



Botswana Institute for Development Policy Analysis

# NEWSLETTER

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*The ED Dr Fidzani "innovativeness is the means by which consolidation will be achieved".*

## EDITOR'S NOTE

One of the basic and essential elements of BIDPA Phase III projects has been and continues to be "consolidation". As the Executive Director, Dr. Fidzani, rightly said in the first issue for this year "innovativeness is the means by which consolidation will be achieved". The ED pledged that the institution will consolidate all efforts towards maximizing research without expanding the staff base. This indeed called for innovativeness in resource management. It further enhanced close collaboration and interaction among staff and also with the broad spectrum of BIDPA stakeholders. This was particularly evidenced in the projects done for Local Enterprise Authority (LEA); The Study on the Development of Trade and Production Database in Goods and Services for Botswana which involved all units; The publications of **The Performance and Competitiveness of Small and Medium Sized Enterprises in Botswana**, and **Proceedings of the 2006 FOPRISA Annual Conference**,

participation in NGO week in the month of October further exemplify the innovative collaboration.

Deliberate efforts have been made to realize the key institutional mandate of promoting and conducting research on development policy issues relevant to Botswana and the Southern African region. Through research BIDPA is able to help in the national process of monitoring Botswana's economic performance and the implementation of the driving policies. Typical examples include studies that investigated issues of governance at country, regional and Africa wide levels; the country's position in regional and international trade agreements; and looking at micro economic impacts of processes that relate to livelihoods of Batswana.

The publication of the newsletter is one of BIDPA's many efforts to disseminate research finding to its stakeholders and create awareness of critical socio-economic development issues at both the macro and micro levels.

However the issues covered in this edition of the newsletter are not exhaustive of the institution's activities. Furthermore, BIDPA is open to questions and comments from the readership of its publications....

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## BUSINESS & TRADE

### *The Local Enterprise Authority (LEA) Project*

BIDPA undertook a baseline study for the Local Enterprise Authority. The study's key objective was to create a Data Base of Small, Medium and Large Enterprises and develop an industrial/sector map of Botswana.

The database is expected to provide LEA with accurate, reliable and relevant data for planning and implementation purposes. The industrial map to indicate the existing industries/sectors by region which can be used to increasingly localise value chain particularly within the regions and the country at large.

The study also scanned the regional potentials for economic diversification and development of Botswana. This involved identifying resources and raw materials by location which could provide the basis for regional industrial development planning. It also aimed at validating the four niche sectors identified by LEA namely manufacturing, agriculture, tourism and services, with a view to indicate where each sector has competitive advantage and which region has potential for the niche sectors.

### *Sensitive Products in the SADC Countries.*

The institution has also completed this study which aimed at establishing how products that SADC countries are dependent on for employment, government revenue, industrial development and rural livelihood will impact on the implementation of the SADC Trade Protocol as well as the required trade liberalization for the formation of a Free Trade Area in 2008 and a Customs Union in 2010.

The findings were shared through a presentation at the FOPRISA Annual Conference at Durban, South Africa from 27<sup>th</sup> to 28<sup>th</sup> November 2007.

### *Non-Agricultural Market Access*

In the bid to determine the country's position on the world trade map, BIDPA investigated and presented a "*Botswana Position Paper on Non-Agricultural Market Access (NAMA)*" at the World Trade Organization (WTO)" for the ongoing WTO NAMA Trade negotiations. The study analysed the NAMA Chairman's text of 17<sup>th</sup> July, 2007 and crafted a Botswana position on the

issues raised.

This covered an assessment of the impact of the use of the suggested coefficients of the Swiss formula on SACU products, including Botswana's sensitive products, how Botswana may benefit from the flexibilities provided for developing countries, sectoral tariff reductions as well as analysis of non-tariff barriers at the WTO.

Work is also being wound up with more informative analysis on trade issues. This includes consultancy work on "*The Study on Analysis of SACU Tariff Structure and Identification of Priority Areas for Botswana.*" This examines the existing SACU tariff structure and how it may be structured to support Botswana's industrial development.

