trucks, vacuum tankers, skip loaders and clinical waste vehicles), onsite sanitation facilities (skips and waste receptacles), and the implementation of waste management programmes in the districts. It also facilitates the construction of ventilated improved pit (VIPs) latrines and dumping sites.

Monument Development Programme

11.61 This programme deals with the development and management of monuments and other heritage sites for public access and benefit. This will be achieved through the provision of public reception and presentation facilities (access roads, site museums, site offices and staff accommodation, seating areas and ablutions) and their proper maintenance at selected sites to ensure customer satisfaction. Twenty

monuments, namely: Moremi, Lepokole, Manyana, Matsieng, Majojo and Gcwihaba, Mamuno, Kasane, Domboshaba, Dimawe, Phikwe Ruins, Kolobeng/Livingstone, Old Palapye, Baines and Chapman Baobab, Pelotshetlha, Mogonye, Nxazini, Baratani Hill and Magagarape, have been earmarked for development, as well as to improve their management. This programme will also ensure a deliberate and concerted effort to involve communities in the management of heritage sites and monuments.

CHAPTER 12

A COMPASSIONATE, JUST AND CARING NATION

KEY RESULT AREA (KRA) 8: ENHANCED WELLBEING AND SOCIAL RESPONSIBILITY

Thematic Area Description

12.1 During NDP 10, the Government will endeavour to facilitate development of complete individuals psychologically, spiritually, morally, socially and economically, irrespective of their ethnicity, religion, gender and origin. The aim is to build resilient individuals and communities who will drive their own development. The objective of this thematic area is to identify and develop strategies to tackle current psychological and socio-economic issues and challenges facing Botswana.

12.2 There are four fundamental areas that would enable Botswana to attain universal “social wellbeing for all” by year 2016. These are: **Poverty Alleviation**, including support systems and housing for the poor members of the community; **Access to Good Quality Health Facilities**, including primary and curative services within reasonable travelling distance; **Good Quality Sanitation** and an **Adequate Supply of Safe Water**; management of HIV/AIDS to prevent and minimise the spread of new infections. To achieve social wellbeing, this sector will focus on social protection, health and housing. The fourth area of Good Quality Sanitation and an adequate supply of safe water, is covered by the Water sector in Chapter 10 and the Sustainable Environment sector in Chapter 11.

12.3 Social Protection: Social protection refers to a set of policies, programmes and strategies designed to reduce poverty and vulnerability by promoting employment opportunities, diminishing people’s

exposure to risks and enhancing their capacity to protect themselves against psycho-social and economic hazards and the loss of income. During NDP 10, Botswana will focus on strengthening the family unit as an institution of socialisation.

12.4 Health: The state of one’s health is a function of an individual’s self worth and the quality of health services available. All macro and micro health systems will therefore acknowledge this cardinal principle as a premise in dealing with individuals and communities in their various health programmes.

12.5 Housing: Inadequacy of basic shelter is one of the major problems faced by many Botswana today. Consequently, there are enormous challenges in the Housing sector to develop initiatives to address the problems associated with poor living conditions.

NDP 10 Goals

12.6 Four NDP 10 Goals have been identified to achieve this KRA;

- Goal 1: Eradication of Absolute Poverty
- Goal 2: Adequate Social Protection
- Goal 3: Affordable and Quality Health Care Services
- Goal 4: Prevent New HIV Infections and Mitigate Impact

12.7 The Ministries of Local Government and Lands and Housing are accountable for the first two goals; the Ministry of Health is accountable for the third and fourth goals.

NDP 10, Goal 1: Eradication of absolute poverty

Description and Background:

12.8 Since Independence, Botswana has been implementing social protection and empowerment programmes aimed at reducing poverty. Some of these programmes are in agriculture [Arable Lands Development Programme (ALDEP), housing [Self Help Housing Agency (SHHA); Destitutes Housing; and the Integrated Poverty Alleviation and Housing Scheme] and social protection [destitute persons, orphans and vulnerable children, Old Age Pension (OAP), WWII Veterans Pension, Community Home-Based Care (CHBC) and the Remote Area Development Programme (RADP)]. The multi-policy approach adopted by Government involves contributions from several stakeholders, including civil society and the private and public sectors. This approach is becoming progressively more coordinated and integrated at national, district and community levels.

PERFORMANCE DURING NDP 9

12.9 Despite the achievements made, 22 percent of Botswana households were estimated to have incomes below the poverty datum line in 2003 (see paragraphs 4.62 to 4.70 and Table 4.12 for more details on the poverty statistics). Central Statistics Office (CSO) estimates that the incidence of poverty in rural areas is higher than that in urban areas. The incidence of poverty for people living in remote settlements and in disadvantaged geographical regions is also significantly higher than the national average. Among the other causes of poverty are low levels of education, which is strongly linked to poor labour market opportunities and unemployment.

Goal 1 Strategies

12.10 The multi-sectoral poverty reduction strategy requires identifying the groups and areas which are vulnerable to poverty. This approach is expected to achieve better outcomes in terms of economic empowerment, sustainable livelihoods, improved social functioning and access to quality shelter. In order to deliver on the ambitious targets, integrated approaches will be strengthened and the investments made focused on outcomes. Administration will be strengthened through greater co-ordination within Government at national and local levels. This will include regular monitoring and evaluation of progress and consultation with stakeholders on performance. Key strategies include:

- Creation of sustainable jobs in the economy, particularly in rural areas where the incidence of poverty is highest;
- Development of human resources so that the poor are enabled to utilise the job opportunities in their localities; and
- Provision of social protection to vulnerable groups, training, counselling and other support services.

12.11 A number of other important targets and actions have been developed by key sectors dealing with poverty alleviation and are given in the appropriate sections of this Plan.

NDP 10, Goal 2: Adequate Social Protection

Description and Background

12.12 Social protection is diversified and consists of the following: family support, income, consumption, input and asset transfers to the poor, protecting the vulnerable against livelihood risks and enhancing their social status. Despite the significant achievements made in social protection, there are shortfalls in terms of

capacity and accessibility at the level of individual services, which mainly affect people living in remote settlements. Many of the social protection programmes are not means tested and, therefore, are channelled to all, rather than to those in critical need. Nevertheless, universal coverage has proved to be an effective way of reaching the majority of the poor.

Performance during NDP 9

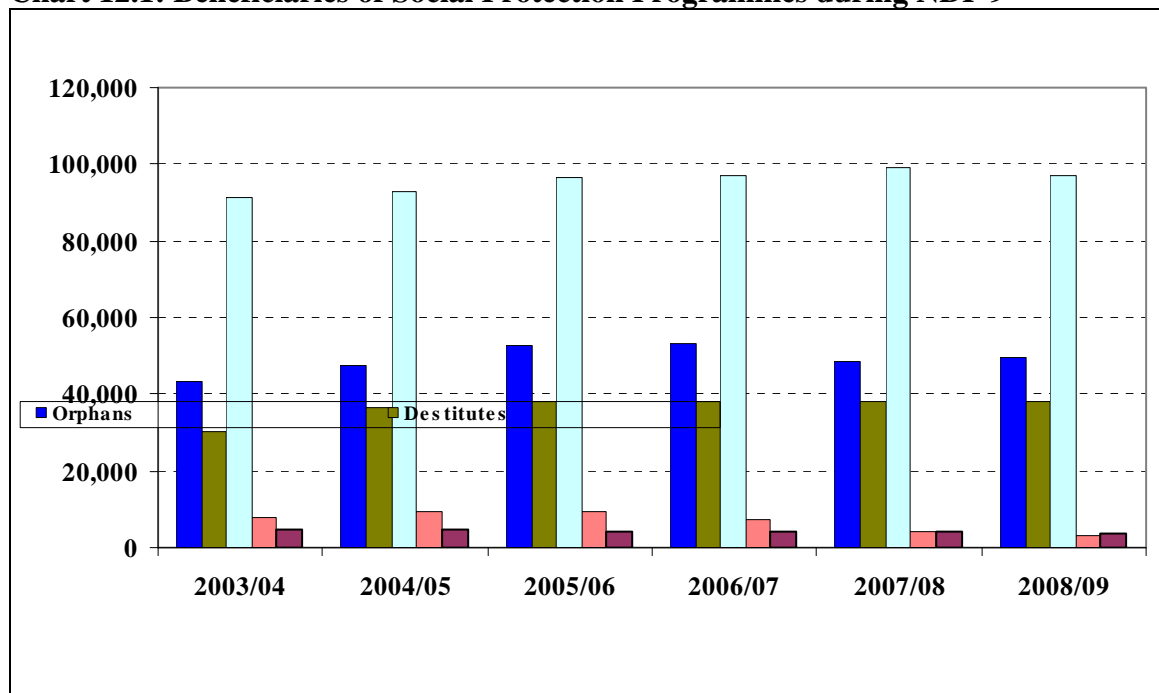
12.13 During NDP 9, the performance of social protection systems was affected by the HIV/AIDS scourge, which resulted in an increase in the number of beneficiaries in the different programmes. Chart 12.1 presents the trends in the distribution of beneficiaries of social protection programmes between 2003/04 and 2008/09.

12.14 The number of registered orphans increased from 41,592 at the end of

December 2003 to 48,839 by the end of July 2009. Ninety-eight percent of these children received welfare support in the form of a monthly food basket from Government, while the remaining two percent are supported by their relatives and other sources. Non-Governmental, Faith-Based and Community-Based Organisations (CBOs) also play a pivotal role in the care and support of orphans and vulnerable children.

12.15 When the Revised National Policy on Destitute Persons was introduced in April 2002, there were 23,313 registered destitute persons. The number has since increased to 42,565 by the end of July 2009. Support was also provided to other groups, including the elderly (Old Age Pensioners), World War II veterans, Community Home-Based Care (CHBC) patients, needy children and Remote Area Dwellers (RADS).

Chart 12.1: Beneficiaries of Social Protection Programmes during NDP 9



Source: Department of Social Services (2009), Annual Reports Compilation on Social Protection Programmes (2003-2009)

Goal Strategies

12.16 The country has a strong social protection system in place and this has helped reduce the impact of shocks on its population. As a result, risks such as drought and disease epidemics have not had devastating effects on the nation. Nevertheless, social protection schemes should be planned on the basis of a thorough assessment of needs across the entire range and the costs of meeting them in the short, medium and long term in a sustainable manner. The strategies included in the social protection sector in Botswana include:

- *Social Assistance and Welfare Service Strategies* for the most

vulnerable groups with no other means of support;

- *Social Cohesion Strategy* that ensures the long-term prerequisites for socio-economic participation for everyone and creates and leaves open paths of mobility for the individual;
- *Employment Creation* to enable people struggling with disadvantages to participate in the labour market;
- *Child Protection* to ensure the healthy and productive development of the child;
- *Community and Area-Based Schemes* to address vulnerability at the community level.

Goal Indicators, Baselines, Targets

Table 12.1: Goal Indicators, Baselines, Targets

Programme Outcome/Output	Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Achievement	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Outcome 1: Improved social functioning	Poverty Rate (%)	2003	30	28	27	24	21	18	15	13
	Human Poverty Index	2005	31.4	28	25	22	19	16	15	13
	Human Development Index	2005	.654	0.70	0.75	0.80	0.85	0.90	0.92	0.94
Output 1: Comprehensive social protection	% of vulnerable persons supported	2008/09	92	94	95	67	97	98	100	100
Output 2: Family Cohesion	1 No. of domestic violence cases	2008/09	2121	1697	1358	1086	869	695	556	250
	2. No. of abuse cases		80	64	51	41	20	12	7	7
Outcome 2: Economically empowered individuals and communities	Enrolment rate on social safety nets (%)	2008/09	92	94	96	98	100	100	100	100
Output 1: Rehabilitated and self reliant people:	% Rate of graduation from welfare programmes	2008/09	2	5	10	15	25	35	45	50
Outcome 3: Access to quality shelter	% of households with access to quality basic shelter	2008/09	61	66	71	76	81	86	91	100
Output 1: provision of adequate destitute housing	Number of destitute houses constructed	2008/09	232 (2003 – 2008)	170	165	100	100	75	25	635 total

Source: CSO report (2003) and United Nations Development Programme (UNDP) report on Human Development 2007/08

SECTOR: LOCAL GOVERNMENT

INTRODUCTION

12.17 Local Government in Botswana refers to the system of governance below the national level and covers all institutions and arrangements under the authority of the geographical area within which it is located. It consists of Local Authorities (Councils), Tribal Administration (TA), District Administration (DA), District/Urban Development Committees (DDCs/UDCs)

and Village/Ward Development Committees (VDCs/WDCs).

12.18 At the national level, functions of these institutions are coordinated by the Ministry of Local Government, which provides policy direction to local institutions on local governance, community development, social services, primary infrastructure provision, district development planning, coordination, policy

formulation and legislative reviews and development. The Ministry mobilises resources and transfers them to the Local Authorities.

12.19 The mandate of Local Government is to provide basic social services to both rural and urban areas. The Ministry of Local Government serves as the Central Government's arm for local government matters and is the focal point for policy and operational matters at the local level. Its objective is to be a competitive, customer-focused centre of excellence in social service delivery, development coordination, community mobilisation and capacity building. At the local level, there are 16 Local Authorities (LAs). They are all under management of the Council Chief Executive Officer or Council Secretary/Town Clerk. The District Administration office, whose head is the District Commissioner, acts as the head of Central Government Departments at the local level. The Ministry of Local Government implements other Ministries' policies and programmes through the District Commissioner. Another area well represented in districts is Tribal Administration, whose primary role is to enforce local order and customary law.

REVIEW OF NDP 9

12.20 The KRAs for NDP 9 had the following specific objectives:

- To introduce Public Sector Reforms spearheaded by the Performance Management System (PMS) and the recommendations of the Second Local Government Structure Commission (LGSC II);
- To decentralise and build capacity of the Local Authorities to ensure that LAs and communities have effective control over their own affairs and could be held accountable for their actions and operations;
- To address national critical issues, such

as poverty reduction in line with the National Strategy for Poverty Reduction (2003), rural development in line with the Revised National Policy for Rural Development (2002), environment protection and conservation, human resource development and integration of HIV/AIDS into Local Government's development strategy;

- Community mobilisation in the rural areas to promote participation in rural development;
- Local economic development by identifying and harnessing resources and opportunities to stimulate sustainable economic activities;
- Implementation of the National Settlement Policy; and,
- Provision of physical and social infrastructure to improve the welfare of the rural and urban population.

Achievements

12.21 Labour Intensive and Drought Programmes: During NDP 9, three drought years were declared in 03/04, 05/06, 06/07, giving rise to a cumulative drought relief programme employment figure of 317,571 for 3,681 infrastructure projects. These projects consist of the construction of Government staff houses, primary school facilities, customary courts and kgotla shelters, health posts, de-silting and lining of storm water drainage, which were completed throughout the country.

12.22 Community Resilience Programme: The Ministry of Local Government has piloted a Community Resilience Programme, up to the development of Community Action Plans, in Hukuntsi and Lehututu in the Kgalagadi District, Chobokwane and Karakubis in Ghanzi District, Lerala and Maunatlala in the Central District and Old Naledi in Gaborone.

12.23 Social Protection: Local Government provides social services to people living in poverty. This scheme includes provision of a food basket, care and

support to patients, cash allowances to beneficiaries of social safety net programmes, including old age pensioners, World War II veterans and the destitute.

Table 12.2: Detail of Social Protection Programmes and Beneficiaries, NDP 9

Social protection	Area of coverage	NDP 9 Targeted beneficiaries	Beneficiaries covered June 2009	Comments
Care and support to patients	Registered Patients	10,299	3,647	92% of the patients are provided with care and support
Social Safety Net Programmes	Old Age Pensioners	85,000	90,236	Old age pensioners received P220 per month
	World War II Veterans	4,700	3,093	WWII veterans received P359 per month
	Destitutes	34,014	42,014	A supplementary cash of P81 per month in addition to food distribution. Beneficiaries exceed targets.
Orphan Care Programmes	Orphans and Vulnerable Children	47,725	47,604	NGOs, CBOs and private sector play a key role in supporting orphans

Source: Department of Social Services – 2009

12.24 Remote Area Development Programme (RADP): Remote Area Dwellers (RADs) are assisted to participate in income generating projects, such as livestock rearing and ownership. They are also provided with

capacity building and training in skills such as entrepreneurship, welding, tannery, sewing, bakery and carpentry. The RADP supported the remote area dwellers with livestock during NDP 9 as shown in Table 2 below. The programme benefited 234 RADs.

Table 12.3: Remote Area Development Programme (RADP) Livestock Distribution

Programme Beneficiaries	2003/04	2004/05	2005/06	2006/07	2007/08	2009/10
RADP(Livestock)	297	439	250	179	116	136

Source: Department of Social Services - 2009

Challenges

12.25 The following summarises the key challenges confronted by the Ministry with regards to provision of social protection. Though social safety nets were provided to the beneficiaries, the creation of a dependency syndrome in some programmes was observed, and RADP is still bedevilled by issues of sustainability. Another

challenge for RADP is livestock bidders who do not fulfil their commitments. The Ministry of Local Government is facing the problem of accumulation of arrears, mainly caused by the beneficiaries of social protection. Beneficiaries miss collection of their benefits. Cost of collection has been reported to be high, reducing value of the benefit/package received. The challenges faced in implementing the Labour-Intensive

Public Works Programme (LIPWP) and drought programmes are primarily managerial, such as late delivery of building materials by suppliers, leading to delays in subsequent handing over of projects. The Labour Intensive Public Works Programme progressed from simple to complex projects, raising issues of management and quality control. The lack of adequate permanent staff for the LIPWP at the district level

hindered implementation. Every drought year comes with its new crew of contracted, as well as seconded staff, who are engaged to serve for a period of one year. At the end of the programme, experience gained during implementation is lost as contracts come to an end, the seconded staff reverts to their original duties, and new recruitment is undertaken the following year.

12.26 Local Economic Development:

Little progress has been achieved. Only a Local Economic Development framework has been developed. A comprehensive policy and implementation guidelines are being prepared. Capacity in the form of human resources, guiding frameworks and enabling legislation is still limited. The provision of social support, without complementary programmes for recipients to graduate to a sustainable livelihood, is likely to breed dependence on government support. Social safety nets should be designed with sustainable means of survival and eventual graduation from government support where that is feasible.

STRATEGIES FOR NDP 10

12.27 With a view towards the realisation of the Vision 2016 pillar of a Compassionate, Just and Caring Nation, the sector will focus on the strategies which contribute to the Key Result Area (KRA) of Enhanced Wellbeing and Social Responsibility. These strategies cover social assistance, social welfare services, social

cohesion, employment creation, child protection, and community- and area-based schemes.

12.28 Government pursues *Social Assistance and Welfare Service Strategies* for the most vulnerable groups with no other means of adequate support. Social assistance initiatives have been designed primarily to enhance social welfare by reducing poverty directly. These include provision of (i) **welfare and social services** to highly vulnerable sections of the population, such as the physically or mentally disabled, orphans and substance abusers; (ii) **cash or in-kind transfers**, such as food coupons, livestock assistance and allowances to vulnerable groups, Old Age Pensioners, World War II Veterans, destitute persons, orphans and Community Home-Based Care patients; provision of some of these services will be outsourced to the private sector providers to improve efficiency in their management; (iii) **safeguards** focus on possible short-term negative impacts of policy reforms, for example where prices rise, or there is a loss of entitlements to the poor, mitigation measures such as the LIPWP will be restructured to include on-the-job life-skills training for LIPWP workers; and (iv) **subsidies**, such as the provision of shelter in times of crisis.

12.29 The *Social Cohesion Strategy* involves ensuring the long-term prerequisites are in place for socio-economic participation by everyone; and leaving open paths for mobility for each individual. In order to implement the social cohesion strategy, special attention will be given to the enforcement of the principle of equal opportunities and the requirement of equal treatment. During NDP 10, targeted measures will be implemented in order to generally enforce gender equality. The activities will include information, education and communication on family issues, such

as parenting skills, foster care and counselling.

12.30 The *Employment Creation* sub-sector during NDP 10 will involve measures aimed at creating sustainable jobs, both in the rural and urban areas. This will entail the implementation of the Local Economic Development initiatives, as well as the Community Resilience Programme, development of an information, education and communication strategy and strengthening of local development structures. The Local Economic Development programme aims to transform cities, towns and rural areas into viable economic entities through identifying and harnessing resources and opportunities needed for stimulation of sustainable economic development. The sub-sector will finalise a national policy framework and an implementation strategy as well as district level strategies for the promotion of Local Economic Development. The Community Resilience Programme emphasises economic empowerment and the training of communities in management of income generating projects.

12.31 *Child Protection* strategies seek to ensure the healthy and productive development of the child. As defined in the United Nations Convention on the Rights of the Child, society, through good governance, must provide measures to ensure that the child is protected from all forms of abuse and exploitation, such as child labour, emotional, physical and psychological

abuse, and the adversities faced by the girl child, street children and children with disabilities. The current high levels of child and adult dependency ratios indicate the need for a strategy to provide social protection for the young. These strategies may focus on issues such as school feeding programmes, school fee waivers, clothing, street children initiatives, child rights advocacy/awareness programmes against all forms of abuse, youth programmes to avoid social problems among teenagers, criminality, sexually transmitted diseases, such as HIV/AIDS, early pregnancies, substance abuse, and early child development to ensure the preventive health and educational programmes.

12.32 The *Community- and Area-Based Schemes* address vulnerability at the community level. The strategies are aimed at empowering communities with life skills that enable them to exploit resources within their localities, in a sustainable manner. These include the Community Resilience Programme cited above, as well as the Remote Area Development Programme (RADP), which will continue to provide basic social services and promote sustainable economic livelihoods. RADP targets mainly the poorest of the remote area dwellers, and facilitates the graduation of beneficiaries from the programme. The initiative provides beneficiaries with basic social services such as shelter and initial start-up resources, such as livestock assets.

