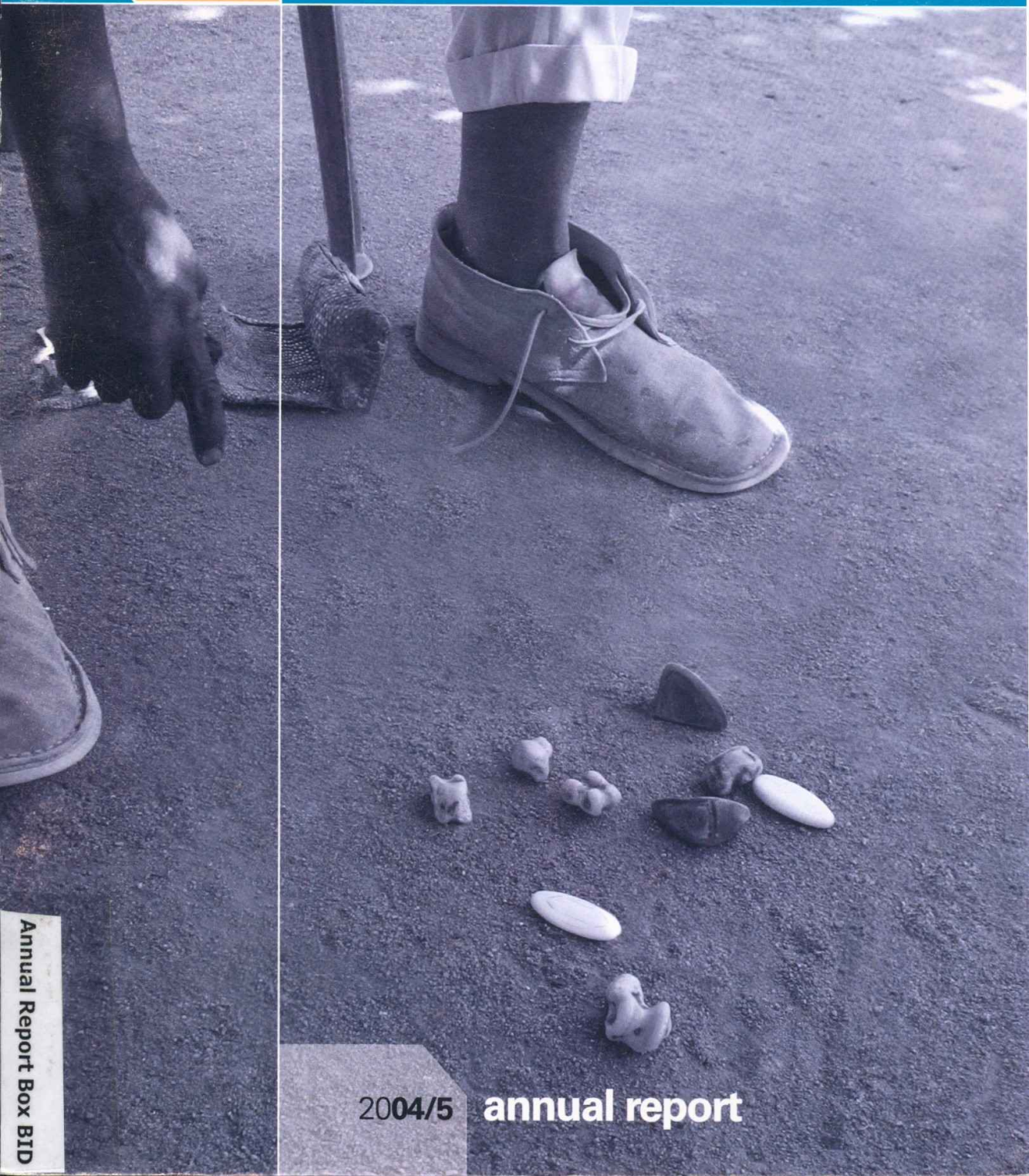


BOTSWANA INSTITUTE FOR DEVELOPMENT POLICY ANALYSIS



Annual Report Box BID

2004/5 **annual report**



vision, mission and values

Vision, Mission, Values and Objectives

The Botswana Institute for Development Policy Analysis (BIDPA) is an independent trust set up by a Presidential Decree. It started operations in 1995 as a non-government policy research institution. BIDPA focuses mainly on Policy Analysis and Capacity Building.

BIDPA Mission:

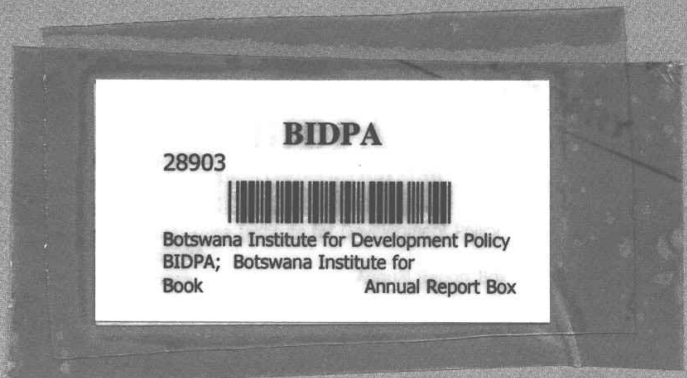
To inform policy and build capacity in policy analysis

BIDPA Vision:

To become the leading policy research institute in Southern Africa.

BIDPA Values:

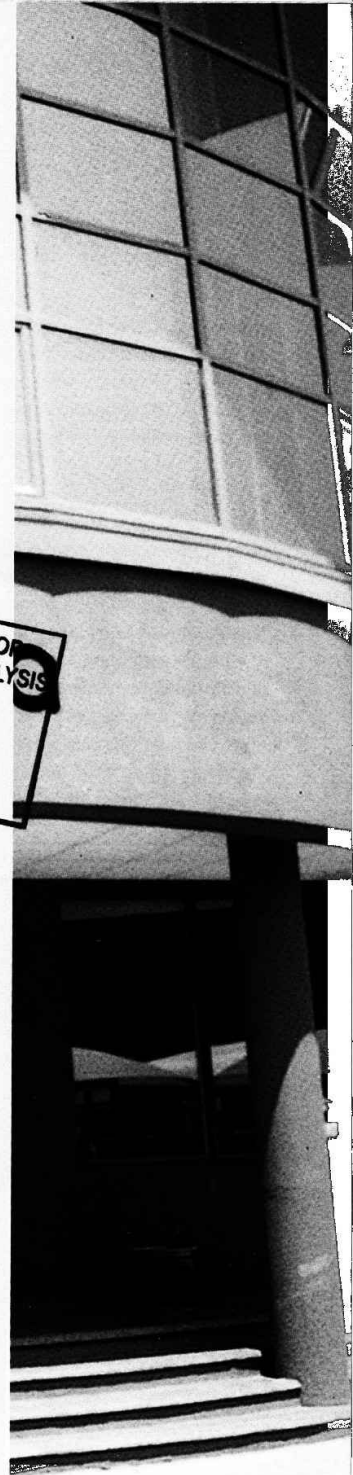
Respect, Trust and an Appreciative Culture



BIDPA's objectives

The BIDPA deed of trust sets out the objectives and functions of the Institute, which include:

- To promote and conduct research, analysis and publication on development policy issues of relevance to Botswana and the Southern African region.
- To monitor the performance of the Botswana economy and the management of public policy implementation, especially with regard to the implications for economic and social development.
- To offer advice and consultancy services to agencies of Government and other clients under suitable contractual and other arrangements.
- To provide technical and financial assistance, directly or indirectly, to individuals and organizations in Botswana as deemed desirable for purposes of facilitating policy analysis.
- To assist professional training and public education of Botswana citizens in matters relating to policy analysis, and encourage collaboration between expatriates and local professionals in these matters in ways that build or augment national capacities for performance and understanding of policy analysis.
- To employ staff members who will themselves, or jointly with other organizations or qualified people, carry out research, consultancy, training and education projects, including arrangement and management of contractual relationships designed to facilitate such activities by persons affiliated with the Institute.
- To present or publish, as the case may be, the outcome of its policy analysis, orally or in writing, to individuals, organizations or the general public at large.
- To mobilize and administer funds to be used for achievement of the objectives and performance of the functions of the Institute.



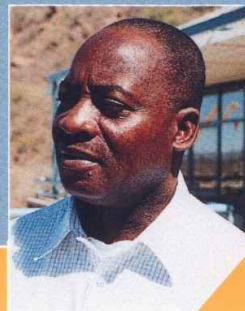
BOTSWANA INSTITUTE FOR
DEVELOPMENT POLICY ANALYSIS
2007-03-30
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1. VIEW FROM THE EXECUTIVE DIRECTOR



N. H. Fidzani – executive director

One of the major issues that Government has been grappling with is the eradication of poverty and to reduce the scourge of HIV/AIDS. BIDPA shares the concern as it believes that eradicating poverty is a shared responsibility between government and the international community.

