



# BOTSWANA INSTITUTE FOR DEVELOPMENT POLICY ANALYSIS

BIDPA NEWSLETTER

DECEMBER 2011

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*BIDPA Board Chairman Dr Patrick Molutsi (2nd from right) and other participants at the ACBF workshop (pic: courtesy of mmegi)*

## Editor's Note

As an independent research institute, the Botswana Institute for Development Policy Analysis continues to strategically position itself so that it can effectively conduct research, analysis and publication on development policy issues which are relevant to Botswana. To this end the institute held a staff workshop to deliberate on the strategic plan log frame with the view to ensure effective delivery of the current BIDPA strategic plan. This activity was achieved through the generous support of the African Capacity Building Foundation, one of BIDPA's development partners.

BIDPA continues to achieve some milestones in line with its vision of being a center of excellence for policy research, analysis, advice and capacity building. This is demonstrated by the nature of both completed and ongoing research projects in the current year, as well as capacity building and information dissemination activities. BIDPA takes pride in its long standing history of being a premier economic and policy research institute that places a special premium on Botswana's development imperative.

As the sole 'think tank' institution in the country, it is a given that much is expected of BIDPA especially given the ensuing times of economic uncertainties. For instance, the recent World Economic Outlook (September 2011) shows that the world economy

currently suffers from the confluence of two adverse developments: the first is a much slower recovery in advanced economies since the beginning of the year; and the second is a large increase in fiscal and financial uncertainty, which has been particularly pronounced since August. Consequently strong policies are urgently needed to improve the outlook and reduce the risks. Fortunately Botswana seems to have weathered the storm as there has been remarkable GDP growth in the past quarter. However the vulnerability of the economy to external shocks remains worrisome.

In this issue we highlight a number of activities undertaken by the institute and these include research projects, publications, public forums and capacity building activities.

Finally, we take this opportunity to thank our clients, stakeholders and the general public for their sustained support. May the year 2012 bring more success to us all and our country at large!

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# BIDPA Undertakes Policy Analysis Workshop for Non-State Actors

The Botswana Institute for Development Policy Analysis was engaged by the Non-State Actors Capacity Building Programme to train Non-State Actors (NSAs) on issues of governance. This skills training workshop was held in Gaborone from the 17 – 19 August 2011. BIDPA facilitators included Dr Molefe Phirinyane and Dr Gape Kaboyakgosi.

This training intervention was part of the broader strategy to strengthen governance by building the capacity of the NSAs to enable them to participate and represent their varied interests effectively in the policy making process. In his welcome remarks, Mr Edward Mwale from the Non-State Actors Capacity Building

Programme acknowledged that there are capacity related challenges among the NSAs and that one of these challenges lies in the area of research and policy analysis. As a result BIDPA experts were engaged in an effort to address this capacity gap.

The training adopted a highly participatory approach suitable for experienced professionals and focused on the following themes: Understanding the policy cycle; policy development and analysis; policy implementation, monitoring and evaluation; and research and presentation skills. Workshop participants were implored to play an active role in the development and implementation of policies as they are important stakeholders in policy matters. The workshop was attended by various stakeholders from across the country.



*Keneilwe Mooketsane of BIDPA discussing a point with participants at the workshop*

# BIDPA Hosts ACBF Mid-Term Strategy Launch



*Participants at the ACBF function (pic: courtesy of mmegi)*

**B**IDPA hosted a workshop organized by the African Capacity Building Foundation (ACBF) for the launch of the ACBF Strategic Medium Term Plan 2012-2016 in Gaborone on 25th August 2011. According to the ACBF representative and workshop facilitator, Ms Audrey Mpunzane, this was a consultative workshop in order to allow ACBF development partners to contribute towards its evolution. In Botswana the ACBF provides funding to BIDPA and the Botswana Council of Non-governmental Organizations (BOCONGO). As a matter of fact ACBF has funded BIDPA since its inception in 1995.

The African Capacity Building Foundation (ACBF) was created 20 years ago as a response to Africa's challenges in human and institutional capacity, and thus the vision of the Foundation is to be a premier institution on the continent in the area of capacity development. Ms Audrey Mpunzane indicated that the overall goal of the Foundation is to support activities that lead to the achievement of effective governance for real poverty reduction by working to improve the capacity of the

country and regional organizations that are primarily responsible for development and poverty reduction. The foundation would work where there is a credible partner to work with on the ground, or where there is potential to respond to emerging global challenges such as climate change, renewable energy or food security.