SECTOR: HOUSING (SOCIAL)

Description

12.33 Human beings have a right to basic needs that enable them to live a decent life. One of the major problems faced by many people in the world today is inadequacy of basic shelter. This has placed enormous challenges on the Housing sector to come up with initiatives intended to address the problems associated with undignified living conditions of people lacking basic quality shelter. The Millennium Development Goals and Vision 2016 have both placed major emphasis on reduction of poverty and provision of basic quality shelter.

12.34 Provision of shelter in Botswana is guided by the National Policy on Housing of 2000. The thrust of the Policy is to facilitate home provision in partnership with stakeholders; channel more Government resources to low and middle lower income housing; promote housing as an instrument for economic empowerment and poverty alleviation; and to foster a partnership with the Private Sector and all major employers in home development.

12.35 Various financial schemes are available for this particular purpose, including the Self Help Housing Agency (SHHA) scheme, the Integrated Poverty Alleviation and Housing Scheme, the Botswana Building Society Mortgage Guarantee Scheme and the Government Employee Motor Vehicle and Residential Property Advance Scheme (GEMVAS). Under the SHHA scheme, households are given plots and loans for building materials for constructing their own homes. After the pilot project's success during NDP 8, the Integrated Poverty Alleviation and Housing Scheme projects were rolled out to Kanye, Maun and Tshabong. These projects integrate skills acquisition, employment

creation and income generation with shelter provision. The Botswana Building Society Mortgage Guarantee Scheme is available to all citizens to purchase or to develop residential properties. For GEMVAS, Government guarantees 25 percent of the value of the loans granted by Botswana Building Society (BBS). Government also extends housing loans to its employees through the GEMVAS. Through this scheme, Government employees can purchase or develop their residential plots. The loans granted under this scheme are guaranteed by Government up to 80 percent.

REVIEW OF NDP 9

Government has continued to be the sole provider for development funding for housing through District Housing, Destitute Housing (through Councils), the Self Help Housing Agency (SHHA), the Integrated Poverty Alleviation and Housing Scheme and Government Employees Motor Vehicle and Residential Property Advance Scheme (GEMVAS). The Housing Policy Advisory Council was inaugurated in 2005 to provide guidance and drive the implementation of the Housing Policy. However, the Council remained dormant because of lack of clarity of roles and responsibilities between authorities. The Housing Policy Advisory Council's responsibilities were seen to be duplicating those of already existing housing authorities; and the Council has failed to identify a niche role in the sector. This problem will be addressed through the policy and legislative review process envisaged during NDP 10.

12.36 Government availed a budget of P150 million for SHHA, to be utilised by at least 7500 beneficiaries during NDP 9 at a

maximum loan of P20,000 per beneficiary. The allocated budget for this programme was exceeded because of the high demand for the facility. A total of P158 million was disbursed for 8,266 beneficiaries, of which P31 million assisted 1621 beneficiaries in urban areas and P127 million assisted 6,645 beneficiaries in rural areas during NDP 9.

12.37 The SHHA programme was reviewed in 2006/07. The purpose of the review was to determine whether the programme was meeting its objectives of providing efficient and equitable housing for low income households. One of the findings of the review was the inadequacy of the maximum loan amount of P20, 000 to complete a basic quality unit. In an effort to address the problem of occupation of incomplete and unsightly structures, Government initiated the Turnkey Project in 2002. The project is a Design-Build housing development method through which the Government seeks to speed housing projects' delivery, reduce costs, and introduce technological innovations in the housing sector. The Pilot Turnkey project in Francistown managed to deliver only 29 houses. These houses, together with the incomplete structures, were allocated by the City Council to the SHHA loan applicants on the waiting list.

12.38 Construction of production infrastructure for the Integrated Poverty Alleviation and Housing Scheme has been completed in the Kgatleng and North East Districts. Trial production will soon commence in Selebi-Phikwe. 456

beneficiaries were trained in basic material production, construction and business skills. Out of this number, 184 beneficiaries are currently engaged in production. Beneficiaries are getting an allowance of P418 to P2, 532.60 per month that puts them above the SHHA minimum qualifying income of P366.66 per month. Ten beneficiaries have completed their houses through the SHHA programme. Other beneficiaries have left the programme for gainful employment elsewhere. A total of 94 houses, including those financed through SHHA, have been completed since inception, and 12 are still under construction.

12.39 The implementation of the Government's housing programme has faced the following challenges:

- High cost of construction, which has escalated at a rate of about 30 percent per annum over the years;
- Weak institutional mechanisms to monitor and evaluate the impact of the programmes and projects, especially in light of the dual responsibilities between the Ministries of Lands and Housing and Local Government;
- No legislative framework to engage the private sector, NGOs, CBOs, in participation;
- Government's over-reliance on BHC for delivery of housing; and
- An inadequate supply of housing units in the market.

Sector Goals, Indicators, Baselines and Targets

Matrix 12.1: Housing Sector Performance Matrix

Sub-Sector Goal Key Performance Indicator	Baseline:		NDP 10 Period Targets						
	Year	Achievement	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
% of households with basic shelter	2008/09	61	70	75	80	85	90	95	100

STRATEGIES FOR NDP 10

12.40 The sector will employ the following strategies in delivering the Housing Programme.

Legislative and Policy Review

12.41 Government will continue to foster the creation of a conducive policy implementation environment to address issues of affordability, delivery and coverage of different social groups targeted by the programme. This will involve the development of administrative, institutional and legislative frameworks to harmonise different pieces of legislation that impact on housing delivery. The process will include creating synergies with other stakeholders, such as financiers, developers and construction companies.

Use of Innovative Building Technologies

12.42 In an effort to fast track housing delivery and reduce construction costs, innovative methods of construction will be researched, adapted to the local environment and implemented. Innovative technologies refer to the use of non-conventional building methods which make construction of houses faster and cheaper to the end users. Private sector companies will be encouraged to continuously explore better methods of housing delivery and make contributions as part of their social responsibility.

Use of Indigenous Building Materials

12.43 The Housing Sector will ensure adequate research is carried out on available indigenous building materials with a view to encourage their use. Efforts will be made to ensure that, where possible, locally available materials will be improved through treatment to ensure durability, fire and weather resistance. The existence of appropriate building technology and raw materials, such as laterite, clay, fly ash and lime which are available in the country, provide an opportunity for sustainable production of local building materials.

Consolidation of Public Sector Housing Delivery

12.44 Housing delivery is currently spread among many authorities and organisations, including the public sector, parastatals, civil society and private sector organisations. The Ministry of Lands and Housing is responsible for policy formulation and the sourcing of funding for low income housing, while the Ministry of Local Government is responsible for implementation of SHHA and Destitute Housing through Councils. Parastatal and private sector companies also provide institutional and private houses to their employees, as well as for sale. There is no proper coordination mechanism among all these various organisations and there is no over-arching policy framework for

developing standards for the types of houses to be provided in various parts of the country.

12.45 It is, therefore, intended to put in place proper mechanisms for coordinating housing delivery in the country. This will be through defining an authority for the formulation of housing policy, which is divorced from implementation. Similarly, Government will consider setting up a single housing authority which will be responsible for implementation of all public sector housing programmes, whilst the private sector will continue to deliver houses in accordance with the standards set by the policy authority.

12.46 In the short to medium term, the Botswana Housing Corporation will continue to commercialise its operations in preparation for its eventual privatisation, as has been espoused by Government in the Privatisation Policy. Prior to the Corporation becoming a private entity, it will concentrate mainly on the delivery of upper low income to middle income category housing. The Botswana Housing Corporation will, however, assist in the delivery of low income and district housing on an agency basis as and when it is required to do so.

Home Ownership

12.47 Government will create opportunities for the promotion of home ownership. This will include inducing the private sector to participate in the delivery of housing through incentive packages, such as concessionary tax rates to housing financiers. In order to consolidate home ownership, mechanisms will be put in place to protect homeowners from the loss of the principal home to financiers. There will also be a review of relevant legislation to allow for application of sectional title scheme to tribal land. This is intended to facilitate

acquisition of homes by people residing in high density areas.

Goal 3: Affordable and Quality Health Care Services

Introduction

12.48 The Government of Botswana assumed responsibility for the provision of health care services at Independence in 1966. Health care provision at Independence was essentially hospital based with a very rudimentary primary health care system. There were only 5 government hospitals and 5 mission hospitals.

Goal 3 Performance during NDP 9

12.49 In an endeavour to provide accessible and affordable health care, health service provision in Botswana is currently at a nominal fee and more than 84 percent of the population is within a 5 kilometre radius from the nearest health facility.

12.50 During NDP 9, significant strides were made in the prevention and control of communicable diseases, such as TB, Malaria, and HIV, and childhood diseases, such as Polio, Tetanus and Measles. Despite these efforts, there have been major challenges in the health care system, such as a growing disease burden, especially of non-communicable diseases, and human resource capacity constraints.

12.51 It is evident that the health care system has not been successful in empowering individuals to take major responsibility for their health. During NDP 10, the involvement and participation of individuals and communities will be strengthened with a view to create a self-driven health care system.

NDP 10 Goal 3: Indicators, Baselines and Targets

12.52 The focus of NDP 10 is to continue to provide affordable and quality health care, through the prevention of communicable and non-communicable diseases, reduction in new HIV/AIDS infection and the promotion of healthy lifestyles. It is envisaged that there will be an improvement in indicators such as morbidity, mortality and life expectancy.

12.53 The goal will be achieved in collaboration with the private sector, international cooperating partners and civil society. The data necessary for addressing the goal, outcomes, outputs and other relevant indicators will be collected through routine health service reporting, surveillance, special surveys and the population census.

Matrix 12.2: Goal 3: Indicators, Baselines and Targets

NDP 10 Goal	Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Achievement	Yr 1 (2009/10)	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Year 7 NDP 10 Target
Affordable and Quality Health Care Services	Infant Mortality Rate (per 1,000 live births)	2006	51	46	41	36	31	26	21	16
	Under Five Mortality (per 1,000)	2006	76	69	62	55	48	41	34	27
	Maternal Mortality Rate (per 100,000)	2007	193	172	151	138	109	88	69	46
	Morbidity Rate (TB Notification Rate)	2006	511	500	490	476	453	436	416	400
	Elimination of Malaria (per 1000 pop.)	2007	10	10	9	8	5	3	2	<1
	Life expectancy	2006	54 years							

Source : Botswana Demographic Survey - 2006, Stats Briefs 2005-2007, CSO, Botswana National TB programme-2006 and Botswana Malaria Programme-2007

NDP 10, Goal 3 Strategies

12.54 NDP 10 strategies will include the promotion of social dialogue to create awareness for self determination on social wellness and aligning health programmes to individual, family and community needs. The ability for individuals to take greater responsibility for their own health depends on how

much they value themselves as individuals. Therefore, efforts will be made during NDP 10 to encourage individuals improve their perceptions regarding their self-worth.

12.55 Evidence-based programming in disease prevention, treatment and care will be implemented. Health systems

strengthening in areas of research and development, information management, infrastructure enhancement and human capital development will be intensified. Innovative approaches to the provision and financing of health, through private sector involvement and participation in diversifying the contribution of the health sector to the economy, will be aggressively pursued.

12.56 Policies and legislation will be reviewed to promote efficiency and sustainability of the health care systems. A conducive environment will be created to strengthen strategic partnerships in the enhancement of the nation's wellbeing and social responsibility.

SECTOR: HEALTH

INTRODUCTION

12.57 Health care delivery in Botswana is anchored on the Primary Health Care Strategy, as articulated in the Alma-Ata Declaration of 1978, the Vision 2016 Pillars and associated Millennium Development Goals (MDGs). Throughout the different National Development Plans (NDPs) there has been continuous investment in health care infrastructure and services, based on the Strategy. Botswana has successfully created a solid foundation of health care provision. To optimise health care provision, the health sector has over the years collaborated with various sectors and partners in different capacities to ensure a multi-sectoral approach. Health service delivery in Botswana is provided through a hierarchy of primary, secondary and tertiary care levels.

REVIEW OF NDP 9

Goal: Reduce Morbidity and Mortality due to Communicable and Non-Communicable Diseases and Conditions

12.58 Progress was made in preventing and controlling communicable diseases such as Tuberculosis (TB), Malaria, HIV and childhood diseases like Polio, Tetanus and Measles during NDP 9. A decline in the

number of malaria cases from 72,000 in 2000 to below 20,000 during 2007 was reported. Since the advent of the HIV pandemic, TB morbidity and mortality increased as a result of the HIV/TB co-infection. The TB notification rate was 594 per 100 000 populations in 2003. But through different measures, such as the Isoniazid Preventative Therapy and the benefits of widespread Anti-Retroviral Therapy (ART) to contain the escalation in TB disease, the rate has been reduced to 579 cases per 100 000 population in 2007.

12.59 Regarding childhood vaccine preventable diseases, the immunisation coverage was 94 percent in 2008. Six cases of measles were recorded in 2005; but transmission of these cases was successfully interrupted. Botswana has not reported any indigenous cases of poliomyelitis since 1989. There was one imported case of wild polio virus in 2004. Botswana has met polio-free certification criteria since 2004. According to the 2006 Botswana Demographic Survey, the infant mortality rate was 51 per 1000 in 2006, a slight reduction from the 56 per 1000 recorded in 2000.

12.60 The World Health Organisation (WHO) Stepwise Survey for Major Non-Communicable Diseases Risk Factors was conducted during NDP 9. The results of this Survey will provide data for evidence-based prevention and control interventions during NDP 10. The Botswana National Cancer Registry was also established in 2003 to determine the disease burden attributable to cancer. To this end, the Ministry of Health will step up cancer screening and related programmes during NDP 10.

12.61 In 2007, the National Disability Strategy was developed concurrently with the development of disability legislation. The 1996 National Policy on Care for People with Disabilities will be amended and followed by enactment of the legislation.

12.62 The health system has been strengthened during NDP 9 resulting in improved health service delivery. This has been realised through upgrading and establishing of health facilities resulting in 84 percent of the population accessing facilities within five kilometre radius and 2.4 beds per 1000 population. Human resource development has resulted in an improvement in the ratios of doctors and nurses to population from 1:4 070 and 1:411 in 2003, to 1:3 813 and 1:318, in 2007, respectively. Furthermore, health care in Botswana continues to be provided almost free of charge to citizens.

12.63 The involvement and participation of the private sector and civil society has resulted in improved health service delivery. In addition, increased resource mobilisation from development partners and donors has contributed to improved health care financing.

12.64 The Ministry of Health embarked on the development of several policies, regulations and legislation during NDP 9,

some of which will spill over into NDP 10. These include: Rapid HIV Testing Policy, Radiography Standard Operating Procedures, National Blood Transfusion Policy and its guidelines, Traditional Health Practice Bill, Control of Smoking Act, Public Health Bill, Regulations on Marketing of Foods for Infants and Young Children, National Mental Health Policy, Private Practice and Licensing Regulations, Revision of the National Health Policy and the Human Health Research Bill.

12.65 In order to improve quality, availability and timeliness of information, initiatives for effective communication and information flow through the use of Information and Communications Technology (ICT) were undertaken. These include the Integrated Patient Management System at four sites (Princess Marina, Nyangabgwe Referral, Sekgoma Memorial and Maun General hospitals); the Warehouse Management System at Central Medical Stores (CMS) to manage the procurement and distribution of drugs supply; and Telemedicine between Nyangabgwe hospital and India, and tele-radiology between Ghanzi Primary and Princess Marina Hospitals which will facilitate online services to low level facilities. In addition, the new International Classification of Disease 10 (ICD10) was adopted.

12.66 The NDP 9 period witnessed an increase in the number of health research studies undertaken in this country, some of which were complex HIV/AIDS studies. Compared to previous Plans, some of these studies had citizens as either principal or co-principal investigators. To regulate the conduct of research in this country, the Ministry of Health initiated the drafting of the Human Health Research Bill. The Bill, amongst other issues, calls for the establishment of a national statutory body responsible for overseeing the ethical and

scientific conduct of health research in the country.

12.67 Since 2003, a total training output of 2,319 pre-service and 1,037 in-service personnel from the local and external health training institutions has been achieved, against a target of 1997 for pre-service and 1380 for in-service trainees. The Ministry of Health continued to receive support on training from collaborating partners.

12.68 In order to facilitate the attainment of the MDG of combating the HIV/AIDS pandemic in the country, a review and update of curricula for seven health training programmes has been carried out in the health training institutions.

Challenges

12.69 During NDP 9, a number of challenges impacted negatively on the efficient delivery of health care services. These included a growing disease burden, especially in non-communicable diseases, and human resource constraints.

Goal: Reduce Morbidity and Mortality due to Communicable and Non-Communicable Diseases and Conditions

12.70 The high rate of TB patients co-infected with HIV (60-86 percent of all TB cases), increasing numbers of Multi-Drug-Resistant Tuberculosis patients and the identification of Extensively Drug Resistant Tuberculosis in the country pose a substantial threat to public health. In addition, for malaria control, Insecticide Treated Nets/Long Lasting Insecticidal Treated Nets coverage is 9.4 percent (MIS 2007), while that of Indoor Residual Spraying is 72 percent (MIS 2007), both of which are below the WHO set targets of achieving coverage of 80 percent.

12.71 The availability of medicines and medical supplies posed a great challenge during NDP 9. One of the factors compounding the problem is the weak regulatory system. As a consequence, a huge backlog of applications for registration of medicines has accumulated.

12.72 The Health Sector continues to experience a shortage of an appropriately qualified health work force, resulting in a high staff/patient workload. This is attributed to unattractive working conditions and an inadequate supply of health professionals, both locally and internationally. The coordination, implementation and monitoring of health programmes at primary health care level has also been a challenge during NDP 9, largely due to inadequate capacity.

12.73 The absence of a formal health research regulatory framework and research agenda made it difficult to ensure that health research conducted in Botswana is in line with the needs and priorities of the country. In addition, lack of an effective health information management system has impacted negatively on the monitoring and evaluation of health programmes and projects, resulting in poor planning, management and decision making.

12.74 The increasing demand for health care services, coupled with complex disease management, has over-stretched the existing health care delivery system. This resulted in long waiting times and congestion in health facilities, as well as costly external referrals. The continued dependence on government funding for health care has also proved to be a problem.

Goal: Reduce Infant and Maternal Mortality

12.75 The main challenges for NDP 9 have been persistent high infant and under-five morbidity and mortality rates due to diseases such as HIV/AIDS, TB, malaria, diarrhoea and vaccine preventable diseases (see Table 1.2 and Chart 2.6). The 2006 Botswana Demographic Health Survey showed the infant mortality rate and under-five mortality rate at 51 and 76 per 1000 live births, respectively.

12.76 The maternal mortality rate has also remained high during the Plan period due to complications of pregnancy and inadequate maternal health care services. Documentation and reporting has also been a challenge. Due to this, there is incomplete reporting of national maternal mortality.

STRATEGIES FOR NDP 10

12.77 During NDP 10 the utilisation of existing health infrastructure and national human resources will be optimised by promoting partnerships with the private sector. The development of human resources will be accelerated to meet the service challenges and enhance their productivity. Programme coordination and implementation at primary health care level will be strengthened in order to reverse the losses in quality of service and for achievement of the Vision 2016 health care targets.

12.78 Alternative health financing strategies will also be developed and implemented in order to reduce government expenditure on health, thus promoting an affordable and sustainable quality health care service.

12.79 Key strategies will include:

- Provision of comprehensive customer focused quality health services in order

to improve access to health care services and reduce morbidity and mortality. The strategy will be realised through strengthening the provision of primary, secondary, tertiary, and quaternary levels of care. Specialist services will be introduced at all district and selected primary hospitals. Strategic facilities management and outsourcing of non-core services will be pursued in order to ensure optimal utilisation and care of the expanded infrastructure.

- Improvement of operational efficiency through the implementation of innovative result oriented performance initiatives, such as Performance Management Systems, in order to improve productivity in the public health system.
- Improvement of health information management by installing ICT infrastructure to enhance service delivery. Monitoring and evaluation frameworks will be developed so as to strengthen continuous monitoring of the impact of health programmes and projects and further guide new interventions.
- Building and management of strategic partnerships in order to improve health care delivery. This entails strengthening of existing and creating new partnerships to expand the resource base. During NDP 10, the Ministry will lease out space in public hospitals to private practitioners, identify and establish more partnerships with private sector to strengthen access to advanced specialised health care services in order to derive maximal, timely and efficient quality of care for patients, as well as reduce costs for services referred outside the country.
- Promoting healthy lifestyles through multiple approaches, such as public education to prevent communicable and non-communicable diseases. Promoting environmental health in order to prevent

diseases due to environmental factors (such as water, air and food-borne diseases) and occupational factors (wellness programme, occupational diseases, health and safety management).

- Prevention and control of diseases through establishment of port health services at selected ports of entry.
- Improving rehabilitation services through the development of relevant policies and legislation, as well as improvement to infrastructure and development of human resources to increase access to services. The Ministry of Health will ensure that persons with disabilities attain and sustain their optimal level of independence and functioning. This will cover services such as physical, mental and vocational rehabilitation, as well as provision of assistive devices which provide and/or restore function, or compensate for such a loss, or absence that causes disability.
- Promoting mental health in order to prevent mental health problems, mental disorders and substance abuse. The Ministry of Health will enhance governance, regulation, programming, surveillance of the magnitude of mental illness, development of practice standards for community mental health and monitoring and evaluation of mental health and substance abuse prevention.
- Scaling-up of malaria control interventions in order to achieve the elimination of malaria. These interventions will include mass distribution of free Long Lasting Insecticidal Nets in all Malaria districts, intensifying Indoor Residual Spraying campaigns, advocacy and communication messages. In addition, there will be provision of effective chemo-prophylaxis to the populations at risk and anti-malarial treatment to all malaria patients.
- Improvement of maternal and newborn care shall be enhanced through the

implementation of the National Road Map to the Reduction of Maternal and Newborn Morbidity and Mortality.