Another ongoing project is "*The Study on the Single SACU Origin*" which investigates the economic implications of having single SACU rules of origin on Member states.

## GOVERNANCE AND DEMOCRACY

Political, corporate, and socio-economic governance are essential elements for sustainability of Botswana's democracy. BIDPA has had projects that addressed these critical pillars so as to present Botswana's position in the transparency and accountability map.



*Prof. J. Kaunda, Keneilwe Mapena and Keneilwe Mpule from the Public Sector Reforms Unit*

The Botswana national consultations for the **Seventh African Governance Forum (AGFVII)**, whose theme is "Building the Capable State in Africa", were held on 16 August 2007. The consultations were facilitated by BIDPA and guided by the UNDP Regional Bureau for Africa's Concept Note and Technical Papers. This country report highlights the experiences, challenges and requirements for strengthening state capacity for

good governance and development in Botswana.

### *Botswana Country Governance Profile.*

The Public Sector Reforms Unit, under the leadership of Prof. Jonathan Mayuyuka Kaunda worked on the **Botswana Country Governance Profile**. The main objective was to outline the major governance issues in the country, so as to inform and identify possible interventions.

The report clearly brings out the factors accounting for Botswana's internationally acknowledged good governance profile, especially the roles of the key governance institutions like the DCEC, Office of the Auditor General, the Police and the over-sight committee of parliament in promoting good governance in Botswana.

The information was gathered through, amongst other approaches, consultations and discussions with key representatives of government institutions, the private sector, the civil society and resident international development cooperating partners.

This initiative was funded by the African Development Bank. It serves as a programming tool to help identify specific areas of cooperation, areas of weakness and agreeing on benchmarks and targets for reform (Government commitments) or on sectoral performance indicators. It will help to assess the extent to which commitments undertaken by partner countries are relevant, ambitious and credible for the "incentive tranche".

### *The African Governance Report II*

The project **Measuring and Monitoring Progress Towards Good Governance in Africa: The African Governance Report II (UNECA)** whose overall objective was to monitor the progress of African States towards governance.

It is an initiative also aiming at instilling realization that sustenance good governance can be best attained when anchored into the African Context. To attain a national ownership of this noble initiative, the research team working on this project hosted a stakeholders workshop on the 21<sup>st</sup> November 2007 at the Gaborone International Convention Centre. This was a means of continued consultation and reporting back.

### *Improvement of Institutional Efficiency*

Corporate governance is an equally essential component in the attainment of peace and tranquillity. On this front, BIDPA investigated strategies towards the **Improvement of Institutional Efficiency in the Southern and Eastern Africa Policy Research Network SEAPREN Institutes (SEAPREN)**.

This involved gathering information and exchange on best practices in management and capacity building. For example, project management; performance pay systems; institutional memory systems; Information storage and access systems; Internal communication and coordination; publication and dissemination; mentoring and capacity building of junior researchers; etc..

### *Budget Processes*

Another related financial governance research project is the one on **Budget Processes and Transparency in Southern and Eastern African Countries**. The main goal of the study is to assess the budgetary process in five East and Southern African countries which include Botswana, Kenya, Namibia, Tanzania, and Zambia and to assess whether their systems offer useful lessons for each other's budget processes.

The specific objective of the study was to conduct empirical studies on characteristics of the budgeting processes in the five Southern and Eastern African countries mentioned above. These countries were supposed to improve their economic governance in the area of budgets through the use of Medium-Term Expenditure Frameworks (MTEFs); and enhancing the roles of parliaments, non-state actors and the Auditor General in controlling budgets, as well as the adoption of effective quality assurance, watchdog, surveillance functions and due process devices.

Several issues were identified as major concerns in the countries in this study. Although the legal frameworks exist in all countries, they are often inadequate or not applied (or both) due to lack of capacity. There is need to improve the application of the legal frameworks, as failure to do so may be an impediment to transparency and accountability and hence good governance.

The budget formulation phase is generally confined to the public institutions and does not allow for enough opportunities for participation to contribute to the decision-making process

by broader stakeholders. There are many challenges to the construction of a realistic and sound budget system.