The Foundation seeks to obtain results in four specific areas, which include: (I) improved public access to basic services that comes from effective economic governance; (II) improved legitimacy and accountability of the governance system; (III) improved regional integration and enhanced share of African economies in global trade; and (IV) improved responsiveness of African institutions in the management of uncertainty and risks, particularly from shocks (commodity and food prices, oil shocks and risks from globalization).

The workshop participants appreciated the foundation's efforts at consultation, and wished that the process could have been done a little earlier. The workshop was attended by BIDPA, BOCONGO and other stakeholders.

# Africa Capacity Indicators

**D**r Grace Tabengwa attended the training workshop on development of capacity indicators hosted by the African Capacity Building Foundation. She is leading the Botswana data compilation exercise that is being conducted by the Research Policy Units in various African countries.

The 2010 Africa Capacity Indicators Report has been launched and it is available on the BIDPA website and Library. The data being compiled by BIDPA on Botswana will form part of the comparative analysis across the African Countries on Capacity Needs Assessment and the report will be launched in 2012. The training workshop provided training to Policy Units in various African countries for the country

projects on the collection of data for the development of Capacity Indicators for the 2012 Africa Capacity Indicators Report. As you may all be aware, the Africa Capacity Indicators Report 2011 has been launched and Botswana was also covered.

The theme for the 2011 report is Capacity Development in Fragile States while that for the 2012 report would be Agricultural Transformation. It would be interesting to take a look at the report because it has various economic, institutional aspects, social, gender, capacity needs, policy, governance, infrastructure, poverty etc where it gives an assessment and evaluation after a rank of various indicators in the aspects. In a number of countries, governments have adopted the report and use the indicators for emerging policy issues.



*Dr Grace Tabengwa (2nd from left) and other participants at the Africa Capacity Indicators Workshop*

# ACET/BIDPA Project Workshop



*Prof. Haile Taye, Dr Grace Tabengwa and other participants at the workshop*

The country progress review workshop focused on reviewing progress on the ongoing country projects on Prospects for Economic Transformation being funded by the Africa Centre for Economic Transformation.

A team of experts was constituted by ACET to review the draft country studies to ensure that the terms of reference and analysis conducted among the African countries are addressed in a coherent and consistent manner so that the final reports will yield comparable results.

Prof. Haile Taye and Dr Grace Tabengwa presented the Draft Report for the Botswana Country Study, “Extent and Prospects for Economic Transformation

in Botswana”. The presentation focused on a review of the transformation process and challenges on the economic, trade and product and industry structure in Botswana, with insight on the prospects for economic transformation and what needs to be done to fast track the transformation process in the context of Botswana.

This project is well on track and the final report was finalized by the end of September 2011, and the report for all the country studies will be launched by ACET in 2012. The BIDPA Research Team at the forefront of this project is Dr Grace Tabengwa, Prof. Haile Taye, Dr Molefe Phirinyane, Dr Pelotshweu Moepeng, Ms Pinkie Kebakile, Mr David Mmopelwa and Mr Raymond Lekobane.

## BIDPA Projects highlights - Completed

### Study to map investment opportunities for District and Town Councils in Botswana

The purpose of the study was to identify, quantify and map investment opportunities in Districts and Towns in Botswana. The study was commissioned by BEDIA, and some of its objectives were to: Establish and list various potential natural raw materials that are found in abundance and can be exploited within the regions of Botswana; Determine the raw materials that are exported in their raw form that can further be processed locally to generate downstream activities; Identify investment opportunities in the form of value added industrial activities the raw materials could generate in the area, and support industries and services needed, etc.

### Review of Botswana International University of Science and Technology (BIUST)

BIDPA served as the Secretariat to the BIUST review study commissioned by the Ministry of Education and Skills Development. The Report of the Review Committee has since been submitted to the Ministry.

### Training in policy analysis and research for Non-State Actors

The European Union, under the Non-State Capacity Building Programme, engaged BIDPA to build the capacity of non-state actors in Botswana focusing on the area of policy analysis and research.

## BIDPA Projects highlights - Ongoing

### Study on Mining and Diversification of the Botswana Economy

The objective of the study is to focus government policy formulation on the development challenges that Botswana will face when the diamond revenues decline. The study is being funded by the African Development Bank.