- Standardisation of service delivery by ensuring that health facilities are Basic Emergency Obstetric Care and Comprehensive Emergency Obstetric Care compliant and aligned to WHO guidelines.
- The Accelerated Child Survival and Development strategy, which is aimed at reducing child mortality by 63 percent, will be implemented. Elements of this strategy include strengthening immunisation services, nutrition interventions and the Integrated Management of Childhood Illness and supplementary feeding programmes.
- Strengthening activities to reduce the burden of TB through intensified TB case finding, treatment and information management, as well as strengthening the mechanisms for coordination and collaboration of TB activities through the existing national TB /HIV Advisory Committee.
- Strengthening activities to reduce the burden of TB in HIV infected persons by screening for TB at all HIV service points, such as the ART sites, PMTCT, Tebelopele Centres and paediatric centres and wards.
- Ensuring an effective quality assured drug supply and management system to prevent drug stock outs and expiry.

Goal 4: Prevent New HIV Infections and Mitigate Impact

Goal Description and Background

12.80 Botswana has been engaged in a protracted struggle against HIV and AIDS since the first AIDS patient was diagnosed in 1985. Shortly after that, Government responded and set up the National AIDS Control Programme with subsequent

development of short, medium and several long term plans outlining the country's programme framework in prevention of HIV, treatment, care and support of those infected and affected. The Government took additional measures to address the epidemic by developing the National HIV Policy in 1993, which was reviewed during NDP 9. HIV was further declared a national emergency as a way of mobilising the government, non-governmental organisations and the private sector to collaborate and rise to the challenge posed by HIV and AIDS.

12.81 The multi-sector national response, as articulated in the National Strategic Framework (2003-2009), is in conformity with the UNAIDS principle of the "Three Ones". This highlights the importance of countries to have one agreed AIDS action framework that provides the basis for coordinating the work of all partners; one national AIDS coordinating body with a broad-based multi-sector mandate (National AIDS Council); and one agreed country-level monitoring and evaluation system, as currently in place in Botswana. In addition, the response is in line with the Vision 2016 goal of reduction of new HIV infections.

Performance during NDP 9

12.82 Government of Botswana, alongside other governments, has endorsed major continental and global initiatives. Consistent with the National Strategic Framework, these historic initiatives also focus on key intervention areas and issues in the fight against HIV and AIDS, such as leadership, prevention, care, treatment and support for people living with and affected by HIV and AIDS and mitigating the impact of the pandemic.

12.83 Despite all these efforts, HIV continues to be a major public health and

developmental problem in Botswana, with 17.6 percent of the total population being infected in 2008. Furthermore, 33.7 percent of pregnant women aged 15-49 years were infected in 2007 (see paragraph 12.89).

12.84 During NDP 9, HIV prevalence among all age groups continued to be high due to continuing practices of unsafe multiple sexual partner behaviour. To date, prevention efforts have not adequately addressed the underlying determinants of vulnerability to infection or the specific drivers of the epidemic. Prevention interventions are largely small scale and without strategic and structural thrust. Furthermore, the legal environment for the response to HIV and AIDS is weak and has therefore contributed to stigma and discrimination.

12.85 The potential of the private sector has not been fully exploited to address implementation capacity issues. The capacity of communities, NGOs and People Living with HIV/AIDS (PLWHA) support groups is weak and cannot therefore support and complement the provision of comprehensive and effective services. Weak coordination structures and capacity at national, district and community levels contribute further to inadequate guidance and response.

Goals, Indicators, Baseline and Targets

12.86 The Health Sector goal will be achieved in collaboration with the private sector, international cooperating partners and civil society. The data needed to adequately address the goal, outcomes, outputs and other relevant indicators will be collected through routine health service reporting, surveillance, special surveys and the population census.

Matrix 12.3: Health Sector Goals, Indicators, Baseline and Targets

NDP 10 Goal	Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Achievement	Yr 1 (2009/10)	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Prevent new HIV infections and mitigate the impact of HIV/AIDS	Reduction of HIV/AIDS among 15-24 years	2008	8.0%	7%	6%	5%	4%	3%	2%	1%
	New HIV infections	2004	Not available							0%
	5-year survival of patients on Highly Active Anti-Retroviral Therapy (HAART)	2007	86%	86.5%	87%	87.5%	88%	89%	89.5%	90%
	Percentage of CHB patients receiving care and support	2007	BL: 92%	92	93	94	95	97	98	100 %

Source : National Strategic Framework on HIV/AIDS 2003-2009

12.87 Although zero new infections are still targeted, this will only be possible if a preventive vaccine and curative therapy were to be developed during NDP 10. However, given the present available best practice interventions and Botswana’s well recognised national response, it is possible to reduce the “new” infection rate significantly.

Goal Strategies for NDP 10

12.88 A multi-sectoral response for prevention of new HIV infections; and treatment, care and support to those infected and affected in order to reduce the impact of HIV will be employed in NDP 10. However, priority will be on HIV prevention in order to address sustainable solutions to control the epidemic.

SECTOR: HEALTH – HIV/AIDS

REVIEW OF NDP 9

12.89 The prevention and control of the epidemic, as well as mitigating its impact through the multi-sectoral response, was the major focus during NDP 9. The success of the national response to HIV and AIDS pandemic was evidenced by the stabilisation of HIV prevalence, albeit at high rates, in the general population in 2008 at 17.6 percent compared to 17.1 percent in 2004. The reduction of HIV infection was observed in the younger age groups, with the prevalence rate of those 15-24 years

declining from 12.6 percent in 2004 to 8 percent in 2008. The declining HIV prevalence trends have also been observed among the younger age group of pregnant women aged 15-19, with the prevalence rate for that group declining from 28.6 percent in 1998 to 17.2 percent in 2007. This reduction in new infections has also been supported through incidence studies done in pregnant women aged 15-49 years using BED laboratory methodology. The stabilisation in prevalence observed among those 15-49 years (i.e., the adult prevalence rate), which

went from 25.3 percent in 2004 to 25.0 percent in 2008, and similarly in pregnant women aged 15-49 years, which went from 33.5 percent in 2005 to 33.7 percent in 2007, is partly due to the balance between reduction in the rate of new infections and increased survival of AIDS patients on anti-retrovirals (ARVs). It is important to note that these rates remain unacceptably high, as shown by prevalence of HIV in the general population in all the districts being above 10 percent in 2008.

12.90 The Prevention of Mother to Child Transmission (PMTCT) of HIV Programme increased in coverage. In 2007, 89 percent of HIV positive pregnant women took prophylaxis to reduce transmission to the unborn child compared to 37 percent in 2003, resulting in an estimated reduction in mother to child transmission rate to 4 percent in 2008. Routine HIV Testing was introduced in 2004 to increase access to HIV testing. Comparatively, the number of people tested through the Tebelopele Voluntary Counselling and Testing (VCT) centres rose from 73 551 in 2004 to 642 824 in 2008, while those who tested in health facilities through routine HIV testing rose from 60 846 in 2004 to 626 441 in 2008. The Know Your Status Campaign spearheaded by the Voluntary Counselling and Testing strategy offered by non-governmental organisations has also contributed significantly to the above achievements, resulting in the proportion of population that has ever tested increasing from 25.4 percent in 2004 to 56.4 percent in 2008.

12.91 There has been a significant decrease in HIV prevalence in donated blood and blood products from 9 percent in 2001 to 2.1 percent in 2007. There has also been a significant reduction of STI prevalence, as indicated by the reduction of syphilis prevalence from 4 percent in 2002 to 2.5 percent in 2007 and the reduction in Genital

Ulcer Disease cases by 50 percent from 16 766 in 2004 to 8 541 in 2007.

12.92 Treatment, care and support of those infected are crucial in mitigating the impact of HIV, since those infected are of reproductive age and productive members of the society. Since the beginning of NDP 9, more than 93 percent of patients estimated to be in need of HAART (based on the McKinsey Estimate of 2001) are on anti-retroviral therapy nation-wide.

12.93 Since the introduction of the Community Home-Based Care Programme (CHBC) in 1995, more than 300 CBOs/NGOs have been registered. As a result of the successful implementation of the ART and CHBC programmes, the number of patients on CHBC has declined from about 12 000 in 2002 to 3 666 in 2009.

Challenges

12.94 A large proportion of Batswana still do not know their HIV status, leading to missed opportunities for behaviour change. Inadequate ownership and responsibility by Batswana for their own health and well-being, limited knowledge on aspects of the pandemic, such as transmission of the disease, the vital necessity of adherence to treatment and the importance of consistent use of condoms and reducing multiple concurrent relationships, have challenged this programme.

12.95 Other challenges are related to limited access to HAART by all eligible patients, male involvement and participation, cultural practices and beliefs, increase in prevalence of Viral STIs, specifically Herpes Simplex Virus 2, limited health services for youth and children, and inadequate counselling services. Low capacity for implementation remains a constraint and must be addressed during NDP 10.

STRATEGIES FOR NDP 10

12.96 Botswana has, over time, developed an effective public health system. The advent of HIV/AIDS has increased the burden on and demand for health care services. Management of supplies, facilities maintenance and service delivery were compromised as resources and attention were diverted to the immediate pressing needs arising from the impact of HIV/AIDS.

12.97 The key strategies for NDP 10 include:

- Ensure sustainability of the HIV and AIDS response by prioritising its prevention through behaviour change and communication strategies and other HIV prevention strategies, including the introduction of new ones, such as safe male circumcision strategies. All segments of the population will be targeted. The national prevention programme in all 27 health districts will be scaled up. This entails implementing a minimum package with the following components: behaviour change interventions and communication, prevention of sexual transmission, HIV counselling and testing, PMTCT, prevention of blood-borne transmission, voluntary male circumcision, workplace programmes and community mobilisation.
- Elimination of Paediatric AIDS (reducing MTCT rates below 1 percent) through provision of HAART to all pregnant HIV positive women and continued strengthening of the PMTCT programme, including early infant HIV diagnosis.
- Increased survival of HIV infected persons through strengthening of the ARV treatment, including early screening and initiation of treatment at a higher CD4 count and increased patient adherence and monitoring. All clinics

will be upgraded to provide ARVs as part of the ARV roll out plan. Technical efficiency, such as resistance and adherence issues of the programme, will be addressed. In addition, an AIDS research and expertise centre will be built to capitalise on Botswana's expertise and experience in HIV/AIDS management.

- Addressing efficiencies of care and support to HIV/AIDS programmes, such as CHBC and orphan care, by reviewing them (including supply chain management), and instituting good project monitoring mechanisms, strengthened psychosocial support and impact mitigation services.
- Integrating existing systems to develop a comprehensive surveillance, research, monitoring and evaluation framework and the upgrade and effective use of ICT to improve programme implementation, including patient monitoring. New technologies for HIV disease monitoring, such as new infections, resistance, patient tracking systems and vaccine research, will be developed.
- A scaled-up capacity building programme to strengthen national response systems and structures, with provision of financial support to facilitate outsourcing, public private partnerships and civil society participation.

SUMMARY OF PROGRAMME

12.98 The Programme will focus on providing high impact targeted responses to vulnerable segments of the population, such as infants, orphans, youth, women, people living with disabilities and/or HIV/AIDS, so as to ensure universal access to services. The main focus will primarily be on, amongst

others, activities such as scaling-up testing and counselling services, scaling up safe male circumcision and intensified targeted Behaviour Change and Communication Intervention, whereby all sectors have to use their comparative advantage to target

beneficiaries at community level. In addition, survival of patients on treatment will be enhanced through wide availability of free ARVs, expansion of treatment to clinics, outsourcing of ARV services and strengthening palliative care.

SECTION VI: GOVERNANCE AND SECURITY

CHAPTER 13

SAFE, SECURE AND PEACEFUL NATION

Vision 2016 Pillar

13.1 This chapter addresses the Vision 2016 pillar of a Safe and Secure Nation. The pillar identifies three security issues that are to be addressed during NDP 10. These are public security, territorial integrity and national defence. Botswana recognises the serious consequences associated with breaches of safety and security and appreciates that it can not be the responsibility of the law enforcement agencies only, but rather of the nation as a whole. Safety and security in the context of this Plan touches on issues of road safety, defence, safety and security from nuclear and other radioactive material, disaster management, waste and pollution management, foreign relations, occupational health and safety, civil and national registration and information security. All these issues are dealt with under two broad goals, Public Safety and Protection, and Territorial Integrity and Sovereignty.

13.2 The desired outcomes of this result area include effective law and order, substantial reduction of crime, especially violent and intrusive crime, improved road transport safety, reduced incidence of pollution, enhanced security of the country, and improved workplace health and safety conditions.

National Development Goal 1: Public Safety and Protection

13.3 This goal encompasses a number of components which collectively influence the country's Public Safety and Protection. These include crime, road safety, disasters, nuclear radiation, occupational health and safety, offender rehabilitation, border control, civil and national registration, immigration, waste and pollution control and information.

13.4 Public safety and a sense of security are necessary foundations for the well being and economic prosperity of the citizenry. In particular, crime must be seen as a violation of basic human rights and the motivation to commit it should be reduced through programmes such as poverty alleviation, creating employment opportunities and creation of recreational facilities for the youth. All forms of crime should be minimised, and penalties should be made high enough to deter these. Public education, information and a culture of social responsibility should be strengthened to reduce human loss, injury, ill-health, environmental degradation and damage to property, including road accidents. Botswana has remained relatively well prepared for all types of disasters as an integral part of ensuring national safety, security and prosperity. This has resulted in continued peace and stability.

SECTOR: CRIME REDUCTION

INTRODUCTION

13.5 Peace, safety and security are essential elements to ensure the continued prosperity of the country and its citizens as articulated in Vision 2016. Serious and violent crimes are a source of concern, with a high concentration in urban and peri-urban areas.

13.6 The crime situation in Botswana has remained a source of serious concern even though there has been a downward trend in the crime rate from 12.59 crimes per 1000 population in 2003 to 10.80 crimes per 1000 population in 2007. The fear of crime that has developed is evidenced by the levels of security features that Botswana have added to their homes and businesses. Capacity to detain offenders was inadequate, leading to prison overcrowding, incidents of prisoner escapes and high levels of re-offending. This situation has contributed to increased fear of crime in the country.

REVIEW OF NDP 9

13.7 The level of crime reported to the Police continued to be high during NDP 9. In absolute terms, there was a gradual annual increase. However, as noted above, crimes per 1,000 population decreased. This statistic is based on the number of violent and intrusive crimes consisting of break-ins and robberies.

13.8 During NDP 9, the Botswana Police Service planned to achieve the following Public Safety and Security strategic objectives: reduce crime and make communities safer, eliminate physical violations of individuals, improve communication through extensive use of information technology and an increased transport support, reduce the number of

deaths and serious injuries on the roads, and introduce air support in the Botswana Police Service.

13.9 During the Plan period, there was an increase in the number of cases of armed robbery, burglary, home invasions, incidents of vandalism of public infrastructure, theft of motor vehicles, stock theft and passion motivated killings. This situation has reduced public confidence in law enforcement agencies and the public protective services.

13.10 The crime scenario is attributed mainly to:

- Inadequate police visibility;
- Porous borders and inadequate screening at entry/exit ports;
- Inadequate crime intelligence capacity;
- Involvement of illegal immigrants in crime;
- Growing social problems
- Lack of adequate preventive mechanisms;
- Slow disposal of cases through the justice system which brings about re-offending;
- A high unemployment rate among the youth; and
- Inadequate security at home and commercial premises.

13.11 The following strategic initiatives were implemented during NDP 9 to reduce violent and intrusive crimes by 5 percent per annum:

- Strategic road blocks;
- Intelligence-led and focused patrols;
- Use of specialised investigation teams;

- Improved collaboration with strategic partners locally, regionally and internationally;
- Rigorous public education on crime prevention; and
- intensive clean-up operations targeting illegal immigrants, scrap metal dealers, butcheries, etc.

STRATEGIES FOR NDP 10

13.12 It is becoming increasingly apparent that the interrogation of underlying economic circumstances under which people find themselves must be addressed if intervention is to have a significant impact. The following are strategies to be employed during NDP 10:

- Strengthening of law enforcement agencies to deal effectively with crime, through a rigorous proactive strategy using intelligence-led decision-making;
- Taking advantage of advances in technology to improve the effectiveness of service delivery procedures;
- Robust communication strategy for effective information dissemination in order to influence behaviour change, as well as enhance public reassurance programmes;
- Human capital development to enhance accountability levels by taking advantage of assessment and development centres to inform the human resource development agenda;
- Take advantage of the labour market to staff the support to disciplined forces with civilian workers in line with the civilianisation programmes;
- Community mobilisation in the rural areas to promote support for crime prevention initiatives;
- Building strategic partnerships in order to create a platform for beneficial consultation and cooperation endeavours.

Sector Performance Matrix

Matrix 13.1: Goal, KPIs, Baselines and Targets

Sector Goal	Key Performance Indicators	Baseline		NDP 10 Period Targets						
		Year	Base-line	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Reduce Crime	Crime Rate ^(a)	2007	10.80	10.26	9.75	9.26	8.80	8.36	7.94	7.54
	Customer Satisfaction (%)	2005/06	13	22	31	40	48	57	66	75

Note: (a) crimes per 1000 population

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

13.13 Crime Reduction Programme: The Crime Reduction programme is intended to mitigate the fear and incidence of crime through education, community participation and law enforcement. A reduction in crime will benefit Botswana, the tourism industry and the business community by providing an environment conducive for investment. The major outcomes associated with this programme are the creation of conditions necessary for communities to be safer, and increased public confidence in the law enforcement institutions. Improvement of access to law enforcement services and

increased capacity to detect crime are essential prerequisites. National stability and improved quality of life for citizens and residents will be the eventual benefit. The following activities have been identified to drive the programme: strengthen crime intelligence capability, provide improved controls along the border, conduct regular checks for illegal immigrants in collaboration with other stakeholders, mobilisation of support for crime prevention initiatives by all stakeholders and establishment of specialised dedicated teams.

SECTOR: TRANSPORT SAFETY

INTRODUCTION

13.14 Road transport is the most common form of transport in Botswana. Vision 2016 identifies road safety as one of the priority areas in the quest to build a safe and secure nation. It identifies effective enforcement of traffic law, road safety education, better training and licensing of drivers and elimination of drunken driving as priority areas for policy intervention. Road safety requires increased police enforcement, through identification and treatment of hazardous spots, improved road design and vehicle maintenance, and improved safety education, driver training and publicity. Botswana has a bad driving culture characterised by irresponsible use of vehicles and disregard for driving codes. Road accidents are personal tragedies for those involved, while injuries and death of productive citizens have a heavy economic cost.

13.15 A road safety programme was put in place in Botswana in 1989 as an off-shoot of

the National Transport and Communications Division. The programme is three-pronged. It focuses on road safety education (handled by the Department of Road Transport and Safety), road safety engineering (handled by the Roads Department) and road safety law enforcement (handled by the Botswana Traffic Police). Road accidents result in loss of productivity, increased insurance premiums, social costs, damage to property and increased mortality. Although the cost of road accidents has not yet been calculated due to lack of readily available data, the number of fatalities and injuries paint a gloomy picture. It is on the basis of the relatively high number of fatalities that this road safety programme was instituted.

13.16 The road traffic accident statistics in Botswana reveal that most accidents are attributable to human factors (behaviour). In fact, it is generally believed that more than 90 percent of road accidents worldwide are attributable to human error; and this statistic is also believed to be applicable to Botswana. It is also believed that only

around 2.7 percent of accidents are attributable to the vehicle malfunction, while around 6.3 percent is attributable to road conditions.

REVIEW OF NDP 9

13.17 The number of vehicles in Botswana has increased from 204,228 in 2003 to 328,770 in 2008. Over the same period, accidents increased from 18,329 to 20,415.

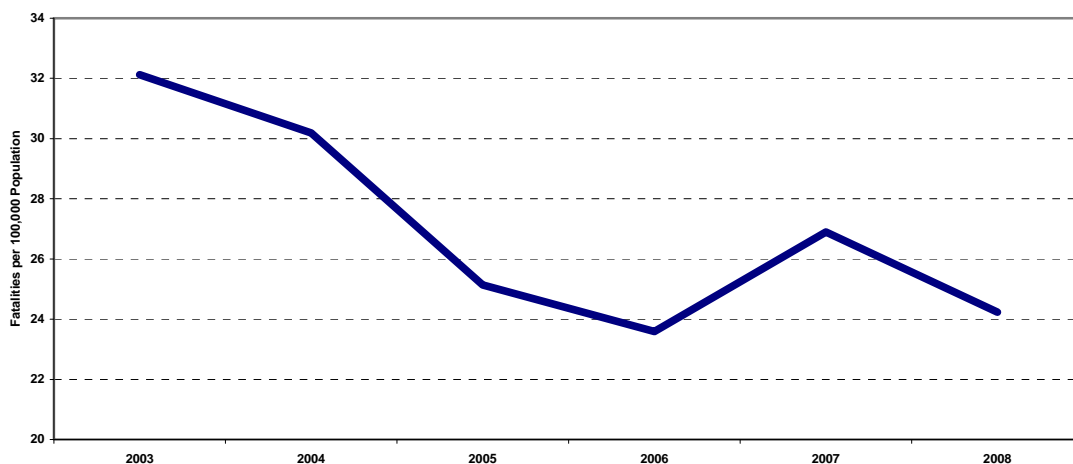
The absolute figures are of great concern, even though the ratio of accidents to the number of vehicles on the road fell over this period from 9.0 percent to 6.2 percent. It is also positive that there has been gradual decline in the numbers of road traffic accident deaths. As shown at Table 13.1 and Chart 13.1, the number of deaths per 100,000 people went down from 32.1 to 24.2 between 2003 and 2008.