One of the major issues that Government has been grappling with is the eradication of poverty and to reduce the scourge of HIV/AIDS. BIDPA shares the concern as it believes that eradicating poverty is a shared responsibility between government and the international community. It is a moral imperative that requires the combined effort by all stakeholders working towards developing policies and strategies aimed at reducing the magnitude and prevalence of poverty within the society. BIDPA has made significant contribution to this effort through the review of a number of policies that have a bearing on poverty. The task will become no less urgent in the coming years. For this reason, reviewing policies that attempt to address poverty concerns and HIV/AIDS prevalence will remain one of the major activities of the BIDPA research programme in the coming years.

Equally noteworthy is the fact that during the year under review, we undertook to continue to carry out research on issues relating to the impact of HIV/AIDS, poverty and international trade, as well as to continue building the capacity in policy analysis. I am happy to note that some semblance of achievement was made. The challenges are not easy, but certainly not insurmountable.

The major achievements were in the three major areas. In the international trade area, the SATRN project, boosted by funding from the USAID, focused on capacity building in trade policy issues relating to research, policy formulation and negotiations covering, not only Botswana, but the entire SADC region. At a national level, the Trade and Poverty Programme, supported by DfID, made significant achievements in bringing together major stakeholders in trade negotiation and policy formulation.

I am happy to note that, on the trade policy front, a lot has been achieved through the Botswana Trade and Poverty Programme (BTTP). One of the highlights of this programme was the Kasane Retreat where policy makers, trade negotiators, private sector and civil society, as well as research organisations met for the first time to discuss trade policy issues in Botswana. BIDPA is encouraged by this established forum to discuss trade issues. The challenge for both government and all stakeholders is to ensure that trade policy is reflected in all sectors of the economy at the planning stage. The coming year will build on this to review

trade policies, to include the private sector and civil society in trade negotiations and policy formulation, as well as to identify trade research areas. BIDPA will continue to play a facilitative role in this area to ensure that the achievement of the Vision 2016 goals of a Prosperous Nation are realised. BIDPA will be working with the Vision 2016 Secretariat to give direction to the achievement of this objective.

Additionally, while BIDPA continued to carry out research that aims to address the various policy issues, the challenge is to ensure that policy analysis carried by BIDPA also specifically spells out the Vision 2016 pillars as enshrined in the Vision 2016 document. We are already addressing this need with the Vision 2016 Secretariat. Key among these would be to give impetus to the role of trade in poverty reduction, as well as economic growth and development. Through the BTTP, the role of trade will be given more focus. The major challenge would be to get adequate financial support from both Government and donor agencies.

At a regional level, the first phase of the Southern African Trade Research Network (SATRN) will come to an end during 2005. This network has been a significant part of the BIDPA work on



BIDPA made significant inroads in the public sector reforms area. The number of consultancies carried out in this area is a clear testimony of what challenges lie ahead in terms of the increased demand for BIDPA services.

trade policy research and capacity building at a regional level. Efforts are being made to develop a proposal for the second phase of the network. Through this network, BIDPA will continue to work towards developing trade research capability in the SADC region and to bring together all stakeholders to give direction to trade policy review and development, with special emphasis on the World Trade Organisation (WTO) trade liberalisation agenda.

Economic Diversification related research has remained the focus area for the Structural Change Unit. In collaboration with the World Bank, BIDPA produced a major report on Export Diversification in Botswana. This study reviewed six key sectors of the economy and this has laid a strong foundation for much more economy-wide studies on this subject that the Institute plans to probe further in the coming years.

BIDPA made significant inroads in the public sector reforms area. The number of consultancies carried out in this area is a clear testimony of what challenges lie ahead in terms of the increased demand for BIDPA services. As a result of the encouraging demand for services in this area, BIDPA will channel more resources to meet the demand, not only in Botswana, but also in regional initiatives. We are encouraged by the financial support from the Norway Ministry of Foreign Affairs under the regional programme on the Formative Process Research on Integration in Southern Africa (FOPRISA), a four year programme. We hope to direct more efforts to meet the demands for this area, not only within the Botswana public sector, but also in the SADC region.

With regard to the macroeconomic area, it is our hope that the outcome of the Incomes Policy Review would inform future policy review. The major areas would remain policies on poverty reduction and related issues.

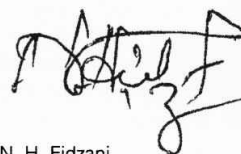
In terms of capacity building in policy analysis, I am happy to note that BIDPA continued to collaborate with private sector researchers and University of Botswana research. Under the SATRN programme, significant achievements have been made, bringing together researchers, policy makers and trade negotiators to share their respective expertise in trade policy formulation. It is also hoped that the momentum gained under the BTPP at national

level will assist in profiling trade research to inform the development of an appropriate trade policy document for Botswana. This collaboration proved to be a milestone in the research networking in the economy. One can only be hopeful that such collaboration would continue to be nurtured for the benefit of policy analysis and formulation. BIDPA will continue to assist and give direction in these important developments. However, further progress in these areas will depend on the continued financial support from international donors such as USAID, DfID, UNDP, the World Bank, WTO, UNCTAD, CMI, Norway and other clients who supported BIDPA from its nascent stages of its development.

BIDPA will remain grateful for the support from the Government of Botswana for the subventions over the years. We can only hope that the lead given by the Ministry of Finance and Development Planning (MFDP) will be followed by other Government agencies if Botswana is to achieve the Vision 2016 goals.

I am forever grateful to the BIDPA Board of Trustees for the continued policy direction given to Management in steering the ship through rough terrain, even when facing the limited financial resources. Because of the limited financial resources, BIDPA will continue to face the challenge to retain its experienced and highly skilled staff.

However, it is my considered view that, with the unwavering support from the Board, such challenges will be addressed. I would like to thank both the BIDPA management and the Board for the support given over the last few years to bring BIDPA where it is today. The challenge to becoming a leading research institute remains the greatest challenge, which we aim to face head-on.



N. H. Fidzani
Executive Director

2. INTRODUCTION



2.1 Overview

The Institute's mandate remains defined by the five project components of Institutional Capacity Building; Economic Research and Policy Analysis; Professional Training; Networking and Public Education; and Dissemination and Publication. For this reason, the focus of the 2004/2005 work programme was informed by the Institute's mandate as defined in the deed of trust that formed the Botswana Institute for Development Analysis (BIDPA). BIDPA started operations in 1995 as a non-governmental policy research institution. Its main focus areas are Policy Analysis and Capacity Building.

2.2 Institutional Capacity Building

The Botswana Institute for Development Analysis (BIDPA) is an independent trust set up by a Presidential decree. It started operations in 1995 as a non-governmental policy research institution. BIDPA's main focus areas are Policy Analysis and Capacity Building.

BIDPA's mandate sets out the objectives to be pursued and the functions to be performed. The objectives include, among others, to promote and conduct research; to monitor the performance of Botswana's economy; to offer advice and consultancy services to agencies of Government and other clients; to assist professional training and public education of Botswana citizens in matters relating to policy analysis; to jointly with other organizations carry out research; and to present or publish the outcome of policy analysis.

During previous years, BIDPA embarked on major initiatives to further develop its strategic intent. This strategic intent was informed by what was established in 2003 as the BIDPA strengths, weaknesses, opportunities and threats. The demands for BIDPA services of a capacity building nature have given direction to where the Institute should direct its resources to increase its visibility. From a number of consultancy projects carried out during 2004 and the few supply driven research work, it is conceivable that BIDPA's work will have substantial and positive effects in the economy of Botswana. The endeavour would be to extend that success towards financial autonomy. The incentive for self-sufficiency has been the catalyst for an in-depth look at BIDPA's strategic development over the next few years.

To facilitate the development of the Institute's capacity to advice on policy reforms, a researchers' retreat was held in June 2004 to give direction to the research agenda. A research plan is now being developed to inform the research agenda for 2005/2006.

One of the major achievements was the agreement to form research units. These units will facilitate the development of an appropriate mentorship programme, give direction to the research agenda and to facilitate capacity building, not only within BIDPA, but also in the economy in general. In addition, the Management Committee Structure was reviewed and it is now being rationalised to give appropriate management direction to the research agenda.

2.3 Economic Research and Policy Analysis

In 2004, the BIDPA policy advice and research agenda activities continued to focus on the key research areas of: Incomes, Welfare and Poverty; Macroeconomics, Forecasting and Planning; Microeconomics (otherwise commonly referred to as Structural Change); International Trade; and Public Sector Reforms. These continued to inform the Institute's consultancy and research direction. From these, BIDPA posted significant achievements, thereby increasing its visibility in Botswana and the region.