### Open Budget Index 2012

The Open Budget Survey 2012 objective is to investigate issues of transparency, public participation and accountability in government budgets. It is aimed at analysing and evaluating public budget transparency to determine if central governments give the public access to budget information; whether the public has the opportunity to participate in the budget process; and the ability of legislatures and auditors to hold their governments accountable.

### Reconstruction of the Construction Sector Industry Bodies in Botswana

The Ministry of Infrastructure, Science and Technology has contracted BIDPA to conduct a study on the feasibility and optional setup of a construction industry body. The objective of the study is to interrogate the need for a national construction body and/or improve existing structures to make them responsible for setting standards, introduce regulations and to oversee all activities related to the construction industry.

### Contribution of Sustainable Natural Resource Management to Economic Growth

BIDPA is conducting this study for the United Nations Development Programme and the objectives include to: provide evidence and the nature of linkages between environmental management, growth and poverty

eradication; assess the economic and social costs and benefits in monetary and non-monetary terms, of sustainable and unsustainable natural resources use in Botswana; highlight the potential contribution of environmental sustainability to growth, food security and poverty eradication over time, etc.

### Elections and Management of Diversity in Africa

BIDPA was contracted by the Economic Commission of Africa to conduct a study which assesses progress that African countries are making in using elections as a tool for better management of diversity in Africa. The project focuses on Botswana and is part of the Africa Governance Report III.

### Review of Ipelegeng Programme

The project aims to evaluate and assess the relevance,

effectiveness and efficiency of the Ipelegeng programme and to identify feasible and cost effective enhancements and or alternatives to the programme within the emerging social development policy framework in Botswana. The project is sponsored by the Ministry of Local Government – Department of Local Government Planning.

### Fast Tracking Implementation of Vision 2016

This project is funded by the African Development Bank and has four facets: The review of the achievement of Vision Pillars; the review of the role that the informal sector can play in the attainment of the Vision objectives; the spatial factors of HIV and AIDS and how these affect the attainment of the Vision objectives; and capacity building.

# BIDPA Policy Brief - *Enhancing Public Budget Transparency in Botswana* by Gape Kaboyakgosi

This policy brief discusses the need to make Botswana's budget process more transparent. Transparent or open budgets both facilitate and support timely, relevant public access to budget information, enhancing citizen participation in the budgetary process. Transparent budgets also strengthen the role and independence of oversight institutions such as Parliament and Supreme Audit Institution (SAI)-or the Office of the Auditor General - in order to engender budgetary accountability.

The objective of this brief is to advocate for the opening up of Botswana's budgetary process. While Botswana has generally performed highly in terms of political governance indicators, economic performance, and credit rating among others, performance in indices of fiscal transparency has been generally low.





As an example, Botswana's performance for the 2010 Open Budget Index (OBI-2010) showed that performance had been declining in three consecutive occasions, from 65% in 2006 to 62% in 2008 and 51%

in 2010. The paper discusses the factors contributing to the decline, the current budgeting practice and also offers recommendations on how Botswana could enhance public budget transparency.

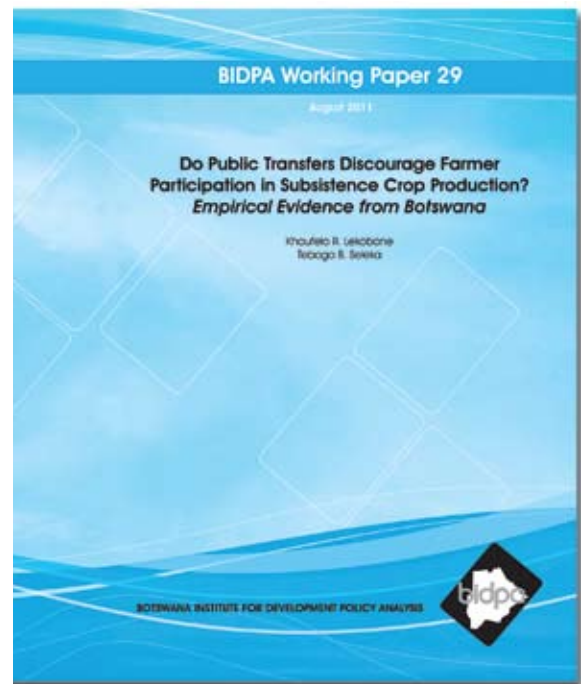
## BIDPA Working Paper Series

### Do Public Transfers Discourage Farmer Participation in Subsistence Crop Production? Empirical Evidence from Botswana

*Khanfelo R. Lekobane and Tebogo B. Seleka*

We analyze the impact of public food and cash transfers on farmer participation in Botswana's subsistence arable agriculture. The results indicate that publicly provided social pensions and food packages (rations) reduce the probability of participation in subsistence crop farming. Engagement in paid off-farm employment, which is sometimes facilitated through a public works programme (PWP), also discourages farmer participation in the subsistence economy.