Table 13.1: Number of Accidents and Fatalities 2003-2008

	2003	2004	2005	2006	2007	2008
Number of Accidents	18,329	18,136	17,522	17,035	19,487	20,415
Number of Fatalities	557	532	450	429	497	455
Number of Vehicles	204,228	225,182	246,681	267,117	293,755	328,770
Population	1,734,190	1,761,937	1,790,128	1,818,770	1,847,870	1,877,436
Accidents/Vehicles	0.090	0.081	0.071	0.064	0.066	0.062
Fatalities/10,000 Vehicles	27.27	23.63	18.24	16.06	16.92	13.84
Fatalities/100,000 Population	32.1	30.2	25.1	23.6	26.9	24.2

Source: Annual Accidents Reports 2003 – 2008

Chart 13.1: Fatalities per 100,000 Population 2003-2008



Source: Annual Accidents Reports 2003 – 2008

13.18 A problem for traffic law enforcement officers and those studying Traffic Safety is the perception, held by motorists that the violation of traffic

laws is not a ‘real’ crime. There seems to be an impression of invulnerability, making it difficult to dissuade drivers from dangerous driving. The underlying premise is that road safety could be

attained through a change of road user attitudes and behaviour. This should include educating road users to recognise the risks associated with the consequences of road accidents, especially their effect on other people.

13.19 The review of the Road Traffic Act was not completed during NDP 9. This stalled progress on the implementation of the traffic management systems. The review was also expected to raise fines for offending motorists in order to enhance the deterrence effect of road traffic law. The new law was envisaged to assist in dealing with bad driving attitude, which are particularly rampant among the youth. Nevertheless, the sector engaged the public in education programmes and road traffic law enforcement initiatives. To this end, it is increasingly becoming evident that road safety is a complex endeavour requiring a multi-sectoral approach.

STRATEGIES FOR NDP 10

13.20 Addressing road safety requires a multi-sectoral approach; hence, the strategies listed below:

- Strengthening the legal framework through revision of legislation;
- Strengthening the policy framework by formulating a road traffic safety management policy;
- Promoting private sector participation in detection of road violations through partnerships and collaborative arrangements;
- Establishing partnerships with stakeholders, such as law enforcement institutions, the Motor Vehicle Accident Fund, the education sector, the health sector and local, regional and international organisations;
- Improvement of the quality of road safety education for all levels of the population, including learner drivers and vulnerable road users such as pedestrians, children and young drivers;
- Strengthening of law enforcement mechanisms to address issues such as drunken driving and violation of speed limits; and
- Improvement of road engineering and road maintenance.

Sector Performance Matrix

Matrix 13.2: Goal, KPIs, Baselines and Targets

Sub-sector Goal	Sub-Sector Goal Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Baseline	Year	Year	Year	Year	Year	Year	Year
				1	2	3	4	5	6	7
To improve safety on the roads	Accident rate (accidents per 1,000 registered vehicles)	2008	62.1	59.0	56.0	53.2	50.6	48.0	45.6	43.4
	Fatality rate (deaths per 100,000 population)	2008	24.2	21.6	20.4	19.2	18.1	16.9	15.7	14.6

Source: Department of Road Transport and Safety Road Traffic Accident Report (2006), Botswana Police Annual Report of the Commissioner of Police, (2008), Gaborone, Public Relations Unit

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS

Areas

13.21 Road Traffic Safety and Management: This programme seeks to make travelling on Botswana roads safer for all road users. This will be achieved through thorough public education, effective law enforcement and well engineered and maintained roads. The road safety

management programme has one outcome and five main outputs. The outcome is safer roads, while the outputs are: behaviour change, roadworthy vehicles, level of awareness, quality of interventions and quality road environment.

SECTOR: CIVIL AND NATIONAL REGISTRATION, IMMIGRATION AND CITIZENSHIP CONTROL

INTRODUCTION

13.22 This sub-sector is responsible for the registration of births, deaths, marriages, societies, trade unions and employers' federations, the facilitation of the movement of persons across boundaries, and the issue of citizenship and residence permits, passports, visas and visitors permits. The relevant legislation includes the Immigration Act, Citizenship Act and the National Registration Act of 1986. There were incidents of fraudulent acquisition of passports, residence permits, visas and citizenship certificates. In order to address this problem, a computerisation programme was initiated to improve the security features of these documents. The target turn around time for producing these documents was realised due to the re-engineering of processes that was undertaken. There is an increase in the fraudulent and illegal issue of registration documents relating to births, deaths, marriages, societies, national identity and change of name. This has reduced the credibility of Botswana's official documents. Improved security and integrity of these documents is therefore essential.

13.23 On issues of immigration and citizenship control, there is increasing

incidence of forgery related to travel documents issued in Botswana. It is, therefore, important to introduce new travel documents with improved security features to ensure compliance with the Regional and International standards, i.e., the Southern African Development Community (SADC) and International Civil Aviation Organisation (ICAO) standards.

REVIEW OF NDP 9

13.24 During NDP 9, preparations commenced on the computerisation of critical functions, such as visas, residence permits, passports and citizenship and the creation of databases for illegal immigrants, to improve service delivery and security of documentation. The project will be completed during NDP 10. In recent years, Botswana has been experiencing an increase in the number of foreign nationals who come as visitors, investors, tourists and employees. Problems arising include the need to reduce delays at the border posts and district offices, and to ensure that only genuine travellers are allowed into the country.

13.25 In an effort to improve service delivery, some business processes were re-engineered. This reduced the average turn-around-time for the issue of work and residence permits from 42 to 15 days, and the issue of passports from 14 to 5 days. The improvements on work and residence permits were assisted by the establishment of a second Regional Immigrants Selection Board in Gaborone.

13.26 During NDP 9, the National Identification System and the Births and Deaths Registration System were computerised, interfaced and networked to the outer stations. This resulted in improved storage and retrieval of archived information for processing of national identity cards and registration of births and deaths. This improved the delivery of services to customers and the availability of statistics for planning and development purposes.

13.27 The review of the Change of Name, Societies and National Registration Acts is ongoing. The Marriage Act is at draft Bill stage. The National Identity System review process was started during the same period to establish the feasibility of automating the entire registration process and decentralising the production of the national identity card to district offices.

STRATEGIES FOR NDP 10

13.28 Below are strategies for NDP 10:

- **Development of Migration and Passport Policies:** The policies will guide the review and amendment of existing legislation to address current and emerging challenges;
- **Decentralisation of Provision of Services:** New border posts and district offices in different parts of the country will be opened during NDP 10; new Regional Immigrants Selection Boards will be established;
- **Service Delivery Improvement:** Turn-around-time in service delivery will be improved through Business Process Re-engineering, new and standardised guidelines and requirements for the processing of visa, work and residence permits and citizenship will be developed. This will make it easier for investors to acquire the needed skilled manpower, including those investing in the various hubs set up to spearhead development projects;
- **Make Use of State of the Art Technology** to improve effectiveness and efficiency of service delivery procedures consistent with Government business process reengineering programmes;
- **Anti-Corruption Measures** will address perceived corrupt practices in the sector, including installation of CCTV cameras, improved internal intelligence and inspectorate capacity;
- **Computerisation of All Critical Functions:** the issue of visas, residence permit, citizenship, and repatriation of foreign nationals, border control and passports will be computerised. The computerisation will improve data management, integrity of documents, enhance efficiency in service delivery and improve security of documents by minimising forgery and fraudulent means of acquiring them;
- **Development of a Strategy for the Management of Illegal Immigrants;**
- **Enhancement of Security Features in All Registration Documents** to effectively and efficiently deal with fraud and corruption through a rigorous proactive strategy to facilitate intelligence-led decision-making;
- **Skills Training and Development** to enhance accountability levels by taking advantage of assessment and development centres to inform the human resource development agenda;

- **Implementation of the National NGO Policy** to enhance cooperation and collaboration;
- **Development of a Master Plan for Registration of Civil Societies**, including a review of the Societies Act.

Sector Performance Matrix

Matrix 13.3: Goals, KPIs, Baselines and Targets

Sector Goal	Sub-Sector Goal Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Achievement	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
To reduce fraud and corruption	Fraud Rate (Fraud per 1,000 applications)	2007	No Official statistics	10.0	8.0	7.5	6.0	4.5	3.0	2.0
	Customer Satisfaction (%)	2005 /6	22	45	50	55	60	65	70	75

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

13.29 Immigration and Citizenship

Control: This programme is aimed at improving security features of all travel and registration documents issued in Botswana. This initiative stems from the current situation of increasing incidents of document forgery. The programme will entail the introduction of new travel documents with improved security features to ensure compliance with regional and international standards, i.e., those of the Southern African Development Community (SADC) and International Civil Aviation

Organisation (ICAO). The programme includes computerisation of the system to improve service delivery and public safety and security through the issue of secure and safe travel documents. The new system should enhance the screening of people at the borders and those who want to reside in the country. Although a reengineering programme achieved some improvements, further reform is required. The beneficiaries of the programme are Botswana, tourists, travellers and investors.

SECTOR: PRISONS AND REHABILITATION

INTRODUCTION

13.30 The Botswana Prison Services is responsible for the safe custody, care, training and rehabilitation of people

serving prison sentences. The Government will employ strategies that are individual prisoner-centred and will promote behavioural change

and impart skills to enhance offender reintegration into the community. Population pressure in prisons made it necessary to build new prisons, improve existing structures and explore alternatives to prison sentences as a way of reducing overcrowding.

REVIEW OF NDP 9

13.31 During NDP 9, there was immense pressure to deal with the problem of overcrowding in our prisons. Cell accommodation was increased by 5.5 percent. There was increase in enrolment, training and testing of prisoners in programmes offered to offenders in prisons. Despite the efforts undertaken, the number of repeat offenders grew during NDP 9.

STRATEGIES FOR NDP 10

13.32 Achievement of an efficient Prison Service is a process that will extend beyond NDP 9. However, the strategy that will be employed during NDP 10 will place emphasis on the achievement of Vision 2016. The following sector strategies will be employed:

- Infrastructure development, upgrading and maintenance to

address the problem of overcrowding in prisons;

- Intensifying use of high security equipment;
- Expand and improve/modify existing prisons and build new ones in an effort to reduce incidents of escape and also reduce the problems of overcrowding in prisons;
- Introduction of a rapid response team and intelligence services to enhance security;
- Strengthen partnership with the community, volunteers and other stakeholders in order to provide coordinated supervision of prisoners for successful reintegration into society;
- Introduction of Offender Case Management to determine prisoners' needs. This will help the sector to accord each prisoner the right therapy geared towards correcting his offending behaviour;
- Development of strategic linkages with relevant academic and vocational institutions for training and testing of inmates;
- Improvement of efficiency through computerisation of sub-sector systems;
- Improved training and development of staff.

Sector Performance Matrix

Matrix 13.4: Goal, KPIs, Baselines and Targets

Sector Goal	Sub-Sector Goal Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Base-line	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
To improve prison safety and rehabilitation	Percentage of Escapes	2007	7.5	7.0	6.0	4.5	3.5	2.5	1.5	1.0
	% re-offending within the first three years of release	2007	10.2	10.0	9.5	8.5	7.0	6.0	5.5	5.0

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

13.33 Improved Prison Security: The aim of this programme is to protect the public from offenders who constitute a threat to their safety, provide safety to inmates and to ensure that those incarcerated remain in prisons until they are lawfully released. Based on prison incidents, such as escapes, assaults and affray, the safety of inmates and the society are compromised; hence, the need to improve prison security. The desired outcome is improved safety in communities. The building programme will improve the quality of life of prisoners for the increasing prison population.

13.34 Offender Rehabilitation: To reduce re-offending/recidivism, needs-oriented correctional treatment programmes will be adopted, balancing the causal factors with the unique profile of the individual offender. This should develop the offender's

economic, social, educational and vocational skills to operate effectively in the society. The ultimate goal is to reduce recidivism and successfully re-integrate offenders into society as law abiding citizens, capable of leading productive lives after imprisonment. Rehabilitation of offenders requires that prisoners incarcerated must be reformed and empowered to enable them to lead law abiding lives, while at the same time achieving the responsibility of protecting the society. Activities will include: strengthening of community correction systems, introduction of prison case management, restructuring of the Department of Prisons and Rehabilitation Services to separate security and rehabilitation functions, and collaboration with stakeholders in both security and rehabilitation functions.

SECTOR : PUBLIC SAFETY (NUCLEAR TECHNOLOGY)

INTRODUCTION

13.35 The phenomenon of radiation safety has caught up with Botswana. Incidents of illegal dumping and unsafe use of radioactive materials has occurred. This prompted a regulatory framework to ensure that the nation is protected against the unsafe use of nuclear technology. Similarly, the Waste Management Act of 1998, the Atmospheric Pollution Prevention Act of 1971, and the adoption of the Basel Convention on trans-boundary movement of hazardous waste, are in place. It is necessary to ensure compliance with international agreements and national policy relating to nuclear security and ionizing radiation safety, occupational health, health and safety

standards and the Waste Management Act. Regulatory control in the safe use of nuclear technology to ensure radiation protection, safety and security through the Radiation Protection Act, 2006 and Radiation Protection Regulations by enforcement, inspections and authorisations, are essential to curb illicit and malicious acts involving nuclear material.

REVIEW OF NDP 9

13.36 The legislative framework and regulatory infrastructure for the peaceful use of nuclear technology and ionizing radiation safety (Radiation Protection Act 2006, Radiation Protection Regulations 2008,

Department of Radiation Protection and Radiation Protection Board) are in place and functional.

13.37 During NDP 9, Botswana signed the Nuclear Non-Proliferation Treaty Additional Protocols and Safeguards Agreement and the Revised Supplementary Agreement with the International Atomic Energy Agency (IAEA) to prevent the production of nuclear weapons of mass destruction. Botswana is also party to the Revised Supplementary Agreement with the IAEA, which ensures that all technical expertise, research material and specialised equipment donated by the IAEA is used specifically for the benefit of the nation and not individual or private entities.

STRATEGIES FOR NDP 10

13.38 The nuclear regulatory role of Government addresses nuclear safety, radiological protection of workers and the population, environmental protection, export controls, and accounting for, and physical protection of nuclear material and/or radioactive sources, to ensure that it is not stolen by individuals or malevolent groups. In order to protect society and the environment from intentional diversion of use of nuclear sources for illicit intentions, appropriate measures need to be in place to ensure that the sources are safely managed and securely protected to minimise adverse

effects of radiation exposure. Effective state systems for accounting and control can facilitate implementation of the IAEA safeguards and deter terrorist activities and provide for their early detection. Training of law enforcement agencies in identification of nuclear devices will increase security and curb divergence of nuclear material to illicit activities, hence contributing to a safe and secure nation.

13.39 The desired results of the nuclear technology strategy are peaceful use of nuclear technology and atomic energy. The promotion of nuclear technology to advance peace and sustainable development, technology promotion through technical cooperation, verification of peaceful uses and safety and security aspects are essential and interrelated. This comprehensive approach addresses: prevention (first line of defence); detection (second line of defence) and response (third line of defence). The strategies developed in line with this approach will facilitate execution of the following:

- Development of adequate border controls on the import and export of nuclear material;
- Promotion of nuclear safety and security in users of nuclear technology;
- Provision of personnel and environmental radiation monitoring services.

Sector Performance Matrix

Matrix 13.5: Goal, KPIs, Baselines and Targets

Sector Goal	Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Base-line	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
To ensure safe use of nuclear technology and atomic energy	Accession of international agreements-conventions with IAEA	2008	2	3	-	4	-	5	-	5
	Radiological emergency preparedness and response plans by facilities in place	2008	3	4	5	6	7	8	9	10
	Enhanced nuclear security at ports of entry	2008	0	3	6	8	See note	See note	See note	8+
	Monitoring of occupationally exposed workers and the environment	2008	119	125	135	150	175	200	250	300+

Note: This applies mainly to major gazetted ports of entry, including international airports. The number will increase as more entry points are gazetted.

SUMMARY OF PROGRAMMES AND PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

13.40 Enhancement of Nuclear Safety and Security: This programme will facilitate compliance with international agreements and national legislative instruments relating to nuclear security and ionizing radiation safety. It will also address the gaps in the existing the legislative framework and regulatory infrastructure for the peaceful use of nuclear technology and ionizing radiation safety: inadequate security of nuclear material and other radioactive materials; insufficient technical capability;

inadequate trained staff; and, lack of national response plans or measures. The major outcome associated with this programme is the enhancement of nuclear safety and security, with the aim of providing protection from adverse effects of radiation exposure. Compliance with international nuclear treaties and agreements and legislative instruments will result in increased accountability of nuclear sources by users and ability to detect illicit trafficking thereof.

SECTOR: DISASTERS

INTRODUCTION

13.41 Although Botswana has never been "ravaged" by natural disasters, and has been able to cope with recurring drought, it is prone to a number of disasters, of which the most important is drought. Others include floods, fires and outbreaks of diseases. Poor people tend to suffer disproportionately from disasters. New problems include Severe Acute Respiratory Syndrome (SARS) and Avian Flu. The country has put in place an institutional and policy framework to deal with the impacts of these.

REVIEW OF NDP 9

13.42 During the Plan period, the Government addressed disaster risk reduction through prevention, mitigation and preparedness. Botswana was one of the 168 countries that adopted the Hyogo Framework for Action (2005-2015). The Framework called on governments to build the resilience of communities through ensuring that disaster risk reduction is a national and local priority with a strong institutional basis for implementation. Government must develop the capacity for identifying, assessing and monitoring disaster risks and enhancing early warning; using knowledge, innovation and education to build a culture of safety and resilience at all levels. This requires measures for reducing underlying disaster risks and strengthening disaster preparedness for effective response at all levels.

13.43 During NDP 9, disaster management initiatives remained high on Government's agenda because of the recurrence of natural disasters. The institutional framework was strengthened during NDP 9 at the national and district level to mitigate the impact of disasters. The National Disaster Management Office coordinates disaster

management at the national level; and implementation is done at sector and district level. There are inter-sectoral disaster management committees at policy and technical level. At policy level, there is the National Committee on Disaster Management. At the technical level, there is the National Disaster Management Technical Committee. At the district level, there is the District Disaster Management Committee. These Committees facilitate strong linkages with other stakeholders, inter alia, all government departments, non-governmental organisations and the private sector. A number of complementary programmes are underway or planned to commence in NDP 10. Multi-sectoral collaboration calls for integration of disaster risk reduction (prevention and mitigation), response management and disaster recovery into sectoral development planning processes. The National Disaster Management Office engaged a consultancy to carry out an assessment to find areas that are vulnerable to disasters in order to inform decisions on reducing disaster impacts.

13.44 In addition to drought, disasters that were highly prevalent were veld-fires and floods. Most floods that occurred were localised. These disasters did not overwhelm the national and local institutions. Other emerging potential disasters included SARS and avian flu. Projects to improve the management of disasters included completion of the Statement of User Requirements (SOUR). This defined the constituents of the system and will computerise disaster management operations and improve the response to disaster. Notable progress during NDP 9 on disaster management was made in terms of raising the nation's preparedness levels through the hazard identification, risk and vulnerability

assessment study and the development of a National Disaster Management System.

13.45 These successes notwithstanding, the following are the challenges experienced during the period under review:

- There is no Disaster Management Plan to guide the operations of the National Disaster Management Office;
- The National Disaster Relief Fund Order, which assists with life sustaining needs during disaster, is centrally administered at the National Disaster Management Office. Some emergencies need to be attended to quickly to save lives; hence, the need to decentralise some money from the Relief Order Vote to the Districts;
- There is need to increase capacity in terms of manpower to help set up District Disaster Management Committees in places where they are not in existence and resuscitate those that are dormant;
- There is general lack of understanding of disaster management among sectors and communities. This is attributable to minimal public awareness campaigns;
- A number of stakeholders have not integrated disaster management in their development planning processes.

STRATEGIES FOR NDP 10

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

13.47 Disaster Management Framework: This programme is based on a three pronged approach that entails the essential dimensions of risk reduction, business continuity and recovery. The programme is in line with the Disaster Management Plan which espouses integration of disaster management into development planning. The programme is designed to ensure that disaster risk reduction is integrated into

13.46 The goal is to improve the planning, implementation and coordination of disaster management. There is need to reduce risks, rather than only responding to disasters when they occur, by embracing a more proactive approach in the planning for, and management of, disasters. The strategy to address the aforementioned challenges involves implementation of the Hygo Framework of Actions. This aims to ensure that sectors integrate disaster risk reduction into development planning by making disaster risk reduction a priority, improving risk information and early warning, building a culture of safety and resilience, reducing the risks in key sectors and strengthening preparedness for response. This will be achieved by addressing the following:

- Formulation and implementation of a national disaster management plan;
- Development of disaster management legislation;
- Strengthening disaster management platforms;
- Review of the National Disaster Relief Fund Order;
- Strengthening the National Disaster Management Office (human resource capacity); and
- Strengthening public education and awareness through campaigns.

sector programmes and planning, thereby promoting the nation's preparedness for disasters. The major outcomes associated with this programme are the reduction of impacts of disasters, response and recovery in the event a disaster occurs. Activities include:

- The integration of National Sector Specific Disaster Risk Mitigation Plans into national development initiatives;

- Development of a National Multi-Hazard Early Warning System;
- Development of the monitoring and evaluation mechanism for the national policy on disaster management;
- Facilitating the development of sector specific contingency plans;
- Development of an emergency operations centre;
- Implementing a national disaster management information system; and
- Developing a national disaster recovery plan.