BIDPA's mandate to inform policy became prominent during 2004. This was as a result of a number of consultancy and research activities conducted during the year, covering a number of activities which have and continue to have a bearing on the majority of citizens. The challenges still remain formidable, constraining BIDPA's abilities to meaningfully inform policy reforms, to build its capacity to inform policy, to give policy advice, to become visible and to work towards becoming financially independent. These will remain challenges for the foreseeable future.

The research programme during 2004/2005 was directed towards economic diversification, trade and poverty and structural issues, incomes policy, agricultural infrastructure, economic diversification, trade and poverty, structural changes, HIV/AIDS, public sector reforms and capacity building initiatives. These will shape the direction on policy formulation aimed at tackling poverty, development and unemployment.

The need for BIDPA to maintain a balance between the demand driven (consultancies) and supply driven (research) activities was maintained. This balance was necessitated by the demand that the Institute should work towards becoming financially independent. However, BIDPA continued to depend on the demand driven activities as the major source of revenue.

In terms of the number of project activities, noticeable achievements have been recorded. However, there is clearly

The need to promote linkages or relationships with Government agencies, as well as academia and selected external institutions through institutional networking, remains important in the context of the BIDPA capacity building mandate.

a need to now focus resources on developing a clear research agenda for the next few years, and on developing the necessary capabilities and expertise in the particular agenda areas for the next two years. Such an agenda will form the basis for the 2005/2006 work programme.

One of the planned initiatives was to develop a poverty research programme from which to derive activities for poverty research. While a poverty research programme was not developed, three projects focusing on poverty research were implemented during the year under review. For this reason, poverty will continue to be one of BIDPA's major research areas in the coming years.

2.4 Operational Programme

Under this mandate, the focus of the 2004 programme was internal projects, which were aimed at developing the capacity of BIDPA junior researchers to analyse policy, develop proposals and to research on policy issues. While not much was achieved in this area due to resource constraints, mainly due to the many demand-driven research projects that were carried out during the year, it remains one of the major objectives of the Institute in the coming years.

The need to promote linkages or relationships with Government agencies, as well as academia and selected external institutions through institutional networking, remains important in the context of the BIDPA capacity building mandate. To this extent, BIDPA continued to work with a host of citizen researchers, especially from the University of Botswana, in information gathering and analysis. While this was limited to projects research work, efforts will be made to build collaborative partnerships with research organisations within Botswana, including small individual researchers and other institutions inside and outside Botswana.

This will assist in determining the extent to which BIDPA can develop the capacity of these researchers to conduct research and analyse policy to inform dependable policy reforms. An initiative has already been started under the Botswana Trade and Poverty Programme (BTTP) at the national level and under the Southern African Trade Research Network (SATRN) and the Formative Process for Research on Integration in Southern Africa (FOPRISA) at a regional level.

2.5 Income and Expenditure

The increased pressure for the Institute to become financially independent has not eased up. This will continue to entail a look at how to become financially sustainable in the long term.

Notwithstanding the challenge to become financially independent, BIDPA continued to depend on Government and the African

Capacity Building Foundation (ACBF) for funding. However, ACBF funding continues to decline, while funding from Government will also decline as the government continues to face declining revenue sources and emerging development challenges. For this reason, continuation of Government committed funding is not certain. Government contribution to BIDPA revenues was 54% of total, while ACBF contribution amounted to 14% of total. On the other hand, BIDPA's share of income from its research and consultancy work decreased from P4.7 million in 2003/04 to P4.1 million in 2004/05 – a decrease of 11%. Project revenue and other sources contributed 32% to total revenue.



Noting that the research and capacity building mandate and related activities would require more income than the Institute could generate, it is imperative that the gap should be financed through fund-raising. There is therefore a clear need to diversify funding sources especially from research work and consultancy activities. Donor agencies will be targeted to fund the research agenda through provision of seed money.

It is pleasing to note that seed funds were availed for the economic diversification project. More of similar projects will be developed and donors identified. In addition, training, through collaboration with the University of Botswana will be considered as a dependable source of revenue in the coming years.



On the expenditure side, more resources were used to cover staff costs. Staff costs constitute 66% of total expenditure, while the operational programme cover 20% of total expenditure with other expenses covering 10.4%. The increase in staff cost arose from an increase in staff complement. It is expected that the trend will be maintained in the future, with operational programme increasing significantly as there are plans to increase the number of BIDPA publications and capacity building activities.

2.6 Human Resources Development

One of the major components of this area was the need to develop policies relating to the welfare of staff. A training policy and procedures for selection for training and systems for monitoring the mentorship programme were developed and are now under implementation.

However, there is a clear need to review the Conditions of Service and Tender procedures to make them up to date with current developments.

BIDPA also focused on **“producing Batswana who are capable of leading and performing economic development policy analysis, design, implementation monitoring and assessment at high levels”**. For this reason, three BIDPA staff members were sponsored for PhD training (one in the United Kingdom and two in Australia), while two other staff members were funded to do their Masters degree programmes (one in the United Kingdom and the other at the University of Botswana). In addition, other researchers were sent on attachment to the World Bank, the World Trade Organisation and other agencies, while others attended short courses outside Botswana.

Two PhD students who were funded by BIDPA completed their training and have since joined their employers (MFDP and MMRWA). The sponsorship for a third candidate ended in August 2004. The purpose of these capacity building activities was to build the Botswana’s capacity to carry out research and to analyse policy.

With regard to the Institute’s employment opportunities, the recruitment process was completed during the year. As at 30th March 2005, there were six (6) senior research fellows (including the Executive Director). Additionally, a number of researchers were promoted to research fellow level, resulting in a complement of nine (9) research fellows. It is hoped that the decision to form research units will now facilitate further staff capacity building exercises and therefore facilitate the implementation of the

mentorship programme. It is planned that such a mentorship programme will be re-defined and guidelines developed during year 2005.

The support staff continued to be developed to improve their skills in the relevant areas. On the finance side, one employee completed the stage 2 of the ATT while the other completed a diploma programme in Accounting and Business Studies with the University of Botswana. Two other staff members were sponsored to do their Cambridge studies.

2.7 Staff Complement

BIDPA has a staff complement of 37 employees, 46% of whom are women. While the gender balance is still short of the 50% mark, it is clear that great achievements in this regard have been made. Including the Vision 2016 secretariat staff, there are altogether 43 employees, women constituting 44%.

> Research Staff

The research staff, under the leadership of the Executive Director, is responsible for the implementation and giving direction to the research agenda of the Institute. The Executive Director is assisted by senior researchers. BIDPA has a research staff complement of 22 employees, of which seven (7) or 32% are female researchers (three research fellows, three associate researchers and one research assistant). There are six (6) Senior Research Fellows (three citizens and three non-citizens), nine (9) Research Fellows, four (4) Associate Researchers and three (3) Research Assistants.

Out of the 22 researchers, six are PhD holders. Three researchers are currently studying for PhD. Of the remaining 13, ten are holders of Masters’ degree while two are currently studying for Masters’ degree and one has a Bachelors degree.

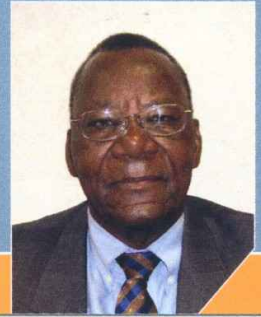
> Support staff

The support function is headed by the Programme Co-ordinator, who serves as the chief administrator, and is assisted by heads of specialised units (library, IT and finance). Currently, there are fifteen (15) support employees, of whom 10 or 67% are female.

> Special Projects staff

BIDPA also supervises and administers the activities of special projects, the major one being the Vision 2016 Secretariat. The Secretariat staff is headed by the Vision 2016 Co-ordinator. Currently there are six (6) employees who constitute the secretariat staff, two of whom are female.

3. ORGANISATIONAL STRUCTURE



Prof. T. Tlou – Chairman

3.1 BOARD Members

The Board of Trustees, constituted in terms of the Deed of Trust of 1995, is responsible for the policy direction that the Institute takes from time to time. The Board is vested with the authority and responsibility to exercise control over all the activities conducted by the Institute. The Board consists of institutional representatives from the Government of Botswana (Office of the President; Ministry of Finance and Development Planning), University of Botswana, Bank of Botswana, Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) and civil society representatives. The Executive Director is an ex-officio member of and Secretary to the Board.

The following are the current members of the Board of Trustees.