This comparative study was undertaken by Dr Charity K. Kerapeletswe of BIDPA and Mr. Rehabeam Shilimela, of NEPRU. A draft report on the study has been produced and circulated for comments.

### *The Tender Splitting study*

This project was led by Prof T. J. Agiobenebo, and was commissioned by GoB (Ministry of Finance and Economic Planning (MFDP)) to explore the feasibility of splitting tenders for the purposes of speeding up the implementation of government projects, empower citizen owned businesses and facilitate the elusive economic diversification. BIDPA, in its own initiative, designed a Local Content Enhancement process in addition to addressing the initial objectives of government. Local Content enhancement seek to increasing localised economic activity in the domestic economy and provide opportunities for the domestic sector in general and the indigenous economy in particular to participate proactively in public procurement.

## AS DONORS LEAVE THE COUNTRY

Being labeled an “upper middle income country,” by the International Monetary Fund (IMF) and the World Bank has resulted in among other things, the withdrawal of donor agencies from the country. This exit has impacted the country.

A study was thus set to assess the cited exit strategy. This **Joint Evaluation of Exit Management** covered four donor countries: Denmark, the Netherlands, Norway and Sweden. It focused on country level exit processes in development cooperation.

The purpose of the evaluation was to facilitate mutual learning on issues of exit from development co-operation partnerships at country level. Although primarily catering for the information needs of its four sponsors, it is also expected to be useful for the developing countries participating in the case studies. The study covered Botswana, Eritrea, India, Malawi, and South-Africa. These countries represent different reasons for donor exits or aid transformation. The Botswana case was evaluated by BIDPA’s Researcher Dr. Charity Kerapeletswe in the Microeconomic Unit while Jan Isaksen was the international consultant.

Botswana case studies were selected from the larger donor programmes as well as issues which appeared to be particularly

interesting . Four case studies were selected as follows:

- The Norwegian support to the health sector;
- The Norwegian support to the roads sector;
- Botswana’s handling of the loss of Technical Assistance caused by the changing aid relationship, and
- The NGO funding squeezes which as collateral damage from the exit of official bilateral aid.

Experience from all of them would be synthesized to form a basis for improving exit processes.

## INSURANCE SCHEMES IN AGRICULTURE

The provision of agricultural insurance scheme requires appropriate studies to be undertaken to assess the viability from an underwriting point of view: the environment and conditions of production, such as nature of crops or livestock being produced, statistical meteorological details, input cost cover (seed/fertilizer), estimated yields, etc. This requires a survey of agricultural insurance schemes that are operational in other countries to benchmark against.

Field work for the study on **The Botswana Contributory Agricultural Insurance Scheme Feasibility Study** has just kicked off. This study aims at assessing the viability of a contributory agricultural insurance scheme and determining the eligibility conditions for the insurance cover and criteria on which to base both the insurance premium and compensation for production loss. The information and methodology from the literature review will be augmented by obtaining additional premium setting information through determining producer willingness to pay and also an assessment of producer risk mitigation strategies.

The study will propose guidelines for the administration of the funds in accordance with those which exist for other established agricultural schemes anywhere in the world and will ensure best practice in accordance with normal international insurance practices.

The research team is a strategic consortium of Botswana Institute for Development Policy analysis (BIDPA) and local as well as regional companies that are involved in insurance provision. These are: the Swiss Re Africa Limited which has in-depth local knowledge of African markets while providing a conduit to global excellence, Hollard Insurance Botswana, Ntoba Investments and Botswana College of Agricultural. BIDPA is the lead institute and study is being led by Dr C.K Kerapeletswe while the field work is coordinated by Ms. Malebogo Mokotedi.

## EMPLOYMENT IN SPORTS

Nowadays people can pursue different careers in the sports industry, both on and off the field. BIDPA continued consultation with the Botswana National Sports Council in investigating employment opportunities in sports in Botswana. Another related project was on medals won by individual sports persons and teams of the sport codes affiliated to the Botswana National sports Council. It sought to assess and monitor achievements of sport persons, teams and the sport codes. This will help map Botswana sports against international standards.