National Development Goal 2: Territorial Integrity and Sovereignty

13.48 This goal is about the creation of a sense of national identity and common destiny. Botswana’s territorial integrity and sovereignty have been enhanced by being at

peace with itself and its neighbours. Since Independence, Botswana has provided security for its citizens. The country has a good standing in the international community, resulting from the country’s participation in causes of common good, such as election observance in the region, and participation in United Nations and African Union peace support initiatives. During NDP 9, the country increased its international presence by opening missions abroad, establishing diplomatic relations on a non-residential basis with more African, European, Latin America and Caribbean countries. However, there has never been a deliberate effort to review the national security strategy, even though the concept of security has evolved over the years.

SECTOR: NATIONAL DEFENCE

INTRODUCTION

13.49 The Botswana Defence Force (BDF) was established by an act of Parliament of 1977 and “charged with the defence of Botswana and with such other duties as may from time to time be determined by the President”. The BDF has, since inception, performed its mandate both locally and internationally, earning national and international trust. The Defence Force has also been increasingly tasked with duties in aid to civil authority, contributing towards a peaceful environment for economic investment and national stability.

REVIEW OF NDP 9

13.50 The BDF entered NDP 9 with large deficiencies in all types of equipment,

vehicles and infrastructure, especially accommodation for serving “members”. A marked performance improvement was, however, noticeable in areas of human resource development, anti-poaching, crime prevention and multinational military exercises. There was only modest improvement in physical infrastructure and equipment modernisation.

STRATEGIES FOR NDP 10

13.51 The goal is to provide a strategically responsive and decisive force for the protection of the country. Botswana’s stability should not reduce the readiness and efficiency of the BDF, since the transition

from peace to conflict takes a very short period of time. The BDF entered NDP 9 with large deficiencies in all types of defence assets. These deficiencies remain and hinder the operational readiness of the Force. During NDP 9, it was intended that the BDF should acquire a level of capability, equipment modernisation, mobility and force readiness capable of promptly responding to a wide range of internal and external challenges.

13.52 Since the inception of the BDF, infrastructure development has lagged, creating unattractive conditions of service for both uniformed and non-uniformed personnel. The lack of accommodation results in military personnel being accommodated on privately owned infrastructure, thereby compromising security and operational readiness.

13.53 Strategies planned for NDP 10 are:

- Establishing a Strategy Management Office to provide central guidance and

- coordination in order to transform key management processes;
- To opt for turnkey projects;
- To outsource project implementation and management to augment capacity;
- To engage in Public Private Partnership programmes;
- To recruit and retain professionals in order to facilitate the implementation of projects;
- To ensure proper storage and disposal of defence material for the conservation of the environment;
- To continue efforts to educate the military community about health matters, impact of HIV and AIDS and other diseases;
- To promote planning guided by proper research and development;
- To lobby for devolution of military procurement from the current PPADB procedures; and
- To ensure strategic disposition in order to assure timely and decisive response.

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

13.54 Acquisition of Defence Assets: This programme is motivated by the capability gap resulting from technological advancements, high maintenance costs and aging equipment. The acquisition of transport assets and defence equipment will result in improved operational capability which assures military security. The performance indicators for success of the programme are improved mobilisation time and customer satisfaction level.

13.55 Infrastructure Development: The existing office accommodation and training facilities have either been overtaken by Defence Force growth or are structurally defective. During NDP 10, implementation of new strategies is intended to improve the

construction rate of this infrastructure. Infrastructural development will improve provision of office and residential accommodation, to bring about improved conditions of service and commitment to the Defence Force. An attractive working environment in the BDF is likely to attract and retain high quality human resources. The performance indicators for this output are retention rates (service length) and percentage of professionals inducted. Motivated defence personnel will exhibit diligence, discipline and demonstrated devotion to serving the country. The national outcome is assured military security which will be measured by customer satisfaction levels.

SECTOR: INTERNATIONAL RELATIONS

INTRODUCTION

13.56 This sector goal is about managing relations with the international community. It entails the promotion and protection of Botswana's interests abroad, with a view to contributing to national development and making Botswana an effective and a respected player in international affairs. It also involves the implementation of international agreements to which Botswana is a party. International agreements form the basis for international cooperation on issues of global interest.

REVIEW OF NDP 9

13.57 During NDP 9, the country increased its presence by establishing diplomatic relations on a non-residential basis with 15 African countries, 8 European countries, 4 Latin American countries and 6 Caribbean countries. This has further enhanced our cooperation and interaction with the international community and increased opportunities for the country.

STRATEGIES FOR NDP 10

13.58 The goal of Botswana's international relations is to promote international goodwill and cooperation. Goodwill is the willingness of other countries to cooperate with Botswana in various spheres. The intention is to enhance the security of the country both politically and socioeconomically.

13.59 The strategy is intended to forge new relations in strategic locations and enhance the existing ones for mutual benefit. This involves establishing relations with other

countries on a residential and non-residential basis, ratifying all international instruments that Botswana is party to, and improving the follow-up mechanism for their implementation. It is in the country's interest to broaden its scope to offer it competitive advantage in the face of changing political landscape, globalisation, and increasing complexity of international issues. The success of the programme will offer Ministries and departments leverage to engage in bilateral and multilateral cooperation agreements, which will result in technical assistance, exchange programmes, information sharing, development assistance, grants, as well as trade and investment opportunities. The general public stands to benefit from people-to-people interaction.

13.60 The strategies to be pursued during NDP 10 are:

- Formulate a National Security Strategy;
- Develop and implement a communication strategy;
- Adherence and compliance with international agreements.

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

13.61 Forge and Maintain Relations: The programme has an intended outcome to enhance the security of the country. There are various activities that have been identified to drive the programme. These entail: open new missions, establish diplomatic relations, contribute to causes of common good, promotion of exchange

visits, and facilitate adherence to and compliance with international agreements and coordination of foreign policy priorities. The performance of the programme will be tracked through the identified key performance indicator: incidence of threat.

The Ministry of Foreign Affairs and International Cooperation is responsible for the programme and review sessions to be carried out according to the public service review structures.

CHAPTER 14

OPEN, DEMOCRATIC AND ACCOUNTABLE NATION

KEY RESULT AREA: GOVERNANCE

14.1 This Chapter deals with the Vision 2016 Pillar of an Open, Democratic and Accountable Nation. The pillar addresses the concept of “governance”. Governance refers to the way a society sets and manages its development and policy processes. Good governance should enable a country to implement the most appropriate policies to achieve sustainable development. This is achieved through mobilising, using and coordinating all available resources in the public, private and civil society sectors, domestically and internationally, in the most effective and efficient way. In this Plan, three National Development Goals, *Transparency and Accountability in All Public and Private Institutions, Rule of Law, and Enhanced and Sustained Participatory Democracy* are addressed. These goals are the responsibility of three sectors, Public Administration, Justice and Legislature.

14.2 An open and transparent government continues to form the basis for, and remains vital to the sustenance of Botswana’s tradition of democratic governance, and thereby the achievement of national aspirations and priorities. Openness and transparency, as key elements of sound public sector management, promote accountability.

14.3 The rule of law remains vital for development. The judicial system continues to function without interference from the executive branch of government in dispensing justice. It provides checks and balances to the work of other organs of the State, ensuring that it is conducted according to the provisions and requirements of the constitution and other laws of the country. It

pronounces on the rights of litigants in a speedy way, settling disputes and acts as a guarantor of the freedoms and rights of the population.

14.4 Participatory democracy has characterised Botswana since Independence. There have been deliberate and sustained efforts to involve stakeholders in development decisions and initiatives that affect their livelihoods. Civil society organisations are mature and operate freely in Botswana.

14.5 Transparency, accountability and the rule of law should be sustained in all public and private institutions. In this connection, the overarching strategies for this thematic area are: strengthening the capacity (human capital development, process reengineering, and systems) of all governance institutions; enhancing skills and knowledge of the general populace; improving the environment necessary for the public to hold both the public and private sectors, civil society and leaders accountable; and strengthening the legislative and policy frameworks in order to minimise opportunities for corruption and to improve the enforcement mechanisms for accountability and transparency.

14.6 During the NDP 10 plan period, the Public Administration, Justice and the Legislature sectors will focus on the following sector goals, *Government Efficiency and Effectiveness; Effective Oversight; Accessible Justice; and Enhanced and Sustained Participatory Democracy*.

14.7 The first two sector goals respond to problems experienced during NDP 9. These include limited capacity to coordinate and implement national programmes and projects, parallel rather than integrated structures and systems, poor service delivery in the public sector, the need for improved monitoring of project implementation and the need to reduce corruption.

14.8 Under the goal of accessible justice, problems include inaccessibility of justice due to inadequate court structures across the country, and complex and cumbersome court rules and procedures, all leading to a high cost of justice, a backlog of cases and a shortage of human resources.

14.9 The goal of enhanced and sustained participatory democracy responds to problems of voter apathy, limited citizen participation in development and democratic processes, and shortage of capacity in decentralised entities to contribute effectively to policy formulation and implementation.

14.10 The expected outcomes from interventions during NDP 10 are improvements in the following: delivery of public services, prevention of corruption, accountability and transparency, accessibility to justice, respect for human rights, public confidence in the justice system, lawful government decisions and quality legal services.

National Development Goal: Transparency and Accountability in All Public and Private Institutions

14.11 Transparency and accountability are closely linked as key dimensions of

democratic governance. Transparency is about accessibility to the general public of clear information about government, private sector and civil society activities, in order to increase citizen participation and enjoyment of the services provided. Accountability for development results rests on the establishment of criteria for evaluating the performance of public, private sector and civil society institutions so that they can be held responsible for their actions or inactions.

14.12 At the highest level, the Constitution of Botswana provides a number of internal accountability mechanisms in the operations of the three branches of government; the Executive, the Legislature and the Judiciary. In this connection, Botswana takes pride in a culture of strong political, administrative and financial management accountability mechanisms.

14.13 In a number of surveys and assessments conducted by various regional and international bodies on good governance during NDP 9, in Africa and globally, Botswana's performance in the areas of transparency and accountability was consistently impressive. For example, in 2007, Transparency International (TI) ranked Botswana in the top 25 of countries assessed globally, and Botswana has always been ranked the least corrupt country in Africa. The 2004 United Nations Economic Commission for Africa (UNECA) Governance Survey of African countries placed Botswana in the first position in *Respect for the Rule of Law*, and *Corruption Control*; and second in *Investment Policies, Institutional Effectiveness and Accountability*, and *Civil Service Transparency and Accountability*.

Table 14.1: Botswana Governance Performance (2003 – 2009)

Governance Indicator	Percentile Rank (0-100)			
	2003	2004	2005	2006
Voice and Accountability	74.5	77.4	70.2	66.8
Political Stability	82.2	77.9	82.7	93.3
Government Effectiveness	75.8	77.7	75.4	73.9
Rule of Law	67.6	69	68.1	67.1
Regulatory Quality	74.6	69.8	69.3	65.4
Control of Corruption	84.5	81.6	82.5	78.2
Customer Satisfaction	-	-	25%	-

Source: Kaufman et al, 2007: Governance Matters VI – Governance Indicators for 1996-2006 and Government of Botswana (2005)

14.14 Despite these achievements, Botswana should sustain and deepen past achievements in the area of transparency and accountability. As the national vision document states, “it is important that Botswana continue its tradition of open government, and encourage a degree of transparency so that the reasons for decisions

and policies are understood by the population”. Botswana will therefore continue to strive to improve service delivery, develop better monitoring systems and implement programmes and projects more efficiently during NDP 10.

SECTOR: PUBLIC ADMINISTRATION

INTRODUCTION

14.15 Public administration refers to the management of the public sector, funded by public resources and approved by Parliament. It deals, therefore, with government effectiveness. It addresses the quality of public services, the quality of the civil service, the quality of policy formulation and implementation and the credibility of the government’s commitment to such policies. It includes oversight of the independent departments.

14.16 Institutions established in the forty two years since Independence in 1966 include government ministries, local authorities and oversight institutions, such as the Office of the Auditor General, the Office of the Ombudsman, the Directorate on

Corruption and Economic Crime (DCEC), the Attorney General’s Chambers, and independent bodies such as the Independent Electoral Commission (IEC) and the Vision Council Secretariat. Also included are specialised advisory institutions such as the Public Enterprises Evaluation and Privatisation Agency (PEEPA).

14.17 There remains scope for improved performance. Comprehensive public administration reform covers business process reengineering, organisational structures, decentralisation, personnel management, public finance, results-based management, and regulatory reforms. These issues will be addressed during NDP 10. Bureaucratic red tape, employee

productivity and work ethics, project implementation capacity, and monitoring and evaluation, quality of service delivery and growing perceptions of corruption are some of the challenges that will be addressed during NDP 10.

REVIEW OF NDP 9

Public Sector Reforms

14.18 Public sector reforms have been introduced over the last two decades to address the challenges highlighted above. The reforms include decentralisation (services and authority), creation of oversight institutions such as the Office of the Ombudsman, Directorate on Corruption and Economic Crime (DCEC) and the Public Enterprises Evaluation and Privatisation Agency (PEEPA). The Government Implementation Coordination Office (GICO) has been formed under the Office of the President to improve the implementation of projects. At the micro-level, there have been other initiatives such as Organisation and Methods (O&M) Reviews, Job Evaluation, Work Improvement Teams (WITS) and the Performance Management Systems (PMS). One of the major concerns is the slow pace of privatisation (see Chapter 4). The Government desires to reduce the size of the public service, and thereby to increase the role of the private sector as the engine of economic growth.

Office of Auditor General (OAG)

14.19 The Office of the Auditor General promotes accountability by auditing the public sector, to assure the nation that public resources are applied for purposes intended. There is increasing public pressure on the Office of the Auditor General to lead on issues of accountability and good governance. In terms of Section 124 of the Constitution of Botswana and other relevant

governing Acts, the Office of the Auditor General is responsible for auditing the accounts of all Ministries and Extra-Ministerial Departments, of all local authorities and land boards and selected public corporations. In terms of the Finance and Audit Act, notwithstanding the provision of any other written law for the audit, the Auditor General is empowered to carry out investigations into the financial affairs of any public corporation, where he/she considers it to be in the public interest to do so. In addition, the Auditor General has the power under the same Act, to examine the economy, efficiency or effectiveness with which any officer or institution of Government has used public moneys or public supplies, and reports the results thereof to the Minister of Finance. Such audits are known as performance audits or value-for-money audits. Performance audits embrace:

- Audit of administrative activities in accordance with sound administrative principles and practices, and management policies;
- Audit of the efficiency of the utilisation of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies; and,
- Audit of the effectiveness of performance in relation to the achievement of the objectives of the audited entity, and audit of the actual impact of activities compared with the intended impact.

14.20 During NDP 9, the Office of the Auditor General (OAG) undertook projects aimed at strengthening its capacity by computerising the audit process and enhancing audit methodology. The ICT audit capability was enhanced through

recruitment and training of staff. This resulted in a more effective audit approach. But further improvements to the ICT infrastructure are needed to optimise its usage.

14.21 Under the capacity strengthening initiatives of the audit methodology, the Office of the Auditor General reviewed and updated the audit manuals and trained staff on the use of these manuals. The scope of the performance audit function was expanded to include local authorities and parastatal organisations in order to address the rising demand for value-for-money in the delivery of services. Implementation of the performance audit initiatives will be expedited during the NDP 10 plan period. The Finance and Audit Act has proven inadequate in facilitating the Office to discharge fully its oversight functions; hence, the intention is to promulgate a new Audit Act which is in line with best practices.

Ombudsman

14.22 The Botswana Ombudsman was created by an Act of Parliament in 1995. The primary mandate is to investigate maladministration in public institutions. It provides an objective review of citizens' complaints and assists Government departments and agencies to comply with established standards, rules and regulations of public service management. This facilitates and stimulates reforms in public administration. Since its inception, the Office has been investigating and resolving complaints of maladministration, particularly where they impact negatively on good governance.

14.23 During NDP 9, the Office undertook to improve accessibility to services provided by the Office of the Ombudsman. One of the major development projects undertaken was the provision of office space through Public-

Private Partnerships. This was meant to enable the Office to provide better service from premises which are not only modern, but also centrally located for easier access.

14.24 During NDP 9, the Office of the Ombudsman experienced a number of challenges. First, public awareness about the functions and the role of the Ombudsman remains low. Secondly, the institution is relatively new in Botswana and therefore still to be understood by the people. Thirdly, the turnaround time to resolve investigation of complaints is long: between one and three years. Fourthly, the Office of the Ombudsman operates from only two offices, namely, the Gaborone headquarters and a branch office in Francistown, which was set up towards the end of 2001. As a result, the majority of the public are unable to access the services offered by the Office. Fifthly, since inception, the Office of the Ombudsman has been operating with very limited manpower resources. The impact of these shortages has been felt particularly in the core business of complaint investigation. Strategies and Programmes devised to overcome these challenges during NDP 10 include Public Education and Awareness, Human Capital Development, Improved Access and Review of the Ombudsman Act, 1995.

Directorate on Corruption and Economic Crime (DCEC)

14.25 The DCEC was established in 1994 under the Corruption and Economic Crime Act to prevent and investigate suspected cases of corruption and economic crime. It has three main functions: (i) investigation and prosecution of offenders, under delegated authority from the Attorney General; (ii) educating the public about the evils of corruption and enlisting their support in the fight against corruption; and (iii) preventing corruption and economic crime. Botswana's continued zero tolerance of corruption has led to its high ranking in

the international arena. However, 60 percent of the population believe that corruption is rampant.

14.26 During the period under review, the Directorate continued to handle allegations of corruption, and suspicious activity reports arising from financial institutions. Reports handled by the Directorate have remained constant over the years at an average of 2000 per annum. Cumulatively, between 2003 and 2006, the Directorate received and processed a total of 7,549 reports, 2,349 of which were relevant to the mandate of the DCEC. The remainder, 69 percent, were either referred to other government departments or advice was given to the complainants. This is an indicator of the need for intensive public education.

14.27 With regard to prevention strategies, a critical analysis of the different organisational processes continues to be carried out through studies of systems and processes. These studies culminate in recommendations for implementation by the respective institutions. However, the slow rate of implementation of recommendations reduced the effectiveness of the prevention strategies. There is, therefore, need to review the operational strategy of the Corruption Prevention Unit.

14.28 Anti-Corruption Committees within the different Ministries and departments were introduced, in order to reduce corruption to an absolute minimum by breeding public servants who are equipped to respond satisfactorily to the corruption challenges they face in the workplace. A pilot project of anti-corruption committees was set up in two departments, namely the Department of Road Transport and Safety (DRTS), and the Central Transport Organisation (CTO).

14.29 DCEC will continue with the three pronged strategy of Investigation,

Prevention and Public Education. In keeping with the aspirations of Vision 2016, during NDP 10, the Directorate will focus on capacity building in the area of proactive intelligence, data collection and analysis and training in various fields. Offices will be established at strategic locations to facilitate easy access to DCEC facilities. A review of anti-corruption strategies is expected to develop additional strategies to enable the Directorate to continue with “making corruption a high risk and low return undertaking”.

14.30 Key issues for consideration are as follows:

- Implementation of a National Anti-Corruption Strategy;
- Development of an Information Management Plan to improve on proactive intelligence;
- Establishment of further Anti-Corruption Committees;
- Establishment of offices at strategic areas;
- Expansion of ICT;
- Implementation of the Codes of Conduct for public and private sectors, as well as politicians holding office;
- Increased Interactive Dialogue and Collaborative Partnerships;
- Development of a Chapter on Business Ethics
- Facilitation of Declaration of Assets;
- Conducting management oriented workshops; and
- Provision of advisory services.

International Instruments

14.31 During NDP 9, the Ministry of Foreign Affairs and International Cooperation (MOFAIC) established an Inter-Ministerial Committee on Treaties and Conventions. The Committee is mandated with advising Government on ratification and accession to international treaties. The

Committee is also monitoring the implementation of international treaties, Botswana's reporting obligation and the domestication of international treaties. Botswana participated in the international fora on issues related to good governance, national elections in the region and peace building missions.

STRATEGIES FOR NDP 10

14.32 Establishment of Partnerships:

This entails forming and improving networks for sharing and learning best practices in public administration with local and international organisations and strengthening consultative fora with various stakeholders. In addition, initiatives to improve outreach programmes for citizens, ministries, private sector, civil society, and international organisations will be developed and implemented in order to facilitate awareness and knowledge of the public administration machinery. Robust partnerships with civil society can play an important watchdog role over policy formulation and implementation, thereby contributing towards an effective and efficient public administration.

14.33 E-Governance: This strategy aims at making services and products more accessible to the public, ensuring that new technology does not create a digital divide between those with ready access to electronic media and those without, as well as ensuring efficient use of information through ICT. Through this strategy, research and development, innovation, knowledge generation and management, information management capacity and development, and implementation of effective communication strategies will be strengthened. Business processes will be re-engineered and/or automated to increase accessibility and efficiency of services. Availability and easy access to information empowers citizens with knowledge of their right to receive

quality service from public institutions, as well as the right of recourse where there is non-compliance with established service standards.

14.34 Privatisation: As a way of modernising the public sector, the role of the private sector will be enhanced through outsourcing support services and public private partnerships for public service delivery.

14.35 Capacity Enhancement: Human capital development - this strategy includes initiatives for systematic and objective management and monitoring of performance; and skills and competency development (leadership, supervisory, advocacy, change management, coaching skills, etc.). In addition, strategic recruitment and retention strategies will be explored during the implementation of NDP 10. Infrastructure development will include measures for improved accessibility of services provided to the public, such as the use of mobile services, fleet expansion and office accommodation. Capacity development at the societal level is required to support the paradigm of a more interactive public administration that equally learns from its actions and from the feedback it receives from the population.