Prof. B. Otlhogile



Dr. T. Nyamadzado



Dr. A. Molokomme



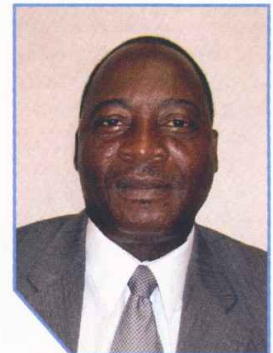
Mr. M. Modise



Mr. E. M. Dewah



Mrs. L. K. Mohohlo
Deputy Chairperson



Dr. N. H. Fidzani
Secretary

3.2 BIDPA Management

The BIDPA Management Committee comprises the Executive Director, the Programme Coordinator, Chief Librarian, Finance Administrator, the IT Manager and one representative each from the Senior Research Fellows and the other researchers. The Executive Director (ED) is appointed by the Board. The ED has everyday management responsibility for all the activities of the Institute, and is assisted by the Programme Coordinator (PC), who is the head of administration at the Institute. There are other managers responsible for Information and Technology, Finance, and the Library.

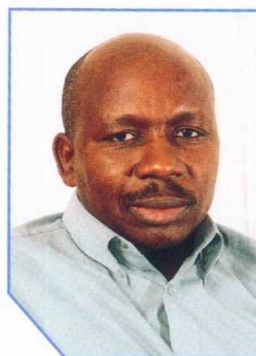
The management team is currently constituted of the following members:



N. H. Fidzani
executive director



Chedza Molefe
chief librarian



Kedikilwe Maroba
programme coordinator



Leo Isaacs
IT manager



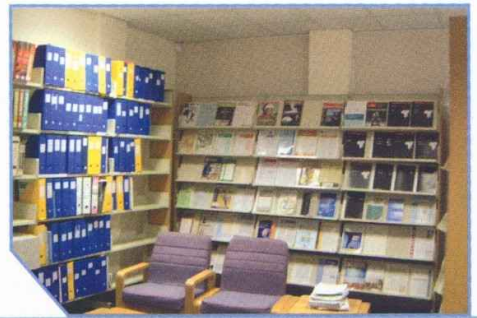
Prof. J. M. Kaunda
senior research fellow



Bangwe Siwawa
financial administrator



M. Sengwaketse
research fellow 1



3.3 Infrastructure and Technology

BIDPA has a sound infrastructure, housed in the BIDPA House at Kgale View, Plot 134, Millennium Office Park. The modern and fully computerised environment includes two seminar rooms and a research library equipped with up-to-date computer technology, audio visual equipment, Internet access and automated databases.

Through its library and information technology resources, BIDPA has been able to extend its information services to a wider audience. The library collection emphasises Economics, Statistics, Public Administration and Social Welfare. The BIDPA Web Site on <http://www.bidpa.bw> has become an important reference site for both students and researchers locally and internationally.



4. RESEARCH AND POLICY ANALYSIS



During the 2004/2005 financial year, BIDPA made noticeable achievements, both in institutional capacity building activities and project activities. However, it became apparent that a lot will need to be done for the Institute to meaningfully build capacity in policy analysis and to become visible if it was to inform policy reforms. It was nonetheless encouraging that inroads were made in the Public Sector Reforms and in some cases on specific sector reforms – notably in agriculture and other policy reforms.

Research and policy analysis project activities covered the five research areas of Incomes, welfare and Poverty; Macroeconomic Planning and Forecasting; Structural Change (Microeconomics); International Economics; and Public Sectors Reforms.

This review covers project activities covered under each research area. In all cases, some measure of balance between the demand and supply driven research types was achieved, even though more resources were channelled to demand driven, as this was the area where financial self sustainability could be met, while recognising the difficulty BIDPA will meet to achieve self sufficiency in the foreseeable future.

It was for this reason that a researchers' retreat was organised to share views on how this objective could be met. This researchers' retreat agreed to develop a careful strategy for funded research, which, while it started taking shape in 2004, will be more focused in the coming years.

Significant achievements were made in terms of the number of consultancies and supply driven research activities. However, there is clearly a need to now focus resources to developing a clear research agenda for the next few years, to develop the necessary capabilities and expertise in the particular area for the next two years. Such an agenda will form the basis for the next year's work programme.

4.1 Incomes, Welfare and Poverty

It is pleasing to note that while three (3) project activities were planned for the year, nine (9) project activities were implemented. The major ones were the Botswana Trade and Poverty Programme (BTTP) - a three-year project currently in its second year; the Review of the Incomes Policy project, which has since been completed; the Review of the Scarcity Allowance project, also in implementation. Two of the project activities involved research on HIV/AIDS related issues and the other two were on poverty issues. It is planned that poverty and HIV related issues will

continue to inform policy reforms for the foreseeable future.

Consultancy on the Review of the Revised National Policy on Incomes, Employment, Prices and Profits: BIDPA was contracted to review the 1990 Revised Incomes Policy with a view to recommending changes needed to align policy with current conditions, best international practices and needs for globalisation and attainment of Vision 2016 goals and objectives for national development. The objective of the study was to review the 1990 Revised Incomes Policy with a view to recommending changes needed to align policy with current conditions, best international practices and needs for globalisation and attainment of Vision 2016 goals and objectives for national development. In this project, BIDPA collaborated with a team of local consultants comprised of BIDPA research staff, Department of Economics at the University of Botswana and private sector consultants.

The project was completed and the report submitted to the client before end of the financial year. It is expected that the recommendations made will inform policy in employment, incomes and other related issues for the next few years. It is also hoped that recommendations made will be implemented to direct the macroeconomic policy reforms relevant for employment creation and poverty reduction, among other required policy reform initiatives.

Consultancy on the Preparation of a Disaggregated Poverty Report for Botswana: BIDPA was contracted by the UNDP to carry out the work jointly with the International Poverty Centre in Brazil. The objective of this consultancy was to review macroeconomic policies and the environment, including trends in the gross domestic product and employment in Botswana; to review education and employment policies, programmes and documents, including national poverty alleviation strategy, remote area development programmes, labour based drought relief programme, revised national policy on education, first national survey on literacy in Botswana and other related documents in order to contribute to the preparation of the poverty report for Botswana.

Consultancy on Review of Scarcity Allowance: BIDPA was contracted by DPSM to review the scarcity allowance for the public service. The objective of the study was to develop a working definition of scarce skills in the public service, develop criteria to assess the scarcity of skills, determine scarce skills in the public service and develop an inventory of such skills, and to develop objective criteria to determine the appropriate allowance rates to be paid for scarce skills. The purpose was to investigate

the issues involved in defining scarcity and scarcity incentives with a view to ensuring that government personnel who possess scarce skills are not only remunerated fairly, but also are attracted to and retained in the public service.

The project was conceived from the backdrop of the scarce skills issues that arose from the education policy reforms that were implemented since 2000 following the Kedikilwe Commission on education.

HIV/AIDS Knowledge Attitudes and Behaviour Study: BIDPA was contracted by Botswana Training Authority (BOTA) to conduct a study on knowledge, attitudes and behaviour towards HIV/AIDS amongst learners in the vocational training sector. The study was completed in March 2005. This study revealed similar outcomes as the one done the previous year for the Ministry of Education. It is hoped that the recommendations made will enable, not only BOTA, but also the Ministry of Education, to develop appropriate policies to address the prevalence of HIV/AIDS in the education sector.

Botswana Trade & Poverty Programme (BTTP): The purpose of the Botswana Trade and Poverty Programme (BTTP) is to enhance capacity in appropriate Botswana institutions to formulate, negotiate and implement trade reform strategies that are inclusive and pro-poor. The goal is that pro-poor economic integration and participation by Botswana in the regional and international trading system is increased. BTTP aims at building capacity and has the following objectives:

(a) Government of Botswana institutions should be able to analyse the impact of trade reform on different groups of the poor and on the environment; to formulate and negotiate trade policies; and to implement trade policies, which reflect poverty and environment concerns.

(b) Private sector and civil society institutions should be able to understand and analyse the impact of trade reforms on their constituencies; to help formulate and negotiate trade policies; to enter meaningful dialogue with GOB officials and influence policy decisions; and to monitor the impact of trade policies on their constituencies.

In addition, trade policy issues will be incorporated in poverty reduction strategy programmes and given higher profile in central budgetary processes.

One of the highlights of this programme was the holding of a stakeholder workshop in Kasane in March 2005. The objectives of the retreat was to raise awareness of trade policy issues and identify ways of improving dialogue between public and, private

sectors and civil society; to identify training needs and other trade capacity building needs of stakeholders; to identify resources for trade capacity building; and, to discuss strategies on how to mainstream trade into national development plans.

The programme will, in the coming years attempt to address the need to mainstream trade in the national development agenda to, among other things ensure that trade policies are pro-poverty reduction.