## CAPACITY BUILDING INITIATIVES

The institution continues to build national capacity on economic policy issues. The table below gives a summation of some of the workshops, conferences and presentations that BIDPA researchers were involved in. The table further shows the role played by the institution and the gains from the activities.

Activity	BIDPA Role ( By)	Where?	When ?	Target Audience / End users	Effect/impact
4 <sup>th</sup> Southern African Forum on Trade (SAFT).	Prof. J. Mayuyuka Kaunda presented paper, "The Effectiveness of Institutional Restructuring in SADC"	Pretoria, RSA,	August .2007	SADC and aid donors	
Workshop on "The Implications of South Africa's Trade Policy on the SACU countries."	Dr Sentsho participated as a Panellist	Pretoria, RSA	September 2007	organized by the South African Institute for International Affairs (SAIIA)	
National Conference on the Informal Sector of Botswana	Prof. T. Agiobenebo was the architect of this Conference.	Gaborone	August 2007		
The launch of a series of studies on "China in Africa"	Mr. J. Maiketso participated	Pretoria, RSA	October 2007	organized by SAIIA	Trade Unit will closely follow these studies and participate where possible because China is emerging as an important global economic giant and already, SACU countries are working on negotiating a trade agreement with China
<u>Economy-wide Impact Analysis Training Workshop</u>	Mr.J. Maiketso and Mrs.. K. Sekolokwane	Pretoria, RSA	24 <sup>th</sup> to 28 <sup>th</sup> September, 2007.	workshop was organized by Trade and Industry Policy Strategies (TIPS)	Focused on the use of Social Accounting Matrix (SAM) in economic analysis. The plan is that sometime next year, the training will now take the participants to cover CGE Modelling.
CSO Inter regional Dialogue on Aid Effectiveness – Theme: "Ensuring Aid Effectiveness-The Way to Sustainable Development"	Prof.. Mayuyuka Kaunda Presented paper, "The Paris Declaration and SADC"	Lusaka, Zambia,	October 2007	AFRODAD	On aid effectiveness and management of donor funds
Civil Society Consultative Workshop on Land and Agrarian Reform in the SADC Region	Prof.. Mayuyuka Kaunda gave a Presentation on FOPRISA initiation; negotiation; funding; administration; and liaison with SADC and donors.	Gaborone	September 2007	SADC and Aid donors	Sharing experiences in the management and processes under FOPRISA
<b>Induction to World Bank electronic information resources.</b>	Awareness seminar for University of Botswana social sciences & law librarians Presentation for Ministry of Finance Researchers	BIDPA library Ministry of Finance	August 2007 October 2007		BIDPA's research output in the library is mostly used by University Of Botswana lecturers and students & Ministry of Finance. The Social Science librarians would therefore help in facilitating awareness and access to this knowledge.

## IN-SERVICE TRAINING

As part of the BIDPA collaborative relationship with SAIIA, the institution has sent Mrs Khutsafalo Sekolokwane on a three months internship at SAIIA starting from October to December, 2007. In addition to studying and benchmarking on what SAIIA is doing that may be of relevance to BIDPA, Mrs Sekolokwane will also conduct a study on "The Implications of Regional Economic Integration for Sustainable Development in SACU." Along with this, Mrs Sekolokwane has also enrolled for an electronic course on "Introduction to the WTO" which is offered under the auspices of Department of International Trade, Ministry of Trade and Industry.

Mrs V. Ndzinge-Anderson has also enrolled for an e-commerce and intellectual property rights course offered by the World Intellectual Property Organization (WIPO).

Ms Tsabatho Kongela, who has been serving as Office Assistant handling institution's supplies has now moved to serving in the library. In September 2007 she attended a library support service workshop at Mafikeng. The aim of the workshop was to create a better understanding of library collection management and to share tips and tricks so as to build motivation and enthusiasm in library support staff. Some of the participants were from the University of Botswana Library.