14.36 Strengthen Legislative and Policy Frameworks for Improved Performance and Service Delivery: This entails strengthening the capacity of oversight institutions (including reporting lines and operational autonomy, etc.), reviewing and enactment of laws (Audit Act, Ombudsman Act, DCEC, Whistle Blowing, Freedom of Information), regulations (General Orders), processes (Performance Standards) and policies (National Reforms Policy) that inhibit effective national development programmes.

14.37 Anti-corruption: A corruption free environment is vital for economic growth and sustainable development. Corruption distorts human values, exacerbates market inefficiencies and undermines democracy, the rule of law and social development. Corruption also engenders citizens' frustration with both elected and appointed officials. It seriously erodes confidence in the process of governance, and it is detrimental to the effective delivery of goods and services to those most in need.

14.38 Strategies will be reinforced to stamp out acts of corruption in both public and private sectors. Financial and performance audits of all public sector institutions will be scaled up. Acts of maladministration and abuse of power will continue to be investigated and corrective measures enforced.

14.39 Public education: Campaigns will be increased to promote good governance. Private sector and civil society organisations will be encouraged to abide by corporate governance principles.

Sector Performance Matrix

Matrix 14.1: NDP 10 Goal, Key Performance Indicators (KPIs), Baselines and Annual Targets

NDP 10 Goal	NDP 10 Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Base-line	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Transparency and Accountability in All Public, Private and Civic Institutions	Corruption Perception Index	2007	5.4	5.4	5.8	6.0	6.2	6.4	6.6	6.8
	Government Effectiveness	2006	73.9%	73.9	74.6	74.9	75.2	75.6	75.8	80%
	Customer Satisfaction Index	2005	25%	45	55	65	75	75	75	75%
	Voice and Accountability	2006	66.8%	66.8	67	68	70	72	74	75%

Source for baselines: Kaufman et al, 2007: Governance Matters VI – Governance Indicators for 1996-2006 and Government of Botswana (2005)

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

14.40 The Public Sector Modernisation Programme is aimed at improving the quality of public goods and services and making public organisations more responsive to private sector involvement. It addresses the Vision 2016 goal of an efficient, responsive, transparent and accountable public sector. The programme is designed to foster a customer-oriented ethic and transform the public sector into a world class service centre. The strategy is to use information technology to strengthen institutional capacity to provide visionary

leadership, coordination of national policies and programmes, good governance and timely dissemination of information to all stakeholders. In addition, the programme will utilise public private partnerships to improve public service productivity and service delivery. The Programme outcome is an efficient and effective public service. Key performance indicators for this outcome are Government Effectiveness and Customer satisfaction. Baseline Government effectiveness is measured at 73.9 percent, while the customer satisfaction survey baseline is at 25 percent. For the Plan period, the target for government effectiveness is 80 percent and 75 percent for customer satisfaction.

14.41 Strengthening the Public and Private Sector Governance Programme is aimed at ensuring the effective and efficient management of the country's resources, as well as ensuring that administrative affairs are conducted in a transparent, accountable, equitable and responsive manner. The objectives of the programme are to ensure value for money in the utilisation of public resources, that acts of abuse of resources are reported and dealt with, that public expenditure is legal and accounting procedures comply with agreed standards, that maladministration and violations of human rights in the public sector are investigated and that appropriate recommendations for corrective action are implemented. The programme provides feedback to the public on the utilisation of public resources, addresses complaints of maladministration, holds office bearers accountable for their decisions or actions and provides effective regulatory systems in the private and public sectors. The programme outcomes are enhanced accountability and transparency in public and private institutions and organisational effectiveness. The key performance indicator for this outcome is Government Effectiveness. The outcome on Organisational Effectiveness will be measured by customer satisfaction levels of the institutions concerned. Baseline data for some of the key performance indicators associated with these outcomes and outputs are not available. Efforts will be made to determine the baselines and targets during the first year of Plan implementation.

14.42 National Anti-Corruption Programme: This National Anti-Corruption Programme is geared towards a comprehensive prevention and reduction of all forms of corruption in all spheres of the society by involving all key stakeholders. It is further geared at enhancing accountability and transparency in the state and non-state actors. The programme is, therefore,

expected to foster accountability by promoting ethical conduct in service delivery, promoting moral uprightiness, addressing the existing gap between the key stakeholders in the fight against corruption. Programme outcomes are reduced acts of corruption and enhanced accountability and transparency. Key performance indicators are the corruption perception index, which is measured at 5.4, with a target 6.8 for the Plan period.

National Development Goal: Rule of Law

14.43 Rule of Law denotes the extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Since Independence, Botswana has had an impressive record of the observance of human rights and the rule of law. Its citizens have generally enjoyed the rights and freedoms guaranteed by the constitution (Long Term Vision for Botswana: Towards Prosperity for All).

14.44 The judicial system of Botswana is based on the Roman Dutch Law, and co-exists with customary law. The Judiciary is established under Section 95 of the Constitution of the Republic of Botswana as an independent arm of Government, with the responsibility to administer justice in accordance with the Constitution and other laws of the country. It hears and determines both civil and criminal cases, as well as any other disputes thereto. The judiciary comprises three layers of courts in descending order of rank and authority: the Court of Appeal being the highest court in the land, with appellate power, the High Court, with unlimited jurisdiction, and the Magistrates Courts, which handle the bulk of the cases. These courts are also linked to other courts and tribunals created under other statutes through the appeals process,

such as the Industrial Court, Court Martial, the Land Tribunal and the Customary Courts.

14.45 The judiciary operates independently of other arms of the state, has a good reputation and confidence from the public. The co-existence of the arms of the state and their ability to operate smoothly has strengthened the rule of law and democracy and earned Botswana respect and goodwill from the international community. The respect accorded the judiciary by the other arms of government, and their willingness to enforce court rulings, have created a healthy and conducive environment for the performance of the judicial function. The ability of the judiciary to discharge its functions efficiently also depends on the support it receives from other institutions linked to the Administration of Justice, such as the Attorney General's Chambers,

Botswana Police Service, Botswana Prisons and DCEC.

14.46 The three arms of government continue to thrive and operate independently from one another. The legislature enjoys the independence of law making, while the judiciary focuses on the interpretation of these laws. These arms are independent of the executive function and the executive has complied, and will continue to comply, with all decisions of the courts. It is necessary to maintain this Independence. In so far as the executive is concerned, the Attorney General continues to be the principal legal advisor, the cornerstone of such legal advice being adherence to the constitution and other laws. In a thriving democracy, the Attorney General plays a critical role in the promotion of the rule of law.

SECTOR: JUSTICE

INTRODUCTION

14.47 This sector relates to the Administration of Justice and the Attorney General's Chambers, whose primary responsibilities are the settlement of disputes and provision of legal services to the entire Government machinery. It also deals with issues related to the mandate of the Industrial Court and Customary Courts, as well as the role played by civil society on issues of justice. The major responsibilities of the Judicial system are to dispense justice, provide checks and balances to the work of other organs of the State, to ensure that such work is conducted according to the provisions and requirements of the constitution and other laws of the country, pronounce on the rights of the litigants/people in a speedy way, and settle disputes.

REVIEW OF NDP 9

Administration of Justice

14.48 During the last Plan period, the Administration of Justice introduced reforms in response to demands for improvements in the services provided by the courts. The public demanded capacity building of the overall personnel of the courts to enable more cases to be dealt with, as well as improvement of processes and facilities to take justice closer to the people. Several reforms were introduced: Judicial Case Management, Business Process Re-engineering, as well as the Case Records Management System. The High Court Rules were reviewed to reduce delays. Additional Judges and Magistrates, as well as support staff, were recruited. Eight magistrates' courts and one division of the High Court

were built during the Plan period. The High Court continued to operate Circuit Courts, thereby taking justice to the people.

14.49 The processes, particularly computerisation, modernised the registries and improved the management of case records significantly. Registries, therefore, moved from manual to digital handling of case records. Judicial Case Management empowered Judges to control the pace of cases, thus taking this away from the control of lawyers/litigants, which slowed the system down, as well as the pace of case disposal, and led to the build up of cases.

14.50 The Judiciary also took part in the Delimitation Commission, Presidential Commissions and the IEC. The membership of the Judicial Service Commission was expanded from 3 to 7, and the retirement age of Judges was increased from 65 to 70 years. The Judges' Pension Act was passed by Parliament.

14.51 Nevertheless, problems remained: physical inaccessibility of justice due to inadequate court structures across the country, increased cost of justice because of complex court procedures, shortage of professional and support staff. There was a backlog of cases due to increasing volumes of registered cases and appeals, inadequate implementation capacity, delayed acquisition of land and expansion of other justice institutions at the expense of Administration of Justice.

Industrial Court

14.52 The Industrial Court was established by the Trade Disputes Act of 1992 to settle trade disputes and to maintain good industrial relations. The court has jurisdiction in every matter brought before it. The Industrial Court was constructed during the Plan period. During NDP 9, the Trade Disputes Act was amended to enable

the Industrial Court to have jurisdiction over industrial disputes involving public officers. This, coupled with the requirement to hear cases which could not be mediated within the 30 day legal requirement, led to a backlog of cases. Further, office accommodation for the Industrial Court proved to be inadequate.

Customary Courts

14.53 Customary Courts are responsible for the administration of justice under the system of customary law. There is a network of customary courts, which handle the majority of criminal and civil cases within their jurisdiction. There is also a Customary Court of Appeal. These courts are presided over by *Dikgosi* in villages and Court Presidents in urban centres. Customary courts handle about 80 percent of cases in the country, largely because of their physical accessibility, simple court procedures and lower cost.

14.54 A major challenge is that most *Dikgosi* and Court Presidents have no background training in modern law. This does not augur well for the justice system and has resulted in complaints of miscarriage of justice. However, during NDP 9, a total of 160 *Dikgosi* were trained in the delivery of justice under the Government of Botswana/ United Nations Development Programme (UNDP) Governance Programme. Furthermore, the Department of Tribal Administration was restructured and the administration cadre re-graded in order to improve organisational effectiveness.

Attorney General's Chambers

14.55 The Attorney General is the Government's principal legal advisor. During the Plan period the Attorney General's Chambers (AGC) was restructured. Amendment of the constitution

gave all prosecutorial functions to the Director of Public Prosecutions and transferred the Lands and Deeds Registry functions to the Ministry of Lands and Housing. The post of Parliamentary Counsel was created and the Attorney General removed from Parliament. During NDP 9, the quality of service delivery within the AGC continued to improve, although problems remained. The number of pending cases and the backlog that results from delays in the disposal of cases remain a concern. Below is a summary of the initiatives and strategies undertaken during NDP 9.

14.56 Decentralisation of the AGC Functions: legal services were decentralised to Ministries and to other parts of the country. A number of State Counsel posts were created and seconded to various Ministries and Departments. The main problem has been attracting appropriately qualified and skilled lawyers to these posts. The offices of the Directorate of Public Prosecutions (DPP) in Francistown and Gaborone were expanded, while new offices in Maun and Palapye were established. Once again, the main challenge has been recruitment of staff for these facilities.

14.57 Human Resources Capacity Building: During NDP 9, concerted efforts were made to improve the human resources capacity within the AGC. The AGC continues to lose experienced lawyers to the private sector. As a result, most lawyers are at junior level, having recently joined the AGC after graduating from universities. Several strategies were introduced in an attempt to retain experienced lawyers and these are beginning to bear fruit. Amongst others, it is hoped that the introduction of the scarce skill allowance will go a long way towards attracting and retaining lawyers.

14.58 Legislation and Law Reporting initiatives during NDP 9 included the

updating of the Laws of Botswana, which is nearly complete; development of the Guidelines for Drafting Instructions and the Drafting Manual; accelerated training of Legislative Drafters; development of a Contractor Drafters Database; development of a Government Legislative Programme; servicing of the NDP 9 legislative agenda; establishment of a Statute Law Revision Unit and e-laws; and elimination of the law reporting backlog. The Laws of Botswana and Botswana Law Reports are available for sale on CD-ROM with search control.

14.59 Increased Litigation: As a result of economic growth there has been a considerable increase in litigation, both Civil and Criminal. This led to extreme pressure on the available human resources, with an unacceptably high workload ratio among litigating lawyers and delays in the disposal of cases.

14.60 Increased Demand for Commercial Agreements: Generally, NDP 9 saw the emergence of a vibrant economy and a robust national development agenda. Government embarked on major infrastructural developments and improved service delivery. Government business continued to generate a large demand for commercial agreements. Commercial agreements are an integral part of government business. The Attorney General played a leading role in drafting these commercial agreements and ensuring that the position of government is protected.

14.61 The Law Society of Botswana: The Law Society continued to ensure that professionalism is promoted, and that the integrity of practitioners is upheld. The Society continued to address cases of indiscipline among lawyers. As a result, some lawyers were struck off and disbarred from practising.

14.62 Some of the major concerns that the AGC faced during NDP 9 included delays in the drafting of legislation and conclusion of cases. To this end, the AGC, its key clients and stakeholders, such as Government Ministries and the Administration of Justice, will work towards shortening their turn-around times.

STRATEGIES FOR NDP 10

14.63 Capacity Building and Human Resource Development: It is imperative that capacity is built by developing the human resources base within the justice system, as it is one area that has lagged behind over the years. This will also include capacity building for Dikgosi and Customary Court Presidents.

14.64 Information and Communications Technology (ICT): In order to improve efficiency, it is important to develop and implement ICT systems. This will enable both the Government and the public at large to access services speedily.

14.65 Partnership with Key Stakeholders and Development Partners: This is critical for the attainment of an efficient and effective justice system. As such, there is need to strengthen relations with stakeholders and development partners, as well as to improve coordination and collaboration.

14.66 Privatisation: Privatisation should be given a wider meaning to include outsourcing of services, including, where necessary, core services. In this way, the benefits of improved speed and service delivery will accrue.

14.67 Quality Prosecution and Civil Litigation: The quality of prosecution will be enhanced by the take-over of all prosecutorial functions from the Botswana Police Service and Directorate on

Corruption and Economic Crime. A framework for instituting legal aid and an Alternative Dispute Resolution mechanism, in order to promote justice for the socially and economically disadvantaged and reduce pressure on the courts, will be established.

14.68 Decentralisation: In order to bring services closer to Ministries and departments, legal units will be set up in those institutions. The AGC will also decentralise services to other parts of the country.

14.69 Quality Legislation and Agreements: The AGC plans to develop and implement a cross-cutting quality management system in collaboration with the Botswana Bureau of Standards, as well as service level agreements with AGC clients. The major activities that will be undertaken during NDP 10 include: the strengthening of the Statute Law Revision Unit; a comprehensive revision and consolidation of the Laws of Botswana; establishment of a training and quality assurance structure in the Legislative Drafting Division; establishment of a Law Reform Commission; transfer of the law reporting function to the Administration of Justice; the provision of public access to legislation; and the roll out of the e-laws application. Compliance with superior court decisions is an area that has presented some challenges during NDP 9. The AGC will ensure that legislation is continuously amended in accordance with court decisions.

14.70 Customer Satisfaction: In order to improve customer satisfaction, there is need to undertake the following initiatives: (i) streamline turn-around time targets with those of key stakeholders, such as the Administration of Justice, Botswana Police Service and Directorate on Corruption and Economic Crime; (ii) increase capacity and, where possible, employ paralegals to undertake non-complex legal functions, such

as debt collection, taxation of bills of costs and enforcement of court orders in favour of Government; (iii) implementation of an integrated case management system; and

(iv) provision of focused and skills oriented training, including the establishment of dedicated in-house training systems.

Sector Performance Matrix

Matrix 14.2: NDP 10 Goal, KPIs, Baselines and Annual Targets

Goal	NDP 10 Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Achievement	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7 (NDP 10 Target)
Rule of Law	Governance Indicator (Rule of Law)	2006	67.1	67.1	68	70	72	74	76%	76

NB: This sector will also use the turn around time of cases and the reduction of the backlog of cases as other key performance indicators. Data for these are not yet available, but will be collected during the first year of implementation.

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

14.71 Strengthening of Judicial Administration Programme: The purpose of the programme is to strengthen the administration of justice through the courts of law and other stakeholders by ensuring speedy disposal of cases and quality judicial decisions in all cases under the jurisdiction of the Court of Appeal, the High Court, the Industrial Court, the Magistrate Courts and the Customary Courts. This will necessitate recruiting suitably qualified personnel, providing training to staff within the judiciary, and also providing sufficient and purpose built courts and residential houses for staff in various places close to the communities. This will enhance access to judicial services. The programme will also entail interfacing of the Court Records Management System with other stakeholders, rolling out the Judicial Case Management System to the Magistrates' Courts, the introduction of Court Annexed Mediation, Specialised Courts, e.g., Commercial Courts, Small Claims Courts,

localisation of the Court of Appeal and decentralisation of the Master's Office, with a view to facilitating speedy and effective conclusion of cases. The programme is aimed at streamlining the contribution of the various stakeholders in the justice system. This will reduce slow disposal of cases, which results in a backlog of cases, and facilitate the speedy and expeditious delivery of justice. The programme will benefit the entire public and other stakeholders in that the effective conclusion of cases would promote social harmony and thereby contribute positively to conflict resolution and the fight against crime.

14.72 Government Legal Services Programme: The programme aims at providing comprehensive legal services to the Government and ensuring that the Government receives quality legal advice that is based on the Constitution and the law. As principal legal advisor to the Government, the Attorney General will be

the primary driver of this programme. Services provided by the AGC include the undertaking of criminal and civil litigation, the drafting of international and commercial agreements, as well as legislation. The programme will assist the AGC to effectively discharge its function of providing quality legal services. The AGC will improve its staff recruitment and retention strategies. Emphasis will be placed on addressing the high staff turn-over rate and developing the necessary knowledge and skills required to deliver quality legal services. The decentralisation of legal services to Government Ministries will also be intensified, with a view to providing first line legal advice. In addition, the AGC will expose Government Ministries to basic legal procedures and principles, by preparing guidelines and conducting workshops. Other activities geared at ensuring the delivery of quality legal services will include the establishment of a Quality Management System Unit at the Chambers, and facilitating the establishment of a law reform agency and a legal aid scheme.

National Development Goal: Enhanced and Sustained Participatory Democracy

14.73 The goal of **Enhanced and Sustained Participatory Democracy** requires that various stakeholders influence and share control over development initiatives, decisions and resources that affect their livelihoods. This entails establishing channels of voice, representation and accountability at all levels. Achievement of this goal requires a sustained effort to build viable institutions capable of involving citizens in governance processes affecting them, mobilising all stakeholders to articulate their needs and aspirations clearly, and designing programmes which respond to such needs effectively and sustainably. The Botswana National Vision 2016 states that “...*full involvement and meaningful contribution to*

social, economic, political, entrepreneurial, spiritual and cultural development by all citizens that is informed by a culture of transparency, accountability and consultation are essential for sustainable development in Botswana.”

14.74 The Constitutional and legal frameworks encourage the freedoms of speech and association that enable various types of non-state organisations to operate. There are a number of institutions and fora for the involvement of stakeholders in consultative and participatory governance. These include the traditional *Kgotla* or village assembly, Village and District Development Committees, Local Authorities, the High Level Consultative Council, the National Employment, Manpower and Incomes Council, the Rural Development Council and the National District Development Conference and the biannual National Business Conference (NBC). In 2004, the Government issued a policy framework for Government-non-governmental organisation (NGO) relations. This framework incorporated a Code of Conduct for operations of NGOs.

14.75 The overall strategy is to strengthen and sustain participatory democracy in Botswana during NDP 10. This will be achieved by:

- Increasing the effectiveness of representational bodies through building the capacity of representatives such as Parliament and Local Authorities;
- Informing and involving citizens in the activities of institutions which deal with issues of participatory democracy, the aim being to increase citizen appreciation and participation in democratic and electoral processes;
- The *Kgotla* will continue to provide a platform for the participation and involvement of communities.

SECTOR: LEGISLATURE

INTRODUCTION

14.76 Botswana's democratic governance is characterised by, among other things, its participatory, transparent and accountable nature. Legislatures are *the people's branch* of government, the institution where citizen interests and preferences are expressed and transformed into policy, and the point at which, at least potentially, people most closely engage their national government. In the context of Botswana, they have functioned effectively to strengthen our democracy as channels of voices of those most affected by government policies. The National Assembly, Ntlo ya Dikgosi (House of Chiefs) and Local Councils have, since Independence, contributed to the processes of representation, legislation and oversight, thereby shaping and directing the development of this country.

14.77 Since Independence, elections for the National Assembly and Councils have been conducted every five years under a system of universal adult suffrage. Elections are an important way through which citizens participate in decisions that affect their lives and hold their representatives accountable for development results. The National Assembly, being a constitutional establishment, fulfils a number of important functions in Botswana's democracy. It represents people, reflecting and bringing their needs, aspirations, problems, concerns, and priorities to the policy-making and policy-amending process. It makes laws, the rules that govern the nation. It practices oversight, assuring that laws and programmes are carried out legally, effectively and according to legislative intent.

14.78 As part of its strategy to promote participatory governance, the Government initiated the process of decentralisation since Independence. There are 28 local authorities, consisting of 6 town councils, 10 district councils and 12 land boards. The sixteen Councils have 596 Councillors.

14.79 The objective of Botswana's decentralisation process is to promote popular participation and facilitate sustainable rural development and efficient service delivery. Councils provide basic facilities, such as potable water, health, and educational facilities. A major boost for decentralisation for local development and capacity building was the establishment in 1970 of the District Development Committees (DDCs) and Village Development Committees (VDCs), through which decentralised development planning is done. The different functions of Local Authorities are administered by the administrative wing reporting to, and being monitored by their respective committees, headed and made up of elected representatives.