Comparative Poverty Reduction Strategies in East & Southern Africa: BIDPA is participating in this regional study in collaboration with other research institutes in the Southern African region under the Southern and Eastern African Policy Research Network (SEAPRN) poverty research programme.

4.2 Macroeconomic Forecasting and Planning

The programme on Macroeconomic Forecasting and Planning covered planning and budgeting issues, as well as growth and diversification activities. Under this research area, it was planned that one project activity would be pursued.

Under this research area three project activities were conducted. It is clear that there has been little demand for macroeconomic planning projects. Projects under this programme, ongoing and completed include the following:

Building Capacity for Micro-Simulations: BIDPA was contracted to work on the project funded by WIDER and the Project is ongoing. A number of workshops were held during the year. Because of the good work so far achieved, consideration was being made to allocate more resources for the project.

EDF 9 Preparatory Activities: Under this consultancy project, sponsored by the British Council, BIDPA was contracted to carry out a feasibility study for the improvement of the economic and social planning function within central and local government. The objective of the project was to improve planning, management and coordination for NDP 9. Work has been completed and the report submitted to the client.

Benefit Stream Analysis: The objective of the consultancy was to collect and analyse data relating to BCL and to arrange meetings, review reports and draft input as required by client. The project has been completed and report submitted to the client. Recommendations were made to the client on how the mining town could be sustained beyond the life of the copper and nickel mine.

4.3 Structural Change

While we had planned for four project activities for the year under review, seven projects were implemented. The major project here was the supply driven research project on **economic diversification**, from which a number of research components continue to be developed. A project proposal on the export diversification component of the Economic Diversification, as a strategic area for further research, was presented to the World Bank for possible funding. Research on this area is nearing completion. A stakeholder workshop was held on the 10th March 2005. Funding for some components of this project is being discussed with a number of resident donor agencies.

The other major project, which is likely to have significant policy reforms in the coming years, was the **Agricultural Infrastructure Development Initiative** project, which was funded by the Ministry of Agriculture. During his presentation of the Ministry budget in March 2005, the Minister of Agriculture alluded to the fact that the study was being reviewed to determine the extent to which the recommendations will inform policy reviews. We are hopeful that these and other equally important projects will give direction to the respective policy reforms.

The Structural Change research programme was intended to identify ways in which Botswana could cope economically and socially with the prospects of lower growth rates and to identify ways in which future growth rates can be boosted. The structural change programme focused on growth, diversification and international trade and finance issues as well as private sector efficiency and competitiveness issues. While we had planned for four project activities for the year under review, seven projects were implemented.

The major project here was the supply driven research project on **economic diversification**, from which a number of research components continue to be developed. A project proposal on the **Export Diversification** component of the Economic Diversification, as a strategic area for further research, was presented to the World Bank for possible funding. Research on this area is nearing completion. A stakeholder workshop was held on the 10th March 2005. Funding for some components of this project is being discussed with a number of resident donor agencies.

BOBS Impact Assessment Study: BIDPA was contracted by the Botswana Bureau of Standards (BOBS) to assess the impact of services offered by BOBS among manufacturers, services providers and consumers. The study aimed at undertaking an

impact assessment survey of BOBS to establish the extent to which BOBS' various services continue to fully meet stakeholders' requirements and expectations. Specifically, the study sought to assess current awareness levels of BOBS and its core business among stakeholders; to evaluate the perception of stakeholders on services offered by BOBS, and to determine the rate at which national standards were being used, by whom and how BOBS could encourage more companies to get involved.

Deepening SADC Integration: Macroeconomic Policies: BIDPA was contracted by the Friedrich Ebert Foundation to carry out a study on deepening integration in the SADC. The regional collaborative project aims to provide the SADC Secretariat and regional policy makers with macro-economic policy advice on how integration can be facilitated and RISDP implementation enhanced. This project includes country studies, regional/world context studies, surveys, workshops and dissemination.

Economic Diversification Project: The objective of this supply driven research activity was to carry out empirical research on the selected sectors, including agriculture, manufacturing and services sectors, as well as to raise funds for the detailed research on the identified areas.

Consultations were recently held with the World Bank who is sponsoring the project. Presentations were made in Maun covering some aspects of the project activities. A stakeholder workshop was also held in Gaborone in June, at which the World Bank consulted stakeholders on the trade diversification issues of the project. The World Bank is currently working on a proposal that is to be submitted internally for funding. It is expected that empirical data collection will start next month.

Effect of Higher Oil Prices on Zambia and Mozambique: The Department drafted a proposal on "The Effect of Higher Oil Prices on the Economies of Zambia and Mozambique" for the Norwegian Church Aid. The study is an update of a study that was conducted by BIDPA in 2000. Work is continuing to the next financial year.

Selebi-Phikwe College of Applied Arts and Technology Proposal: BIDPA was contracted by the Educational Consulting Services (ECS) to undertake, in collaboration with ECS, a feasibility study for the establishment of a college of applied arts and technology in Selebi-Phikwe. In this regard, BIDPA provided services for the Financial and Economic Analysis for the establishment of a college of arts and technology. The proposal was accepted in December 2004, and commenced in January 2005.

Motswedi Securities Economic Review: BIDPA was contracted by Motswedi Securities to carry out a monthly review of economic activities during the year. The reviews will entail monthly articles on emerging topical issues on the Botswana economy that have a direct bearing on the activities of Motswedi's Securities (stock broking company).

4.4 International Trade

Activities under this research area revolved around the Southern Africa Trade Research Network (SATRN) and the Botswana Trade and Poverty Programme (BTPP), both of which cover both research and capacity building activities in the SADC region and within Botswana respectively.

With regard to the SATRN project activities, achievements on the capacity building mandate were significant and BIDPA will build on this in the coming years. The regionally based project continued to focus on trade capacity building in the SADC region. One researchers' workshop and an annual symposium were organised. These brought together policy makers, trade negotiators and researchers to discuss issues of interest in the trade negotiations. Regrettably, USAID announced to reduce its funding commitments by September 2005. While this will undoubtedly constrain the project activities, we remain hopeful that other donors will avail funding to keep the project operational, particularly given that a lot of capacity building and research needs had been identified and it is important to follow up on some of these before the next WTO Ministerial Conference.

Southern African Trade Research Network (SATRN) recorded major achievements on the capacity building mandate. The regionally based project continued to focus on trade capacity building in the SADC region. One researchers' workshop and an annual symposium were organised. These brought together policy makers, trade negotiators and researchers together to discuss issues of interest in the trade negotiations. Regrettably the USAID announced to reduce its funding commitments by September 2005. While this will undoubtedly constrain the project activities, we remain hopeful that other donors will avail funding to keep the project operational, particularly given that a lot of capacity building and research needs are required before the next WTO meeting.

Botswana Trade and Poverty Programme (BTPP): The BTPP, funded by the Department of International Development (DfID), started its operations fully in 2004. The BTPP focuses on national trade capacity building and trade policy formulation which is pro poor. Two major research activities were completed. The

Situation Analysis on export development potential has been completed and a report submitted to the Ministry of Trade and Industry. The other research activity was on linkages between Trade and Poverty reduction. This research activity, conducted by a private researcher is on going. In addition, a retreat was organised, bringing together public sector, private sector and civil society for the first time in Botswana to discuss trade issues. A number of issues that require further research and training needs were identified at the national trade policy retreat.

Botswana Export Strategy Project: BIDPA was contracted by the World Bank to conduct a study on export strategy. The purpose of the study was to enhance the dynamism of Botswana exports, entailing a systematic analysis of all the factors and constraints that influence the prospects for exports. The analysis includes a review of the national business environment, assessment of export performance and competitiveness of Botswana's non-mining sectors including services and constraints to competitiveness and growth of exports of goods and services, a profile of key competitors to Botswana's exports, and the review of institutions involved in promoting trade and assessment of their strategies. Work has already started.

This activity was an off-shoot of the Economic Diversification project that was initiated by BIDPA in 2003 and funded by the World Bank. The purpose of the export diversification strategy study was to enhance the dynamism of Botswana exports, entailing a systematic analysis of all the factors and constraints that influence the prospects for exports. The analysis included a review of the national business environment, assessment of export performance and competitiveness of Botswana's non-mining sectors including services and constraints to competitiveness and growth of exports of goods and services, a profile of key competitors to Botswana's exports, and the review of institutions involved in promoting trade and assessment of their strategies.

This was a joint study between BIDPA and the World Bank. The project was derived from the Economic Diversification study by conducted by BIDPA last year and this year. This segment started in August 2004 and was scheduled to end in February 2005. The study culminated with a stakeholder workshop where findings were presented to stakeholders, including government departments and private sector and civil society participants. The report was then submitted to the client.