Therefore, public food and cash transfers and the PWP yield work disincentive effects in Botswana's subsistence agriculture. This is because transfers are usually consistent and regular in Botswana, impacting on household behaviour. The design of social protection policies should therefore consider such potential disincentive effects on the agricultural sector.



### Factors Underlying Communal Beef Cattle Marketing Decisions in Botswana: The Role of Public and Private Transfers

*David Mmopelwa and Tebogo B. Seleka*

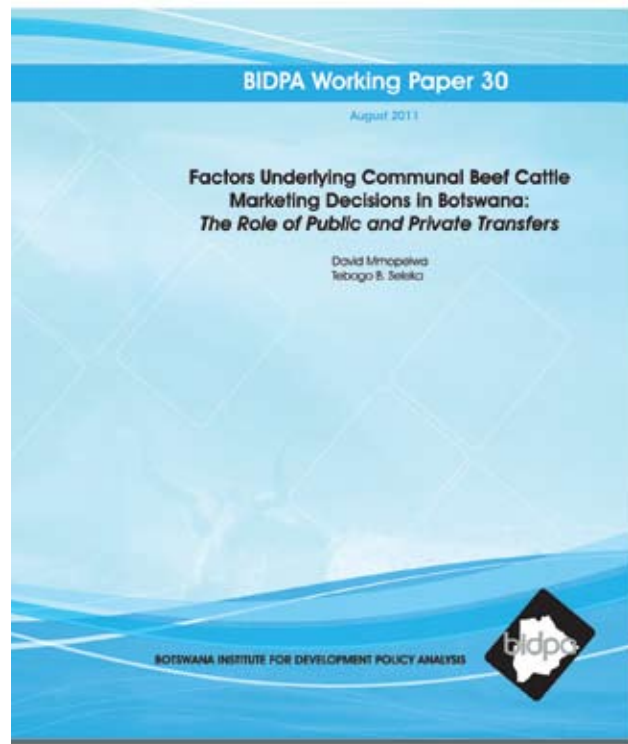
This paper examines factors underlying communal beef cattle marketing at a household level in Botswana, using agricultural census data for 2004, with emphasis placed on the role of public and private transfers. Two regression equations are specified. The first is a binary Logit regression model for estimating

the probability of selling cattle whereas the second is a Tobit regression model for examining the number of cattle sold.

Results show that non-farm income (paid employment, and business income) discourages cattle marketing. Fixed public and private transfers (government food

rations, pensions, remittances, and food supplied by friends and relatives) also have negative influences on marketing decisions. The paper observes that while cash and food transfers are important sources of household food security, they also discourage cattle marketing and may adversely impact on the performance of the cattle industry in Botswana.

Therefore, the paper concludes that it is fundamental that public transfer programmes are well targeted to needy and poor households, in order to minimize their adverse effects on the cattle industry. On the positive side, the paper argues that public transfer programmes may assist poor farmers rebuild their cattle and other livestock inventory, contributing to transition out of inter-generational poverty.