14.80 Ntlo ya Dikgosi, representing different tribal groups, plays an advisory role on tribal, cultural and land matters, and can discuss any other matter of national importance. This is an indigenous governance institution that contributes immensely to social cohesion and national stability. Botswana's constitution recognises the role of traditional authorities and requires their full participation in all development agendas including formulation of laws. Bogosi (institution of tribal leaders) and the Kgotla system have provided the bedrock for nation building. They are also valued for their maintenance of traditional

cultural values and law and order, in addition to the primary role of providing a forum for consultation with communities.

14.81 In addition to these institutions, there is an Independent Electoral Commission (IEC), which was established in 1997. The main functions of the IEC are to conduct and supervise elections for the National Assembly and Local Authorities; conduct referendums; ensure efficient, proper, free and fair elections; giving instructions and directives to the Secretary of the Commission with regard to the exercise of his functions under the Constitution and Electoral laws generally; and perform such other functions as Parliament may by law prescribe.

14.82 The Constitution and legal framework of Botswana allow and encourage freedom of association. Civil society organisations, including NGOs, community organisations, employers' organisations, trade unions and public officers' staff associations all operate in Botswana. The NGO sector is growing and becoming increasingly diverse and continues to provide Botswana with additional channels of voice and broad citizen participation in national development.

REVIEW OF NDP 9

Performance of the IEC

Since Independence, the electoral process in Botswana has been functional, free and fair. Established in 1997, the IEC is perceived to be independent in both the selection of electoral commissioners and in the conduct of the electoral process. Voter registration is open, free, and subject to scrutiny by the public. Mechanisms exist for checking and validating, appealing and resolving electoral disputes. The 2004 general and local elections (the second overseen by the IEC) were successful, credible and fair, though

the participation rate was considered low at 42% of eligible voters.

14.83 The legal framework governing the conduct of elections was reviewed with the view to enhance its clarity. The IEC strengthened its operational linkages with key stakeholders through the establishment of Party Liaison Committees and constant dialogue with Local Authorities, such as District, Town and City Councils, and civic organisations and the media.

14.84 During NDP 9, the IEC undertook an increased Civic and Voter Education Campaign aimed at addressing voter apathy. An agreement was reached with the Ministry of Education and Skills Development to include Civic Education in the schools social studies curriculum to sensitise the youth on the value of elections in a democratic society. There remains a need for the IEC to explore other outreach and education strategies that will address voter apathy. The electoral and administrative processes could be further improved through greater use of ICT, infrastructure development and fleet expansion.

14.85 Currently there are about 900,000 eligible voters in the country. The IEC has set itself a target to have registered at least 600,000 voters before the next elections in 2009. In addition to having a continuous registration process, which up to now has not yielded satisfactory results, the IEC has employed various strategies, such as facilitating workshops for various groups of the community, including the youth and people with hearing and visual impairment. The IEC is in the process of opening new polling stations. Supplementary voter registration exercises will be conducted prior to the next general elections. A greater percentage of Botswana are still disinterested in the primary democratic process of voting for their representatives. Hence, there is still a greater need for IEC to

explore other outreach and education strategies that will address voter apathy.

Performance of Parliament

14.86 Following the 2004 general elections, there are 57 elected Members of Parliament (MPs) and four specially elected members, representing an increase of 17 elected members following the last delimitation exercise undertaken during the NDP 8 Plan period. The legislature enjoys the Independence of law making and overseeing the executive branch without interference.

14.87 Based on the quality of contributions through amendments to bills and motions, debates and questions, there is no doubt that Parliament's capacity to process legislation and related matters has improved. Part of this improvement can be attributed to the exposure Members are afforded through training workshops, benchmarking and interaction with sister bodies internationally, and to improved support services. Some notable contributions were made during the processing of the Intelligence and Security Act, whereby Parliamentarians sought to ensure that the bill left no room for indiscretions. In addition, Parliament passed the first private members' bill in its history, namely, the Domestic Violence Bill.

14.88 Oversight activities continued to expand beyond the traditional public accounts scrutiny. Through various Parliamentary Committees, Government was called to account for its performance. Some of the notable issues that the Committees dealt with, which attracted public interest, were in the areas of Health, HIV/AIDS, Labour and the Privatisation of Public Assets. Parliamentary Committees have also contributed to the initiative of "Taking Parliament to the People", in order to cultivate greater public interest in the activities of Parliament. Other activities

included outreach programmes by Parliamentary leadership and staff, whereby they visit and address the youth about Parliament and visitors' programmes at the Parliamentary precincts.

14.89 Great strides were made in improving support services, including the provision of offices for Members of Parliament, the establishment of 17 new constituency offices, computerisation and related training, structural improvements in the *Ntlo Ya Dikgosi* Chamber and training programmes.

14.90 Some problems remain. Inadequate manpower resources adversely affected the production of Parliamentary records, research services, and the servicing of Committees. *Ntlo Ya Dikgosi*, Parliamentary buildings and Parliamentary flats require refurbishment. There is a shortage of office and residential accommodation for Members of *Ntlo Ya Dikgosi*.

Performance of Local Authorities

14.91 During NDP 9, progress was recorded in line with the Government Paper No.1 of 2004 on the Second Presidential Commission on Local Government Structure. The Ministry of Local Government established one fully operational district and two sub-districts, namely Chobe district, and the Moshupa and Tonota sub-districts. Efforts are continually being made to establish administrative authorities and service centres at district level. The new Local Authority Procurement and Asset Disposal Act addresses delays in project implementation which were attributed to inadequate capacity and the absence of an appropriate legal framework. The new legislation will improve governance at district level.

14.92 One of the six key result areas which were identified by Local Government was

Enhanced Local Governance. The primary focus was on the recommendations of the Second Local Government Structure Commission. One of the approved recommendations of the Commission was the adoption of the Decentralisation policy, which is key to enhancing local governance. The Policy is still being developed. Initiatives introduced during NDP 9 were to improve local governance, emphasise good governance with greater transparency, accountability and customer focused service delivery. Gaps were identified in all spheres of society in the understanding of policy and legislation governing Local Authorities. Local governance awareness workshops were conducted for councillors, by training them on their roles, the role of administrators, and the roles and functions of the Ministry of Local Government.

STRATEGIES FOR NDP 10

14.93 Development of E-Governance: improve the effectiveness of the legislative processes through data capture, recording, storage and production equipment; ICT capacity building, accelerating computerisation to improve communication and information management systems.

14.94 Strengthened Legislative Capacity: forming networks for sharing and learning, forming and improving partnerships with local, regional and international institutions and implementing capacity building initiatives. There will be workshops on international instruments, and policy formulation and assessment for Local Authorities (Councils).

14.95 Improve Organisational Efficiency and Effectiveness. Parliament

Administration, IEC and Councils plan to improve the quality of institutional support services: improving capacity to implement projects, development of human capital, infrastructure development and maintenance; re-engineering processes; reviewing relevant legislation and mobilising resources for democratic processes.

14.96 Improve Information on the Legislature and Election Processes: strengthening consultative fora with other stakeholders, increasing civic participation (for citizens, ministries, the private sector, civil society and international organisations), televising Parliamentary debates and engaging in other forms of information dissemination and knowledge management.

14.97 Strengthen Administration of Electoral Processes: enhance the credibility of the voter registration processes, continuous registration of eligible voters, ensuring free and fair elections, and improving adherence to international election standards.

14.98 Consolidate Democracy: Parliament, IEC and Councils will strive to increase the level of awareness of the democratic processes, addressing voter apathy, and increasing the role played by civil society, particularly the media, in the democratic processes.

14.99 Increasing Public Participation in Democratic Processes: This strategy is to further involve stakeholders and communities in the processes and activities of representational bodies.

Sector Performance Matrix

Matrix 14.3: NDP 10 Goal, KPIs, Baselines and Annual Targets

NDP Goal	NDP 10 Key Performance Indicator	Baseline		NDP 10 Period Targets						
		Year	Base-line	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Enhanced and sustained participatory democracy	Level of participation in the electoral process	2004	42%	50%	54%	54%	56%	60%	60%	60%
	Adherence to Constitution of Botswana, SADC and other international standards	2004	80%	90%	90%	90%	90%	95%	95%	95%
	Increased women's representation	2004	19.6%	30%	40%	40%	45%	50%	50%	50%
	Voice and Accountability	2006	66.8%	67%	69%	71%	73%	75%	75%	75%

Source: IEC and Kaufman et al, 2007: Governance Matters VI – Governance Indicators for 1996-2006

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

14.100 Enhance Legislative Capacity and Oversight of Parliament: This programme aims at strengthening the capacity of Parliament to perform its legislative and oversight functions more effectively, through provision of technical knowledge and skills. Parliament's administration will support Members to oversee the activities of the Executive for efficiency, probity, and fidelity, and to become more responsive and transparent. The programme has three outcomes, namely, increased effectiveness of Parliament; an informed and involved citizenry; and enhanced Parliamentary support services. Key performance indicators for this include the level of public confidence in the Legislature; voice and accountability; the number of public submissions to Parliamentary committees; the level of satisfaction of members in

support services; the rate of public participation in legislative activities; and the number of public hearings by Parliamentary Committees. Benchmarks and statistics for some of these indicators will have to be developed in the first year of the Plan.

14.101 Strengthening Public Involvement in Civic Duties: The main purpose of this programme is to increase citizen participation in the democratic and development processes. Participation contributes towards development which reflects the needs, aspirations and priorities of citizens. The extensive consultation and participation of Botswana in the development of the Long Term Vision for Botswana, "*Towards Prosperity for All*", provides a living and real example that continues to guide the development agenda of the country. The programme focuses on the following: increased public awareness of the democratic processes; empowerment of women, youth and people with disabilities in the electoral processes; increased citizen participation in the electoral process;

increased awareness of development processes at District and community level; ensuring credible free and fair elections; and stakeholder consensus on the need for legal and administrative responses to challenges

identified in the electoral process. The programme's desired outcome is increased citizen participation in the democratic and development processes.

CHAPTER 15

A UNITED, PROUD, MORAL AND TOLERANT NATION

KEY RESULT AREA: NATIONAL UNITY, PRIDE, MORALITY AND TOLERANCE

15.1 This Chapter deals with issues of national unity, pride, morality and tolerance. Botswana has much to be proud of, including the long tradition of internal peace, democracy and the socio-economic progress that has been achieved since Independence. The country is comparatively free of destructive tribal and cultural divisions. Its social structure, though affected by challenges associated with globalisation, rests upon a history of set traditions governing the behaviour and obligations of people towards each other and the society as a whole. These are assets in themselves and are a necessary platform for any sustainable process of national development. Botswana are, therefore, a society with confidence in themselves, pride in their achievements and a sense of shared destiny.

15.2 Botswana's culture and heritage play a pivotal role in achieving national pride and unity in diversity. The country is "well endowed with a rich variety of cultures and languages that emanate from its different peoples and geography". It is the intention that during NDP 10, the people of Botswana will further enhance the sharing of common goals based on a common heritage, a sense of national pride and a desire for stability and peaceful co-existence. This will be demonstrated in many ways, including the increased use of national symbols that signify social harmony, the Botswana national brand, and through many unifying activities, such as sport, recreation and cultural activities. *Bogosi* (traditional leadership) and the *Kgotla* system, which have provided the bedrock for nation building, will continue to play their

important role in maintaining cultural values, law and order.

15.3 On issues of morality and tolerance, Botswana will continue to espouse social values that engender cohesion and embrace diversity, and increase transparency to remove practices that facilitate corruption. Strong family values will be inculcated to create a culture of cohesion and morality. The family will continue to be a central institution for support and development of the people and for transmission of social and moral values. Young people will be supported to grow into responsible, self-reliant citizens, with the life skills necessary for full participation in the economy and in society. The ethnic groups that make up Botswana will exist in harmony and have a voice and make contributions to the cultural capital and heritage for all. There will be respect for human rights and no negative stereotypes associated with gender, age, religion, colour, national or ethnic origin, language or political opinions, as espoused in the Constitution. Religious institutions will be recognised for their role in the transmission of moral and ethical standards.

National Development Goal 1: Strong National Unity and Identity

15.4 National identity and unity are important ingredients for the survival of any people in the rapidly changing and globalising world. All avenues with a potential to create national cohesion and unity must be vigorously pursued. Sport and culture have demonstrated their potential to unify the nation and promote a sense of unity and national pride. However, the country has

limited expertise, knowledge and purpose-built facilities to exploit its diverse culture, heritage and potential in sporting activities. To this end, Government has undertaken to create an enabling environment for private sector investment in the development of sport, youth empowerment, and the promotion and preservation of culture and heritage.

15.5 Globalisation has negatively impacted on the positive aspects of Botswana's cultural and moral values, as well as family traditions. Domestic violence, rape, child abuse, youth indiscipline, alcohol and substance abuse, etc., are some of the

social problems affecting Botswana today. The family, as the primary social unit, is being threatened by the pace of change, urbanisation, the high degree of migrant labour and unfriendly family policies (e.g., Government transfer policy which separates spouses and restriction on maternity leave to women). The youth are the most affected by all these social problems and their situation could be worsened by the lack of youth friendly facilities and services.

SECTOR: CULTURE

INTRODUCTION

15.6 The National Policy on Culture defines culture as "... the whole complex of distinctive, spiritual, material, intellectual and emotional features that characterises the society or social group. It includes not only the arts and letters, but also modes of life, the fundamental rights of the human being, value systems, traditions and beliefs..." Botswana has a wealth of diverse oral and written traditions that determines the behaviour and attitudes of its people. Family traditions and the strength of the family unit have, in the past, been maintained and cultural and spiritual values respected. Designed to promote social harmony (kagisano) and set the broader context for the nation's objectives, the national principles of democracy, development, self-reliance, unity and botho (which is engrained in Botswana culture, and refers to a state of being humane, courteous and highly disciplined) are derived from Botswana's cultural heritage. The arts, national archaeological and heritage sites and other national monuments add to the cultural wealth. All these must be promoted and preserved.

15.7 The long-term goal for the development of culture is to preserve, present, promote and sustain its appreciation of the country's diverse cultures, languages and traditions. These are irreplaceable treasures of values, traditions and forms of expression. Botswana's traditional value system has the potential to resolve some of the social ills being experienced today. Culture and sport must assume an important role in education, politics, socio-economic development, science and technology and must embrace the interest of all stakeholders.

15.8 Botswana's cultural and heritage resources have the potential to diversify the economy with spill-over effects to other sectors. There is, therefore, a need to harness the potential value of cultural industries and heritage resources. This can be achieved by establishing and consolidating new markets for cultural products and services, enhancing arts and culture practitioner's skills and strengthening communication networks. Research and documentation on Botswana's cultural heritage is not developed to the required standard. There is need to formulate

a national research policy and establish structures to engage in extensive research and documentation for the use of best practices. This will enhance the knowledge, understanding, appreciation and value of cultural heritage.

REVIEW OF NDP 9

15.9 During NDP 9, the Government, therefore, commissioned a Joint Advisory Committee of Ntlo ya Dikgosi and Botswana Council of Churches to consult with the public on social ills afflicting the nation. Its mandate was to recommend possible strategies for addressing such ills. Its assignment was to determine the causes of social ills that afflict communities, determine the roles that can be played by traditional leaders and other community leaders in re-instilling the social values, and recommend to Government possible strategies for addressing such ills. The report and accepted recommendations of the Commission are expected to guide interventions in this area during NDP 10. However, other interventions, such as the national strategy against corruption, were implemented during NDP 9 because of the correlation between morality and tolerance in promoting good governance at all levels and inculcating the highest ethical standards in all practices.

15.10 Botswana took important steps during NDP 9 in realising the potential of the arts, national culture and heritage in fostering national pride and unity, and in contributing to the economy. The creation of a separate Ministry of Youth, Sport and Culture in 2007 demonstrated the Government's commitment to issues of national pride and unity. In the new Ministry of Youth, Sport and Culture is the Department of Arts and Culture. Its mandate is socio-economic development, and the creation of a vibrant democracy and a rich human environment. This should ensure that culture is indeed developed, and that

avenues for diversification of the national economy are rigorously explored. Botswana's multi-cultural society will thus be enriched and harmonised. It will serve as the national focal point for policy, operational direction and coordination for all international, national, district and local cultural programmes. It should also provide, professional guidance on matters relating to policy, human resources training and infrastructural development in the area of arts and culture development.

15.11 During NDP 9, a draft National Action Plan on Culture (NAPC) was developed to rationalise the culture sector and to clarify the roles of the various contributors. It is currently under consideration by Government. This is expected to improve coordination in the sector and attract private sector investment. The NAPC is intended to enhance the implementation of the National Policy on Culture. Its goals are to re-awaken in the people of Botswana an appreciation of, and respect for their own culture. This is expected to reinforce a sense of national unity and pride, and to stimulate and foster creativity in all spheres of national life. Botswana can thus continue to improve the quality of their own life, whilst making their original contribution towards the vast store of human civilization. This should strengthen their sense of identity and sensitise them to the need to assimilate innovation within the context of their own culture.

15.12 The implementation of the National Policy on Culture involves different role players, such as government agencies, non-governmental organisations, local authorities, Dikgosi, the private sector, artists, culture experts and the media. In this context, Arts and Culture organisations and groups were financially assisted to undertake income generating projects and capacity building programmes. For example, the Government assisted the Botswana Society for the Arts

with P10 million for the design of the School of Arts. Some cultural groups visited countries with which Botswana has cultural agreements to showcase Botswana's culture and benchmark on best practices. Arts Associations were resuscitated and secretariats created, which are annually assisted in terms of their operating costs. Government assistance notwithstanding, collaboration with and participation of the private sector increased. The private sector sponsored several cultural events, such as the Orange Botswana Artists Awards, Botswana Musicians Union Awards and the Thapong Artist of the Year Award.

15.13 A National Cultural Village and State Theatre were to be established during NDP 9. These projects were to address the lack of purpose-built facilities for the promotion and preservation of Botswana's arts and culture. Due to limited resources, the State Theatre Project was deferred, while the National Cultural Village pre-design phase was commenced. National Culture Day was commemorated and Heritage Month was inaugurated for the first time in 2008 to celebrate Botswana's culture and heritage.

STRATEGIES FOR NDP 10

15.14 Ideally, all aspects of culture should be explored and their full potential harnessed through the provision of sufficient resources. The immediate strategy is to continue with existing programmes carried over from NDP 9. In all programmes, economic opportunities will be created, wherever possible, for the earning of cash income by individuals and communities. This should also increase the attractions of Botswana as an investment and tourism destination. There will be improved heritage management, research, documentation and partnerships. Botswana will be assisted to preserve and sustainably harness their diverse cultures and

heritage in order to increase unity and the sense of national identity.

15.15 Other strategies include:

- **Implementation of the accepted recommendations of the Social Values Commission:** This is the first time the Government has addressed issues of morality in this fashion. National consultations provide the bedrock for whatever initiatives will be developed to address these issues. The recommendations of the Commission will, therefore, be very key during NDP 10;
- **Advocacy for the Embodiment of National Principles** (Botho, unity, democracy, development, self reliance, including dignity and discipline, as espoused in the President's roadmap): All stakeholders are expected to play an active role in advocacy initiatives. Of particular interest are messages and activities that will change the mindset of the youth, who are affected by the current wave of change that has been leading to a loss of morality;
- **Inter-generational Dialogue** and a sense of civic duty will permeate all national strategies and policies;
- **Strong Family Values** will enhance character development and inculcate a culture of social cohesion and morality;
- **Review of Policies, Practices and the Education System** will stress the value of the family unit, multicultural society, and respect for human rights, tolerance and eradication of negative social attitudes;
- **Social Policies will be Harmonised** to strengthen the moral and social values of society and promote a sense of civic duty, volunteerism and self-reliance to eliminate a culture of dependency amongst Botswana;
- **Infrastructure Development:** Multi-purpose youth centres will be built across the country to equip youth with life skills;

- **Faith-based Institutions** will play a pivotal role in the maintenance and transmission of moral and ethical standards;
- **Partnerships** will be created with full co-operation from all stakeholders: the private sector, government, parastatals, political entities, faith-based organisations, non-governmental organisations and youth groups.

Sector Performance Indicators

15.16 During NDP 10, Government will investigate the feasibility of a range of indicators, taking into account the kinds of indicators that have been developed in other countries.

SUMMARY OF PROGRAMMES/PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

15.17 Development of Cultural Industries and Safeguarding of Heritage: This programme is intended to preserve, promote and present Botswana's culture and heritage by enhancing their appreciation and value. Botswana has lost some of its national heritage and national cultural assets due to vandalism, pillaging and erosion in the face of a growing population and influx of tourists. This necessitates a concerted effort to involve communities in the safeguarding measures of heritage resources. The programme will ensure the upholding of social harmony and encourage national unity and pride. It will also create employment and income for rural communities through the provision of support structures and services on the sustainable utilisation of cultural and heritage resources in their localities. The programme should help to create a knowledge society, which will enhance life long learning, through the distribution of literary materials. The programme will also empower women in rural areas, as well as

arts and culture practitioners, to earn a living from their products and services. Botswana's cultural and heritage products are not fully appreciated because of lack of exposure, so that their economic value has not been realised. There is, therefore, a need to market these products extensively to enhance their appreciation and recognition, and ultimately to benefit the local communities and contribute to the diversification of the economy.