**capital for the 21<sup>st</sup> century**, at the Gaborone International Convention Centre on the 25<sup>th</sup> September 2007. The key presenter was Kirk Hamilton, Lead Environmental Economist and Team Leader, Policy and Economics in the Environment Department of the World Bank. The respondent was Dr. Joel Sentsho, BIDPA Senior Research Fellow, Trade Unit, who brought to light specific examples of Botswana's natural resource management and fiscal policies.

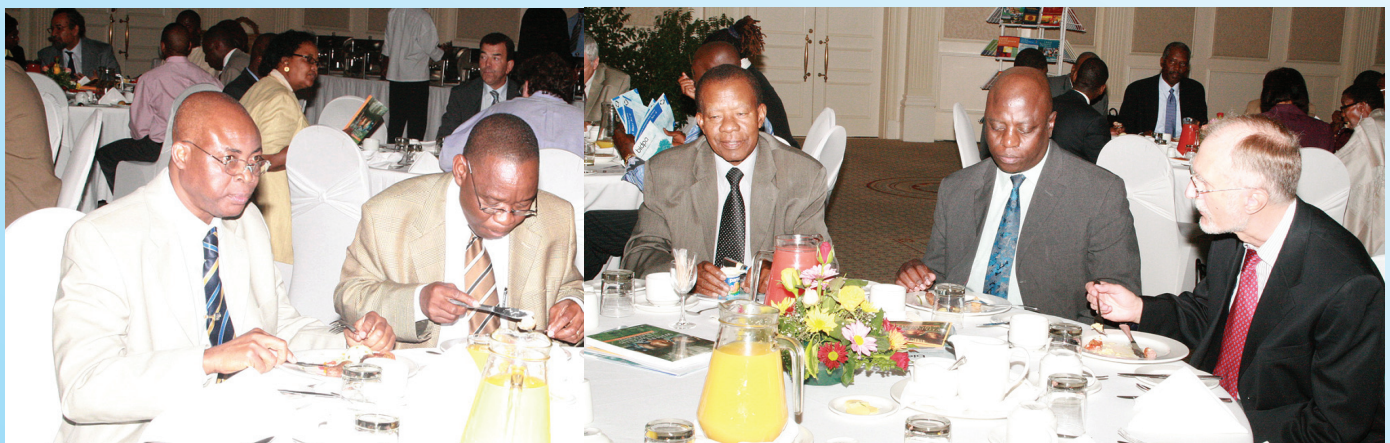
The seminar was honored by the presence of the Former President of Botswana, Dr. Q.K.J. Masire, Permanent Secretaries and directors from different ministries, Representatives from parliament, foreign missions, CEO's from financial institutions, NGO's, academics and researchers, librarians from other organizations, etc. This afforded BIDPA a good positioning in strengthening relations with strategic partners and also served as a right stride in institutional mandate of capacity building.

It was impressive that participants could relate the "wealth" with their respective areas of expertise. For example some of the question or comments brought in the element of educational resource base with special emphasis on culture and its broad natural resources; some called for the consideration on variation of capital and ensuring that economists speak the language of natural resources; a need to look into where the wealth was going was also brought up. There was also reference to the ICT's and putting control measures on harnessing of the natural resources.

As noted in the table that presents some of the capacity building initiatives that the institution takes, some activities have been carried out not only to create awareness of the DIC but also to enhance stakeholders capacity in use of electronic information sources and resources offered by the World Bank.

## DEVELOPMENT INFORMATION CENTRE

BIDPA hosted a development dialogue, based on the World Bank publication **Where is the Wealth of Nations? Measuring**



*BIDPA senior reseachers, Prof Agiobenebo, Dr Sentsho with former president & Kirk Hamilton at the seminar on Where is the Wealth of Nations?*

## VISION 2016

Vision 2016 secretariat is housed and administered by BIDPA. On 1 September 2007 the Vision 2016 Awareness Month was launched at Khakhea, a village in Mabutsane Sub-District under the Southern District Council. This year's theme was "*Turning Challenges into Opportunities: The Journey Continues*". The event was officially launched by His Excellency the President Mr Festus Mogae. The former President Sir Ketumile Masire as well as other guests from almost all the districts attended the Launch. The stakeholders and Mabutsane community mounted some stalls to show how they have internalised Vision 2016.