Global Competitiveness Report: Under this annual activity, BIDPA conducts a survey on behalf of the client covering Botswana's private sector, government agencies and parastatal

organisations to determine Botswana's competitiveness in the global economy. BIDPA intends to continue participating in this activity, as it has proved to be one of the important measures of countries' performance in a number of areas.

USAID Support to BIDPA/SATRN: To enhance the capacity of institutions in the SACU countries to formulate, negotiate and implement trade reforms that will reduce poverty and promote sustainable economic growth. Specifically, to (a) improve policy design, analysis and implementation through the preparation of high-quality analytical studies focusing on key trade and poverty issues, as well as 'demand driven' policy analysis on urgent policy issues, carried out in response to needs articulated by the government and the private sector; (b) increase the analytical capacity in the research and policy communities; (c) train officials involved in WTO and in the SACU-USA trade negotiations to enable them to engage more effectively in the negotiating processes; and (d) train the private sector and civil society to enable them to contribute to policies that will reduce poverty, create employment and protect the environment. This work was covered under the SATRN work.

4.5 Public Sector Reforms

Prudent national public management of finance and the planning system has been the backbone of Botswana's economic development success. Therefore, to maintain that progress and to adapt the system to the new challenges, it was necessary to continuously review public sector structures and processes, with a view to informing policies to reform the systems. The public sector reforms programme aimed at improving the understanding of the origins and impacts of policies, including improvement of the efficiency of Government implementation of development policies and programmes.

In 2004 it was planned to carry out four activities under the Public Sector Reforms area. It is pleasing to note that due to demands for research and capacity building services on public sector reforms, seventeen activities were undertaken – out of which four related to capacity building activities (see below). From this, it is clear that the area is very important, not only in the Botswana context, but also within countries of the SADC region for which some of the projects focused. In the coming year, resources will be directed to the two regional projects – the **Civil Society Networking for Deepening Regional Integration** and the **Formative Process Research on Integration in Southern Africa** (FOPRISA).

Formative Process Research on Integration in Southern Africa (FOPRISA): BIDPA was contracted to undertake research that seeks to monitor SADC's centralization process. BIDPA administers the regional fund from NORAD. The objective is to monitor SADC inter-state relations and the impact of donor cooperation on the integration process and to serve as Secretariat for the programme.

FOPRISA, which is a four-year collaborative project, focuses on regional issues relating to defence, politics, trade, finance, regional integration, investment and democracy in the SADC region. BIDPA provides the secretariat and co-ordination of the project activities. It is also planned to do more of the capacity building activities (training of public sector personnel in a number of issues related to public sector reforms and delivery of services).

Public Services Customer Satisfaction in Botswana: The Directorate of Public Service Management (DPSM) awarded BIDPA a consultancy to administer a customer satisfaction survey in various government Ministries and Departments

SADC HIV/AIDS and Governance Case Studies - Botswana: BIDPA was contracted by the Institute for Security Studies (ISS) to conduct a field research into the impact of HIV/AIDS on selected government departments and the ability of such government departments to mitigate the impact of the virus. The research seeks to examine the impact of HIV/AIDS on the operational effectiveness of the Botswana Ministry of Local Government Department of Social Services to manage the impact of the virus on its staff and functioning.

Improvement of Institutional Efficiency in the Southern and Eastern Africa Policy Research Network (SEAPREN): The objectives of this study were to identify common management problems that affect the efficient functioning of SEAPREN institutions; to identify areas where best management practices can be utilized within SEAPREN institutions; to suggest methods for self-evaluation as a basis for organizational learning and improvement of management of the institutions; and to suggest means of developing and/or enhancing management capacity of the institutions. As part of the SEAPREN work under the project, SEAPREN institutes met at Cape Town, South Africa, in August 2004. BIDPA presented a paper titled "Management Challenges at BIDPA". The conference discussed this and another note on institute management challenges that was received from NEPRU, as well as a paper on economic management practices at CMI. The conference decided that the next stage of the project should involve the rest of the SEAPREN institutes producing and circulating discussion notes on their management problems. These discussion

notes will feed into the paper on common management problems that was to be prepared by the Project Coordinator. The coordinator's paper will, in turn, form part of the background documents and inputs into the seminar on management issues in the SEAPREN institutes.

PEEPA/World Bank-Botswana Infrastructure Utilities

Regulation: BIDPA was contracted as the Country Project Manager, as well as one of the principal researchers on this project, which was conducted in collaboration with Stone and Webster Consultants of the United Kingdom. The project, which was commissioned by the World Bank and the Public Enterprises Evaluation and Privatisation Agency (PEEPA), is being undertaken in collaboration with Stone and Webster Consultants of the United Kingdom. BIDPA prepared a chapter on Strategy for Implementation of Regulatory Reforms in Botswana. The consultancy was aimed at reviewing the existing policy and regulatory frameworks, assessing the operating environment and identifying required regulatory reforms and organisational structures and procedures, to improve utility service delivery, as well as attract private sector participation in operating the utilities. The latter phases of the project involved a stakeholder feedback workshop and drafting of enabling legislation and an implementation plan for the establishment of regulatory authorities for the energy, water and sanitation, communications and transport utility sectors.

SEAPREN-Efficiency and Effectiveness of Capacity Building

for Policy Making: In this project, three research institutes were involved - Botswana (BIDPA), Namibia (NEPRU) and South Africa (Tralac). The methodology workshop was conducted at NEPRU in February 2005.

Capacity Development for Delivery of the Remote Area Dweller

Programme: UNDP contracted BIDPA to run two pilot training programmes. The first was aimed at training government and district staff working on the Remote Area Dwellers (RAD) programme in the settlements. The second focused on local leaders in the RAD settlements. BIDPA is also required to arrange for a round table conference for civil society representatives to develop a policy of involvement.

Networking for Support and Monitoring the African Peer

Review Mechanism (APRM) in SADC. The overall objectives of the project were to monitor the status of democratic governance in the SADC sub-region, advocate and support the implementation of NEPAD's African Peer Review Mechanism (APRM) and monitor the implementation of the protocols and treaties of SADC, especially in terms of their effectiveness and democratic content at both the national and sub-regional level. The members of the network include BIDPA, the Democracy Barometer Core Group (South Africa), Electoral Institute of Southern Africa (EISA), SADC Youth Movement (SADC-YM) and the Southern African Human Rights NGO Network (SAHRINGON), which now coordinates the project.

5. SPECIAL PROJECTS



5.1 Southern Africa Trade Research Network (SATRN)

The general objective of the project remain the same as the previous years and they are:

- To conduct capacity development workshop for researchers, looking at work being done by SATRN researchers and research issues on international trade and some of the tools for their analysis in order to assist researchers develop methodologies
- To conduct a joint workshop of Geneva based and Brussels based trade negotiators to increase their understanding of the interface between the ACP/EU and WTO negotiations and to increase their capacity in formulating negotiating strategies coherent in both negotiations.
- To conduct a Researchers workshop in preparation for the SATRN Symposium where final reports will be presented.
- To organize a SATRN Annual Symposium to contribute to the effective participation in multilateral and other international trade negotiations and formulation and implementation of trade and trade related policies to achieve poverty reduction. SATRN researchers will present their analysis of global and regional trade developments.
- To conduct research on the services sector.

In general terms, the project was envisaged to assist SADC countries by providing necessary analytical and technical inputs to their negotiating objectives, supporting their capacity building process, and providing a forum for exchange of views and information. The ultimate goal was to enable the SADC countries to participate more effectively in the global trading system, and, in particular, in the operation of the World Trade Organization (WTO).

SATRN continued to conduct capacity development workshop for researchers, looking at work being done by SATRN researchers and research issues on international trade and some of the tools for their analysis in order to assist researchers develop methodologies; to conduct a joint workshop of Geneva based and Brussels based trade negotiators to increase their understanding of the interface between the ACP/EU and WTO negotiations and to increase their capacity in formulating negotiating strategies coherent in both negotiations; to conduct a Researchers workshop in preparation for the SATRN Symposium where final reports will be presented; to organize a SATRN Annual Symposium to contribute to the effective participation in multilateral and other international trade negotiations and formulation and implementation of trade and trade related policies to achieve poverty reduction. SATRN researchers presented their analysis of global and regional

trade developments; and to conduct research on the services sector.

5.2 Formative Process Research on Integration in Southern Africa (FOPRISA)

The Formative Process Research on Integration in Southern Africa (FOPRISA) is a four-year collaborative project, involving BIDPA, eight policy research institutes and universities within the SADC region, and the Chr. Michelsen Institute of Norway. FOPRISA has the following broad objectives: to contribute to sound policies for the region's development, by assisting SADC in implementing its priority policies and measures of which poverty reduction is an overriding concern; to build a strong regional policy research network, with research activities aimed at improving the understanding of integration policy issues and enhancing research skills and analytical capacities in participating research institutes, as well as in the SADC structures. The assessment of the proposal and a decision on the project's funding are pending.