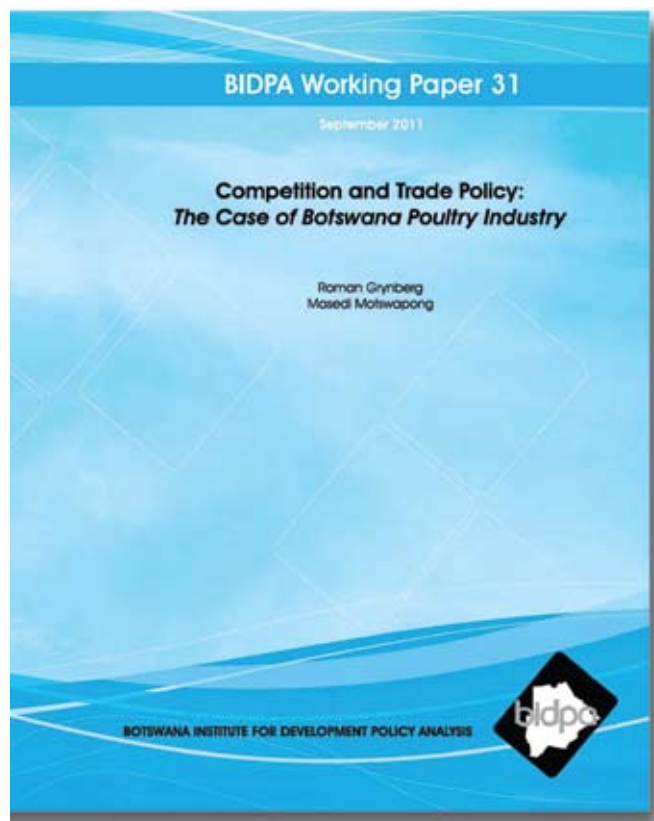


## Competition and Trade Policy: The Case of the Botswana Poultry Industry

**Roman Grynberg and Mr Masedi Motswapong**

The poultry sector is the most successful example of import substitution in Botswana with the country having achieved national self sufficiency. The paper describes the value chain in the industry and shows how, given the small size of the market, a high degree of market concentration exists.

There is an estimate of the loss of consumer surplus from the current trade regime. The paper raises issues regarding the fundamental tension between competition and industrial policy in a small developing country. As the larger firms in the poultry industry move towards export readiness after 32 years of protection, the question of a new trade and industry regime is considered.



## Latest Publications

**Grynberg, R. and Motswapong, M.** (2011). *Competition and Trade Policy: The Case of the Botswana Poultry Industry*. BIDPA Working Paper No. 31. Gaborone: BIDPA

**Lekobane, K. R. and Seleka, T. B.** (2011). *Do public transfers discourage farmer participation in subsistence crop production? Empirical evidence from Botswana*. BIDPA Working Paper No. 29. Gaborone: BIDPA

**Mmopelwa, D. and Seleka, T. B.** (2011). *Factors underlying communal beef cattle marketing decisions in Botswana: The role of public and private transfers*. BIDPA Working Paper No. 30. Gaborone: BIDPA

**Mmopelwa, D., Nnyepi, M. and Codjia., P.** (2011). Predictors of household food insecurity and implications for child nutrition. In Maundeni, T. and Nnyepi, M. (Eds.). *Thari ya bana: Reflections on children in Botswana*. Gaborone, Botswana: UNICEF

**Kaboyakgosi, G.** (2011). *Enhancing public budget transparency in Botswana: Why and how*. BIDPA Policy No. 10. Gaborone: BIDPA

**Kebakile, P. G., Lekobane, K. R., Wallenoffer, S. and Gross, P.** (2011). Extent and nature of child poverty in Botswana. In Maundeni, T. and Nnyepi, M. (Eds.). *Thari ya bana: Reflections on children in Botswana*. Gaborone, Botswana: UNICEF

**Seleka, T. B.** (2011). Trade liberalization, state trader management tenure, and grain pricing in Botswana. *Journal of International Food & Agribusiness Marketing*, Volume 23, Issue 2, pp. 167 -186

**Seleka, T. B., Jackson, J. C., Batsetswe, L. and Kebakile, P. G.** (2011). Small-scale milling and the feasibility of mandatory fortification of sorghum and maize flour in Botswana. *Development Southern Africa*, Volume 28, Number 4, pp. 461-476

**B**IDPA is a non-governmental research institute concentrating mainly on development policy analysis and capacity building. The main focus is Botswana. However, BIDPA may engage in regional work.

Within its areas of concentration, BIDPA seeks to: conduct and promote research; monitor the performance of Botswana's economy; survey the management of public policy implementation as it relates to economic and social development; provide consultancy service and advice to government agencies and other clients; offer technical and or financial assistance for the facilitation of policy analysis; disseminate and publish research and consultancy results; and assist in professional training and public education in matters pertaining to policy analysis.

While the Executive Director is responsible for the day-to-day management of the Institute, authority and responsibility for all activities of the Institute lies with the Board of Trustees, which currently has the following members: Dr P. Molutsi (Chairman) - Tertiary Education Council; Mr O. Motshidisi - Bank of Botswana; Mr N. Kahiya - Office of the President; Ms M. Machailo - Ellis - BOCCIM; Prof. T. Fako - University of Botswana; Mr K. Ndobano - Ministry of Finance and Development Planning; Ms C. Ramalefo - BOFWA; Dr P. Draper - South African Institute of International Affairs.



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