15.18 Research and Documentation on Cultural Heritage: This will enhance knowledge, understanding, appreciation and value of cultural heritage. Since Botswana have been an oral society, the programme will further help to instil a culture of reading amongst Botswana. The programme is intended to create a research hub on the cultural heritage of Botswana. Cultural heritage is diverse and complex since it includes spiritual, material, intellectual and emotional features that characterise Botswana society. Researchers will be afforded the opportunity to undertake studies on different aspects of culture and practitioners will use the research findings to enrich their knowledge and skills. The programme will assist policy makers and the general public in making informed decisions and this will encourage private sector participation and investment in cultural research. The importance of creating a research hub on Botswana's cultural heritage is to enhance national pride and unity in fulfilment of the National Policy on Culture, the National Policy on Museums Development in Botswana, the Community Based Natural Resources Management Strategy, Botswana's Tourism Policy, the Monuments and Relics Act, the Environmental Impact Assessment Act, the National Library Act, the National Archives Amendment Act and the Vision 2016 Pillars of a United and Proud Nation and an Educated and Informed Nation.

15.19 Improvement of Policy and Legislative Framework on Heritage:

Botswana is facing emerging challenges that have an impact on the development of cultural heritage which emanate from the fact that, since Independence, the sector has not been regarded as a priority. Consequently, its potential contribution to national development has not been fully explored. A pragmatic approach is needed to give direction to the development of cultural heritage. This will involve the review and improvement of cultural heritage policies and legislation. A friendly environment, with appropriate systems and structures in place, will create an outward looking approach that will attract private sector participation and resource mobilisation. This calls for alignment of bilateral agreements and international conventions to national policies to make the country competitive in the global village. The programme will benefit cultural heritage practitioners, researchers, public and private sectors by creating a friendly and well coordinated environment for cultural heritage development. It will allow for role clarity, creation of facilities and enhance the better presentation, promotion and preservation of heritage. The programme will further create an enabling environment for structured research to assist policy makers and the general public to make informed decisions. The programme is in line with the

policies and Acts of Parliament, and the Vision, as noted above.

15.20 Attitude and Behavioural Change:

Botswana is losing its social fabric, as evidenced by the escalating prevalence of social ills in the country. There is, therefore, an acute need to cultivate and preserve national moral and cultural values that will promote *Botho* in the face of rapid social change. Moral rectitude will thus benefit the country in that it will result in increased national pride, identity and social cohesion. The programme aims at changing mindsets and attitudes of Botswana, to instil positive moral and spiritual values at all levels. It will also promote positive role modelling by leaders and parents in order to empower youth to be responsible and self reliant individuals with sound morals/*boikarabelo*. It is selected on the basis that it will promote social harmony. It is in line with the National Policy on Culture, National Youth Policy and National Action Plan for Youth, Gender in Development Policy, Corruption and Economic Crime Act, Vision 2016 Pillars and National Policy on HIV and AIDS. The programme will provide youth with life skills that will inculcate strong moral, cultural values and strong family values. It will also promote social cohesion and tolerance among Botswana.

SECTOR: YOUTH

INTRODUCTION

15.21 Many young people require social, economic and political support to realise their full potential, as they move from childhood to adulthood. Youth are faced with a number of challenges, such as unemployment, HIV/AIDS, and poverty. To this end, the youth of Botswana need to be guided to grow into responsible and self-reliant individuals such that they become a

valuable and a positive resource to the community, and live fulfilling lives. These objectives will be achieved through the implementation of the National Youth Policy and other strategies, such as apprenticeship, participation of young people in decision making at all levels and other economic empowerment programmes.

REVIEW OF NDP 9

15.22 The mandate of the Department of Youth in MYSC is the promotion of the status of the youth of Botswana and creation of an environment conducive to their participation in the economic, social and political life of their society. The Department serves as a national focal point for youth policy, as well as for the coordination of all international, national, district and local youth programmes. It also provides professional guidance on matters relating to youth policy, human resources development and infrastructural provision.

15.23 Botswana is faced with the challenge to increase economic opportunities for the youth. To this end, during NDP 10, youth skills will be developed, including entrepreneurship skills, vulnerable youth mainstreamed in society, information and communications technology (ICT) harnessed to facilitate information and research, inter-generational transfer of knowledge, skills and values promoted. These support structures and services will result in youth becoming more self-reliant and productive.

15.24 The continued lack of opportunities for youth poses a serious challenge to the nation, as it increases unemployment and dependency on government assistance programmes. This led to Government introducing income generating programmes to assist the youth to become self-reliant and economically productive. Funding for the Out-of-School Youth Programme was also increased, resulting in an increase in the number of income generation projects for youth. To improve service delivery and mainstream youth issues, youth officers have been posted in all Ministries and independent departments.

15.25 The National Action Plan on Youth and the National Youth Policy are still under review, in order to respond to emerging issues relating to youth. In collaboration with

the Botswana National Youth Council, exchange programmes were undertaken, International Youth Day commemorated and the Botswana National Youth Service Awards ceremony, National Youth Exposition and Youth Fora were held.

STRATEGIES FOR NDP 10

15.26 The youth will be provided with opportunities to reach their full potential as individuals and active citizens, which should help to reverse the culture of entitlement and dependency that is widely believed to affect the younger generation. This will be achieved through the implementation of the National Youth Policy and other strategies, such as apprenticeship, participation of young people in decision making at all levels and other economic empowerment programmes. Globalisation and rapid change do not need to be seen as a threat, but as a challenge to young people to empower themselves by becoming self-confident, self-reliant and globally competitive.

15.27 Holistic programmes will be developed, together with the Botswana National Youth Council, to provide youth with life, employment and entrepreneurial skills training. Resources will be mobilised to increase economic opportunities for youth. Purpose-built facilities will also be provided to offer youth friendly programmes, including counselling and rehabilitation services to mainstream vulnerable youth into society. Policies and legislation will be reviewed and developed to empower youth and facilitate their participation in decision making processes.

15.28 The private sector is expected to play a meaningful role by providing financial and technical support to youth initiatives. The private sector will also be expected to create a market for youth products and services. During NDP 10, research on issues affecting the youth will be undertaken to inform

decision-making and youth empowerment. This will also assist in exposing young people to the latest technological developments in the area of ICT.

Sector Performance Indicators

15.29 During NDP 10, Government will investigate the feasibility of a range of indicators for this sector, taking into account the kinds of indicators that have been

developed in other countries and, therefore, might be relevant in Botswana.

SUMMARY OF PROGRAMMES / PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

15.30 Youth Entrepreneurship Development: The programme is intended to empower youth to become self-reliant and economically productive by engaging in sustainable enterprises. It is also intended to eliminate barriers that impede the participation of vulnerable youth in national development.

SECTOR: SPORTS

INTRODUCTION

15.31 The National Sport and Recreation Policy for Botswana defines sport and recreation as ‘a highly formalised and organised physical activity of high intensity, regulated by accepted rules and regulations which require maximum physical input and/or a guided process, or voluntary participation in any activity which contributes to the improvement of the general health, wellbeing and skills of the individual’. Organised sport and recreation can contribute to initiatives meant to address the problems faced by young people, in improving health, and, at the national level, in creating a sense of unity and pride. Opportunities to develop sport industries through sport tourism activities and the creation of sport products and services exist. Private sector participation is essential in developing a sustainable model for sport, recreation and leisure. National fitness programmes will be established, and will be inclusive of all groups, including people with disabilities.

15.32 The goal is to increase mass participation and to develop sport as an

industry. Currently, the contribution made by sport to national development is not noticeable, although it has the potential to diversify the economy, improve national wellness and productivity. The other objective is to encourage private sector investment to increase the country’s competitiveness and the commercialisation of sport.

REVIEW OF NDP 9

15.33 During NDP 9, the following critical factors were identified as constraints to sport and recreation development: low level of sports culture, limited funding, inadequacy of trained sport personnel, inadequate sporting facilities, poor coordination between stakeholders, and low participation of people with disabilities, the marginalised and females.

15.34 Despite these constraints, phenomenal growth has been achieved in the area of sport. For the first time in the history of Botswana, the sector was mentioned in

the State of the Nation Address, as well as during the Budget session in March 2007. Also, the Government increased its support of the Botswana National Sports Council (BNSC) annually during NDP 9. This contributed to the further development of sport and recreation facilities. During NDP 9, good performance at international competitions led to increased recognition of Botswana athletes, which resulted in some athletes turning professional and being recruited outside the country. During the two All Africa Games, held during NDP 9, Botswana athletes won a total of twenty-five medals, of which 12 were gold medals, 4 silver medals and 9 bronze medals. The number of professional athletes has increased from 26 in 2003 to 69 in 2007, while the three ranked athletes improved their world ranking. Improved athletes' performance has also led to increased private sector sponsorship. Over the years, private sector participation in the development of sport has increased. In 2003, private sector sponsorship totalled P1.7 million, and almost doubled to P3.2 million in 2007.

15.35 Implementation of bilateral agreements has led to the transfer of knowledge, skills and technical expertise to local coaches and sport administrators. Sport exchange programmes with Cuba, China, Australia, South Africa and the United Kingdom were undertaken. Sport development programmes, such as "Re ba bona ha", have led to increased participation in sport. In 2007, a total of 4,005 children had enrolled in the programme compared to the 671 who enrolled in 2003 (football, volleyball and athletics codes). This has been matched with successful popularisation of national team brand "Zebras". The popularity of the football national team led to the "Zebras for Life, Test for Life" programme initiated by the US Embassy in Botswana. The programme is aimed at mainstreaming awareness of HIV and AIDS

in sport. As part of the MDGs, the Women in Sport Programme was established to encourage women to participate in sport. Other programmes initiated during the Plan period include District sport festivals, revival of traditional games, health and wellness programmes.

15.36 Construction of integrated sport facilities at Lobatse and Francistown were started in January 2007 and are due for completion in January 2010. Several sport and recreational facilities were renovated to encourage mass participation in sport and recreation, with a view to improve the country's national wellness. There is still need to improve existing facilities, as well as to build new ones.

STRATEGIES FOR NDP 10

15.37 Organised sport and recreation can play a major part in coping with the problems faced by young people, in improving health, and, at the national level, in creating a sense of unity and pride. There is also some scope for professional and commercial sport and recreation, which could give a small number of young people an opportunity to earn a living from sport. Opportunities to develop sport industries through sport tourism activities and the creation of sport products and services exist. Botswana will seek to attract international and regional sporting events and pay particular attention to potential economic benefits in the development of purpose-built sport, recreation and leisure facilities. There is a need for private sector participation in developing sustainable sport, recreation and leisure programmes. National fitness programmes should be established, and should be inclusive of all groups, including people with disabilities.

15.38 Botswana sports strategy will be based on the philosophy of "Sport for All", that is inclusive and encourages equal access

and opportunities to participate in organised sport. This will be achieved by introducing adaptive sport, community recreation and wellness programmes, improving and constructing purpose-built facilities that support professional sport, recreation and wellness.

15.39 Public awareness campaigns will be undertaken to promote and raise the value and profile of sport and recreation in Botswana. The National Sport and Recreation Policy for Botswana of 2002 will be reviewed to facilitate the review of the Sport and Recreation Act. This is to rationalise sport structures, encourage professionalism, national wellness and private sector investment. The recommendations of Government White Paper No.4 of 2002 on *Investigation on Poor Performance of the National Sport Teams* will be implemented.

15.40 During NDP 10, the private sector and institutions of higher learning will provide financial and technical support to enable research and documentation in the areas of indigenous and professional sport. This will inform best practices, collaboration among stakeholders, promotion of a spirit of volunteerism and establishment of integrated sport structures.

15.41 A self regulatory sport and recreation agency will be established to oversee commercialisation and development of sport tourism industries. This will help to increase private sector investment and reduce government expenditure.

Sector Performance Indicators

15.42 During NDP 10, Government will investigate the feasibility of developing a

range of indicators for this sector, based upon the experience of other countries, and decide which possible indicators should be given priority.

SUMMARY OF PROGRAMMES / PROJECTS LINKED TO DIFFERENT STRATEGY FOCUS AREAS

15.43 Promotion of National Fitness, Wellness and Competitiveness in Sport: The programme aims at encouraging Botswana to participate in sport, and active leisure activities. This will contribute to the promotion of qualities essential for physical, mental and moral wellbeing. It is also intended to promote access and participation in professional sport by providing opportunities for persons with talent to excel in different sport disciplines. The National Sport and Recreation Policy for Botswana of 2001 has identified priorities aimed at establishing an integrated structure for planning, co-ordination and delivery of sport and recreation at all levels. Sport and recreation have many tangible benefits and a significant impact on fitness, wellness and productivity. It will afford professional athletes the opportunity to use their talent to earn a living, encourage the development of sports industries to diversify the economy. Sport and recreation will also help to curb idleness, which results in alcohol and substance abuse and general undesirable behaviour, as well as the spread of HIV and AIDS. The programme has four outcomes, namely: physically active communities; quality community recreation; increased competitiveness in sport; and a developed sport industry driven by the following outputs: removal of barriers to participation; active community clubs; the Sport and Recreation Act; professionalism in sport; and an increase in private sector investment.

SECTION VII: MONITORING AND EVALUATION (M&E)

CHAPTER 16

MONITORING AND EVALUATION (M&E)

INTRODUCTION

16.1 A major development in public administration world-wide in recent years has been the increased focus on Monitoring and Evaluation (M&E) and Results-based Management (RBM) as a basis for public sector management. Proponents of the RBM approach have argued that it can help to improve public-sector quality and efficiency, as well as enhance improvement of services and accountability.

16.2 RBM entails clearly defining expected results to be achieved through implementation of projects, programmes and policies; continuously monitoring their performance; and making adjustments to improve both their efficiency and effectiveness. The tools of M&E provide the needed capability.

16.3 This Chapter is intended to provide a holistic M&E framework and processes that will be used to efficiently and effectively aid implementation of policies, programmes and projects during NDP 10.

BACKGROUND

16.4 Historically, governments have focused their attention on resource inputs (what they spend), activities (what they do and outputs (what they produce). Accurate information at these levels is important, but insufficient to determine the success of policies and programmes. It does not

convey whether beneficiaries have been affected in the manner intended in the policies and programmes. There is, therefore, need to undertake monitoring and evaluation throughout all the levels covering inputs, activities, outputs, outcomes and impacts of policies, programmes and projects.

16.5 In Botswana, the need for the monitoring of policies and projects has long been acknowledged as evidenced by the following interventions:

- Establishment of a Standing Committee on Project Implementation (SCOPI), composed of selected Permanent Secretaries, to monitor implementation of policies and projects;
- Establishment of a Project Monitoring Unit in 2001 in the Ministry of Finance and Development Planning (MFDP); and,
- The development of a Project Monitoring System by MFDP in 2004.

16.6 Preliminary investigations into why policies and projects monitoring interventions did not achieve their objectives revealed that they (interventions) were not as holistic as under the RBM approach. Some of the shortcomings identified in these interventions are:

- Lack of clear performance indicators and targets for some policies, programmes and projects;
- Lack of data on performance of some policies, programmes and projects;
- Policies have conflicting objectives;
- Monitoring and Evaluation systems do not communicate with each other; and,
- Inadequate structures primarily dedicated to monitoring and evaluation.

16.7 To effectively address the above mentioned challenges, in May 2007, Government established the Government Implementation Coordination Office (GICO).

16.8 The establishment of GICO is one of the key recommendations of the Business and Economic Advisory Council (BEAC). BEAC was established in 2005 to assist the Government to realise the objectives of accelerated economic diversification in order to achieve sustainable economic growth. In its investigations, the Council noted that “one of the major shortcomings in Botswana is that many projects, large or small, invariably fall behind schedule, are poorly conceived and carried out, come in over cost or fall below acceptable standards. The shortcomings in project management and execution derive from a lack of high level project management and implementation capabilities.”

16.9 As a solution, the Council proposed the creation of an overarching Implementation Coordination Unit within the Office of the President, to achieve effective policy and project implementation through overseeing and driving forward Government’s new diversification growth strategy, as well as coordinating function for all major government projects. The goal is to improve focus, speed, quality and cost effectiveness of project implementation – Botswana’s greatest current shortcoming.

16.10 The mandate of GICO is as follows:

- Co-ordinate all major government projects with other initiatives and

projects, as well as dealing with the mobilisation of required resources;

- Provide advice to Cabinet and individual Ministries concerning projects being put forward;
- Assist Ministries with projects from conceptualisation to completion, in conjunction with MFDP, which deals with the financial dimension;
- Monitor project implementation and quality, utilising state of the art computer systems for project management and coordination;
- Guide and coordinate a review of existing policies, laws and regulations for compliance with the philosophies and approaches of the new policy principles arising from the approved BEAC Action Plan;
- Review, on an on-going basis, all issues related to the international competitiveness of Botswana and its attractiveness as an investment destination and recommend remedial intervention where required;
- Drive and guide the rationalisation/privatisation of parastatals in terms of the Privatisation Policy and the Privatisation Master Plan, in cooperation with Public Enterprises Evaluation and Privatisation Agency (PEEPA) and other relevant Ministries;
- Act as a bridge to the private business sector and international business, in conjunction with Botswana Export Development and Investment Authority (BEDIA); and,
- Review the entire tender process in collaboration with the Public Procurement and Asset Disposal Board (PPADB) to streamline, simplify and speed up projects.

MONITORING AND EVALUATION STRATEGIES

16.11 The following are strategies for Monitoring and Evaluation:

- Development of a comprehensive Monitoring and Evaluation System;

- Development of Policy Formulation and Review guidelines;
- Capacity Building: Capacity development will be critical for effective monitoring and evaluation. To that end, Project Management Offices will be established within each Ministry to plan and manage periodic evaluation studies and provide credible and objective information to their respective Ministries;
- Harmonisation of Policies and Strategies; and,
- Information Dissemination: The Vision Council has initiated steps to measure progress towards the Vision Goals by using the “Botswana Performance” report. This will be an annual report intended to provide information on where Botswana is in terms of each of the seven Vision Pillars.

Monitoring and Evaluation Framework and Processes

16.12 A comprehensive Macro Development Results Framework (MDRF) (see Table 3.1 in Chapter 3) has been developed for M&E purposes at the national level. The MDRF spells out the Macro priorities for the country for NDP 10. The Framework will be supplemented by other types of monitoring and evaluation approaches, such as the Logical Framework, Theory-Based Evaluation, formal surveys, Rapid Appraisal Methods, Public Expenditure Tracking surveys, Impact Evaluation, etc., which will be used to monitor and evaluate performance of projects, programmes and policies, where appropriate.

16.13 The national MDRF serves as the basis for identifying relevant national-level indicators (outcome and impact) for performance M&E. It links broad national goals (Vision 2016 goals) with the key national strategies of NDP 10 and will be used for measuring and reporting on progress that the country is achieving in meeting these national goals.

M&E Roles and Responsibilities

16.14 At the national level, M&E will be the responsibility of Vision 2016 Council and MFDP. The Vision 2016 Council will primarily monitor and evaluate progress at the macro level. MFDP’s emphasis will be on financial management.

16.15 At the Sector/Ministry level, M&E will primarily be the responsibility of GICO, working with the Public Sector Reform Unit (PSRU) and Ministries/departments. GICO will serve as a central agency to support the development and maintenance of an effective and sustainable M&E capability across Government. It would be an M&E centre within Government and will develop and manage the M&E system. PSRU will be responsible for public service performance.

16.16 The detailed roles and responsibilities of GICO in M&E are as follows:

- Development and management of the application of a structured M&E System;
- Provision of guidance and support to Ministries/departments in the effective utilisation of evaluation as a management tool;
- Promotion of the use of evaluation findings by Ministries/departments to improve quality of policies, programmes or projects;
- Undertaking and coordinating thematic/sector evaluations that cover cross-cutting themes or issues; and,
- Advising on alignment of projects to policies and strategies.

16.17 Roles and responsibilities of MFDP are as follows:

- Undertaking and coordinating thematic/sectoral evaluations of macroeconomic (fiscal and monetary) and socio-economic variables that include cross cutting issues relating to economic growth and development;
- Coordinating thematic, sectoral programme and project budget development, management and implementation evaluations;
- Provision of guidance and technical support to Ministries/departments in the effective utilisation of financial resources made available to them;
- Alignment of projects/programmes to monetary and fiscal policies and strategic sectoral thrusts; and,
- Exploring financing options (external loans, Public-Private Partnerships (PPPs), own funds, etc.) for development programmes and projects, and mobilise such funds accordingly.

16.18 The roles and responsibilities of Ministries/departments in M&E are as follows:

- Ensure that resources deployed for programmes and projects are effectively and efficiently utilised;
- Set up internal mechanisms to facilitate continuous monitoring of policies and programmes and projects for which they are responsible;
- Carry out evaluations on current and completed programmes under their purview; and
- Provide resources in their annual budgets for the establishment or strengthening of internal M&E capacity.

Reporting Requirements

16.19 The M&E information should be reported as follows:

- Submission of quarterly progress reports by sectors to GICO;
- Analysis of quarterly progress reports by GICO;
- Presentation of the analysed quarterly progress reports to Committees, e.g., a Committee of Permanent Secretaries;
- Submission of a Cabinet Information Note on progress on a quarterly basis;
- Sectors should use client satisfaction surveys and other self assessment tools on an annual basis;
- Conduct comprehensive policy/programme evaluation every 3-5 years. In case of a pilot programmes with a life span of less than 3 years, conduct rapid appraisal towards the end of the programme, or an ex-post study after completion.

CONCLUSION

16.20 In this Chapter, issues of the monitoring and evaluation framework, reporting requirements and reporting structures, among others, have been discussed. M&E, as an integral part of the National Development Plan 10, will empower the planners and implementers with requisite skills to be able to execute the Plan easily within stipulated time scales. Further, the monitoring and evaluation mechanisms will provide an ongoing review and assessment of issues.

16.21 Finally, plans which are contemplated without an inbuilt monitoring and evaluation mechanism are bound to fail. The programme approach will enable implementing entities to pursue national programmes in a coherent, coordinated, participatory and sustainable manner.