5.3 Technical Assistance Project (TAP)

Under this project, the Institute continued to administer Government funds used for the recruitment of Consultants for Government.

Three economic advisors were recruited for Government during the year under review for the Ministries of Trade and Industry, Finance and Development Planning, and Minerals, Energy and Water Affairs.



6. CAPACITY BUILDING

6.1 Overview

Capacity building remains one of the major mandates of BIDPA. Under this mandate BIDPA was involved in the training of both its staff and other staff from Universities and other Government organs through attachments, workshops and internships. During the year under review, a number of capacity building initiatives were carried out. It is envisaged that the capacity building mandate will remain one of the major activities for the foreseeable future.

The focus of the 2004 programme was internal projects, which were aimed at developing the capacity of BIDPA junior researchers to analyse policy, develop proposals and to research on policy issues. Unfortunately, not much was achieved due to resource constraints, as there were too many demand-driven research projects to be done.

Additionally, it was planned to promote linkages or relationships with Government agencies, as well as academia and selected external institutions through institutional networking. To this extent, BIDPA continued to work with a host of citizen researchers, especially from the University of Botswana in information gathering and analysis. While this was limited to projects research work, efforts will be made to build collaborative partnerships with research organisations within Botswana, including small individual researchers and other institutions inside and outside Botswana. This will assist to determine the extent to which BIDPA can develop the capacity of these researchers to conduct research and analyse policy. This activity will be carried out in 2005. An initiative has already been started under the BTPP (nationally) and SATRN at a regional level.

It was also planned to develop poverty research programme from which it was intended to derive activities for poverty research. While a poverty research programme was not developed, three projects focusing on poverty research are being implemented. For this reason, poverty will remain one of BIDPA's major research areas in the coming year.

6.2 Internships & Attachments

Two students from USA were hosted for a period of six weeks. The two were studying for a Masters Programme.

BIDPA hosted Ms Topoyame Moremong for three months to conduct research on SMEs development. Ms Moremong is studying for a PhD programme in Australia.

6.3 Workshops and Seminars

Many BIDPA staff attended a number of workshops and seminars to build their capacity and to ensure that staff remained informed on recent development issues.

1) *Building Capacity for Micro- Simulation*: Two workshops have already taken place as part of the training of BIDPA staff on micro-simulation to create capacity in micro-simulation in the country. A UB lecturer joined the project in December 2003.

2) Dr. Seleka, T. B. and Prof. Pillai (both Senior Research Fellows) presented a paper at the National Planners Seminar, Maun Lodge, 21 - 23 June, 2004 entitled **Milestones and Prospects for Economic Diversification in Botswana: Some Preliminary**.

3) Prof. Pillai prepared and presented a joint paper on "**Milestones and prospects for Economic Diversification**" at the national Seminar on planners in July 2004 in Gaborone.

4) Prof. Pillai presented a paper on "**ICT and Economic Development of Botswana**" for the members of National Task Force on ICT and Economic Development.

5) Professor Pillai and Dr. Seleka prepared papers for the World Bank entitled **Key Issues in the Livestock Sector in Botswana**, June 2004 and **Export Diversification Study for Botswana: a Short Note on the Choice of Sub-Sectors for Case Study**, August 2004.

6) Dr. Seleka presented a Paper at the 8th National Business Conference, August 8 - 11, 2004, Tati River Lodge, Francistown entitled **Implementing Effective Strategies for Agricultural Diversification under the Proposed SADC-EU Economic Partnership Agreement (EPA)**.

7) Prof. Pillai prepared and presented a joint paper on "**Industrial Clusters and Local Economic Development**" at the International Conference on Local Development held at Gaborone in July, 2004.

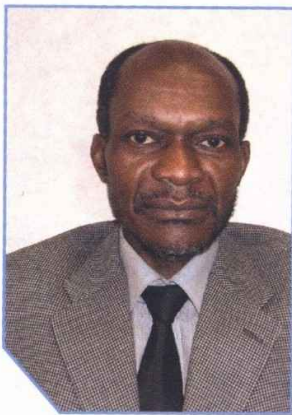
8) Ms. Victoria Ndzinge, Associate Researcher, returned from the World Trade Institute Summer study Programme in Berne, Switzerland held from the 5 July – 13 August 2004. The course discussed and debated on WTO Agreements and Preferential Agreements especially in relation to developing countries.

9) *Public Sector Reforms in Botswana*: The conference was postponed and will now be held during the first quarter of 2005.

The objectives of the conference were to review reform policies and developments in public administration, decentralisation, privatisation and institutional governance; discuss the challenges and constraints faced in the implementation of the reforms; and determine the way forward with regard to policy reform and organisational and procedural changes. The Friedrich Ebert Foundation (FES) is the sponsor of the conference.

10) *Capacity Development for Delivery of RADP*. The objective was to enhance the capacity of the public service to deliver services to the Remote Area Dwellers, emphasizing on Basarwa ethnic group. The project focuses on a pilot training programme for government and district staff working on RAD settlements, a pilot training programme for local leaders in the RAD settlements, and a round table conference for civil society representatives to develop a policy of involvement

11) Prof. Kaunda, Senior Research Fellow, attended the *Expert Group Meeting on Measuring, Assessing and Reporting on Governance Practices* that was held at Addis Ababa, Ethiopia, from 6 to 7 December 2004. The conference reviewed the methodology and research instruments that were utilised in the first phase of the project on measuring and monitoring governance in Africa, which involved 28 countries, including Botswana. The meeting decided on the inclusion of an additional 13 new countries that would constitute the second phase of the project. It was decided that each country that participated in the first phase could publish the individual country reports.



12) Prof. Kaunda attended the **SADC Social Security Specialists Regional Conference** on "Social Security in the Making: Developments in the Informal economy and Informal Social Security", 29-30 November 2004, at the Gaborone International Convention Centre.

13) Prof. Kaunda attended the **Fourth African Development Forum (ADF IV)** at United Nations Conference Centre (UNCC), Addis Ababa, Ethiopia, from 11 to 15 October 2004. The theme of the conference was *Governance for a Progressing Africa*,

focusing on a 28-country study on "Monitoring Progress Towards Good Governance in Africa". BIDPA conducted the Botswana study and the country report forms part of the pioneering *African Governance Report*, which be published in the first quarter of 2005.

14) Eight (8) BIDPA staff (4 researchers and 4 administrators) attended the SATRN Researchers Workshop in Windhoek, Namibia on 15 – 16 November 2004. The Workshop was funded by SATRN and was also attended by researchers from the SADC countries. The purpose of the workshop was to review research currently being conducted by SATRN researchers. Researches were conducted in agriculture trade, industrial tariffs and implementation of WTO agreements.

15) Ten (10) BIDPA staff (6 researchers and 4 administrators) attended the 2004 SATRN Annual Symposium held on 17 – 19 November 2004 in Windhoek, Namibia. The theme of the 2004 annual symposium was "**Policy Space and Implementing Trade Agreements**". This SATRN funded symposium was attended by policy makers, SADC ambassadors based in Brussels and Geneva as well as researchers from the SADC region and experts from the World Bank, the World Trade Organisation and UNCTAD. The objective of the symposium was to identify the type of policy space required for SADC countries to achieve development objectives.

16) Nine (9) BIDPA staff attended a Botswana Trade and Poverty Programme Retreat held in Kasane on 18 – 20 February 2005. The retreat was attended by government, private sector and civil society as well as Vision 2016 employees. The objective of the retreat was to raise awareness of trade policy issues and to identify ways of improving dialogue between public, private sector and civil society as well as to identify training needs and other trade capacity building needs of all stakeholders. The retreat was funded by the BTPP and was attended by Botswana Ambassadors in Geneva, Brussels and the USA who briefed stakeholders on the state of trade negotiations in their respective areas.

17) Mr Molebatsi, Associate Researcher, attended a number of workshops, including the stakeholders workshop on the "*Consultancy to Review and Advice on Appropriate Regulatory Reforms for Infrastructure and Utility Sectors in Botswana*" on 27th January 2005; workshop on "*the African Charter on Human and People's Rights*" on 14 – 16 February 2005; "*Public Policy Making*" Workshop on 4th November 2004 where he was a resource person; conference organized for Local Authorities Chief Executive Officers where he presented a project proposal to delegates.

18) Dr. Mbekeani, Senior Research Fellow, Mrs Sengwaketse, Research Fellow, Mr Maiketso and Ms Ndzinge, Associate Researchers, made presentations to the parliamentary Committee on Foreign Trade. The objective was to build the capacity of members of parliament in trade policy formulation by providing them with information on the various trade issues and the status of trade statistics.