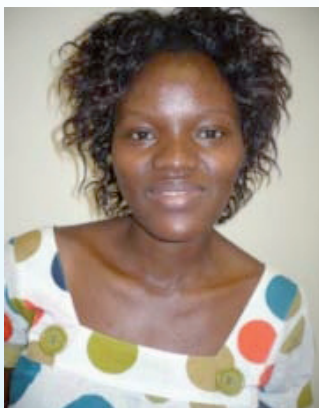
More activities have been carried out in a bid to create ownership of the vision. At national level, institutions continue to showcase their implementation of Vision 2016. These initiatives shall be shared with the public through documentaries and broadcast on BTV; a weekly slot over Radio Botswana and a weekly Column in The Botswana Daily News.

Individuals and institutions that are doing well in implementation of vision pillars are usually awarded and motivated. A total of ten awards were given to such deserving individuals and organisations at the GICC on 20 September 2007.

## BIDPA STAFF

Dr Ibrahim Kamara who has just completed his PhD studies at the University of Cape Town has been recruited to the position of Research Fellow. He was appointed in August 2007. In addition, three Associate Researchers have been recruited and appointed.

Mrs Chandapiwa Mogobe joined BIDPA in July 2007 after having worked for the Ministry of Local Government as a District Officer Development (Economic Planning) for six years in Central and Southern Districts, respectively. Her highest academic qualification is a Masters Degree in Economics from the University of Free State, South Africa. During the pursuit of her Master's Degree, her research interests culminated in a co-authored article entitled '**Should South Africa have a fiscal rule?**', published by the South African Journal of Economics in 2006. Currently,



at BIDPA she is focusing on incomes, welfare and poverty related research – an augmentation of her extensive experience in rural development and poverty alleviation issues imperative in guiding policy making and intervention strategies.

Mrs Malebogo Mosinyi was appointed with effect from August 2007. While still pursuing her Masters in Social Sciences, Mrs Mosinyi had a privilege of being mentored by the seasoned BIDPA researchers during her attachment as a student from December 2005 to March 2006. She graduated with double Major in Economics and Environmental Sciences at the University of Botswana. Malebogo just completed her Masters in Economics at the University of Botswana and awaits her results.



Ms Segomotso Selabe, another new entrant, came in August 2007 as an Associate Researcher in the Macroeconomics Unit. She holds a Masters Degree in Economics from the University of Botswana. Selabe worked as a Research Assistant at Econsult Botswana before joining BIDPA. She also worked as a part-time lecturer at the University of Botswana offering Microeconomics.



Mr Letsogile Batsetswe, Associate Researcher, did not renew his contract at the end of his contract period on the 31<sup>st</sup> August 2007. He has joined Botswana Tourism Board.

## PUBLICATIONS

***Proceedings of the 2006 FOPRISA Annual Conference (BIDPA/FOPRISA)***

This presents a collection of fifteen (15) papers from the 2006 FOPRISA annual conference that was held in Maputo, Mozambique. The themes covered are in four broad areas of Democratic Development; Security Cooperation; Regional Trade & Trade Policies; and Micro-Economic?? Convergence.

***The Performance and competitiveness of Small and Medium Sized Enterprises in Botswana, ( BIDPA & CEDA) .*** This study is an expedition to find out the state of affairs for doing business vis-a-vis the performance and competitiveness of the SMEs.



Batsetswe given a lecture on skills to survive outside BIDPA people by the BIDPA gents

BIDPA 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: Prof. T. Tlou (Chairman) – University of Botswana; L. Mohohlo (Deputy chairperson) – Governor of the Bank of Botswana; M. Modise - Permanent Secretary (Development) of the Office of the President; Machailo-Ellis – Managing Director of BOCCIM, Dr. P. Nyamadzabo – Judge of the High Court of Botswana and Prof. Bojosi Otlhogile- Vice Chancellor of the University of Botswana.