19) Dr. Mbekeani, Mrs Sengwaketse (Research Fellow) and Mr Maroba (Programme Co-ordinator) held consultations with BOCONGO (2nd March 2005), BOCOBONET (4th March 2005) and the Environmental Heritage Foundation of Botswana (7th March 2005) to brief them on the BTPP project with a view to encouraging their participation in pro-poor trade policy formulation and the formulation of the Botswana position in trade negotiations. These consultations were a follow up on the issues raised at the Kasane Trade Policy Retreat under BTPP. The objective was to get Civil Society to participate in trade policy formulation and encourage them to dialogue with Government on trade issues.

20) Prof. Kaunda attended the African Development Forum IV at UNECA, Addis Ababa in October 2004.

21) Prof. Kaunda attended the African Governance Report peer review and planning ad-hoc committee at UNECA, Addis Ababa, in December 2004.

22) Prof. Kaunda attended a methodology workshop for the project on capacity building in Botswana, Namibia and South Africa at NEPRU in February 2005.

23) Ms. Grace Kgakge (Research Fellow) wrote a brief for the Ministry of Trade and Industry (Minister Nkate), focusing on the GDP growth and its structure, and an outlook for other economic indicators notably employment, government spending, bank credit, exchange rates, and balance of payments.



24) Dr. Jay Salkin (Senior Research Fellow) and Mrs Kgakge attended a number of meetings, including briefings for people from the American Embassy, the European Commission, SBB, the Swedish media, the Botswana Technology Centre, Motswedi Securities, the Poverty Centre, Prof. S.R. Lewis, and Norwegian Church Aid, as well as attended seminars at UB and workshops for the *Labour Market Observatory*, the *FEF Deepening SADC Integration* proposal and the *UNDP Poverty Study*.

25) Ms Maduo (Associate Researcher) and Mr Mmopelwa (Research Assistant) are currently working on a paper on **Vocational Education as a Tool for Poverty Reduction in Botswana**. The paper has been accepted for presentation at the 5th African Regional IVETA Conference to be held in May, 2005. Dr Seleka is the overseer and mentor.

26) Dr Salkin served on the UB Technical Committee, which met later in the year.

27) Dr. Salkin continued to serve as a Director of Debt Participation Capital Funding Ltd.

28) Victoria Ndzinge, Associate Researcher, attended the World Trade Institute Summer Programme in Berne, Switzerland from the 5 July – 13 August 2004. The Programme of study provided the participants with an opportunity to discuss issues related to the WTO Agreements and Preferential Agreements especially in relation to developing countries.

29) Mr. Kaboyakgosi, Research Fellow, was sponsored by BIDPA to study for a four years Ph.D. programme in Public Policy and Administration at the Australia National University. His study started in September 2004.

30) Seleka, T. B. and P. Nahanan Pilai Presented to MFDP Economists on Invitation, Ministry of Finance and Development Planning. July, 2004 on **Milestones and Prospects for Economic Diversification in Botswana: Some Preliminary**.

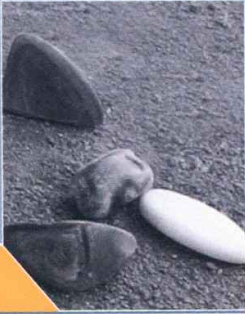
31) All researchers attended a two days' **Researchers' Retreat** at Madikwe River Lodge on the 30th and 31st August 2004. The purpose of the retreat, which was also attended by the Programme Co-ordinator, Programme Assistant, Financial Administrator and IT Manger, was to specifically map out research activities, discuss issues related to Team Building, Capacity Building and Project Management. Dr. Fidzani presented and led the discussions on the research agenda and related issues, focusing on issues of research content and expected research outputs, and possibility of forming research departments. Prof. Pillai and Dr. Seleka led in the discussion on issues relating to Team Building; Prof. Kaunda led the discussions on Capacity Building issues, while Mr Maroba presented on Project Management issues. It was agreed that there was need to form Research departments.

32) Dr. Fidzani and Mr Maroba attended a **Trade and Poverty Programme (TPP)** consultation meeting in Pretoria on 9th September 2004. The purpose of the meeting was to exchange views on the implementation of the Trade and Poverty Programmes

(TPP) funded by DfID in Botswana, Lesotho, Namibia and South Africa.

33) The Executive Director was invited by the World Bank to attend a concept review meeting in Washington, DC on the 14th September 2004. He also consulted with other World Bank officials on various issues related to the Economic Diversification project.

34) Prof. Pillai and Mr. Lisenda Lisenda prepared and presented a joint paper on "**Industrial Clusters and Local Economic Development**" at the International Conference on Local Development held at Gaborone in July, 2004.



7. PUBLICATIONS

While in terms of conferences, there had not been any significant achievements, a number of workshops were organised for the supply driven research on economic diversification. Two such workshops were organised and held in 2004 and the other one was on the 10th March 2005. The output of these research activities will be published early in the coming financial year.

In the meantime, BIDPA continued to publish quarterly BIDPA Briefing and the BIDPA Newsletter.

This area will remain one of the BIDPA pre-occupation in 2005 and beyond. However, it is planned to organise a conference to facilitate public discussions on development policy issues in 2005. This will then become an annual activity.

8. STAFF MATTERS



Prof. Mohanan Pillai

8.1 Staff Complement

BIDPA staff complement increased from 27 to 32. The following staff members joined the Institute during the year under review:

- Mr. Isaac Modise, Finance Officer, joined the Institute in 2004.
- Mrs Gaorere Kgotla from Botswana National Library Service joined the Institute on 4th October 2004 as Librarian.
- Mrs Florah Mashinyana joined the Institute as Personal Assistant to the Executive Director on 11th October 2004. She was from the District Council.
- Mr Monnane M. Monnane, Research Fellow 1, rejoined the Institute on 1st December 2004 from PEEPA.
- Mr David Mmopelwa was appointed to the position of Research Assistant on 18th October 2004.
- Ms. Pinkie Maduo, Associate Researcher, joined the Institute in December 2004 from the Ministry of Finance and Development Planning.

8.2 Training and Development

BIDPA continues to train its staff to increase their performance. The following staff members were sponsored to attend courses aimed at broadening their knowledge and enhancing their capacity to perform efficiently.

- Victoria Ndzinge, Associate Researcher, attended the World Trade Institute Summer Programme in Berne, Switzerland from the 5 July – 13 August 2004. The Programme of study provided the participants with an opportunity to discuss issues related to the WTO Agreements and Preferential Agreements especially in relation to developing countries.
- Mr. Gape Kaboyakgosi, Research Fellow, was sponsored by BIDPA to study for a four years Ph.D. programme in Public Policy and Administration at the Australia National University. His study started in September 2004.
- Mrs Khutsafalo Sekolokwane, Research Assistant, started her two years Masters' degree programme in economics at the University of Botswana in August 2004.
- Ms Eva Moeng, the Programme Assistant, attended an Advanced Certificate course on **"Project Management"** in Mbabane, Swaziland scheduled for 14th February to 18th March 2005.

- Ms Tsabatho Kongela, Office Assistant, enrolled for a part-time study in Cambridge and started her classes in February 2005.
- Mr Mataboge, Driver/Messenger, started a four months part-time course on **"Purchasing and Supplies Management"** at the IDM, Gaborone.
- Mr Tladi, Finance Assistant, is attended an **"Advanced Accounting Skills"** course from 1st to 25th March 2005 in Nelspruit, RSA.
- Mrs Koboyatshwene, Receptionist, attended a three months diploma part-time course on **"Office Administration"** with Damelin Management School in Gaborone.
- Mrs Sengwaketse, Research Fellow, and Mr Maitetso, Associate Researcher, attended a course on **"Trade in Services and International Agreements"** on the 6 - 8 December 2004 in Geneva. The course covered, among other topics, the Economics of Trade Policy Reforms in Services, Current Statistical Framework for Measuring Trade in Services and How it Can be Applied, Trade in Financial Services, Liberalizing the Temporary Movement of Individual Service Providers, the Choice Between Regional and Multilateral Agreements in Services, Domestic Regulation in Services - Economic Perspectives and GATS Rules, Trade in Transport and Distribution Services, and Trade in Telecommunications Services.
- Mrs Mapila-Rundle and Ms Siwawa attended a three days workshop on USAID Administrative Compliance Requirements on 24th to 26 January 2005. The workshop was for all USAID funded projects administrators in Botswana.

8.3 Promotions

Two staff members were promoted.

- Mr Lisenda Lisenda was promoted from Associate Researcher to Research Fellow 1 effective from 1st September 2004
- Mr Johnson Maitetso was promoted from Associate Researcher to Research Fellow 1 with effect from February 2005.

8.4 Resignations

Prof. Mohanan Pillai left the Institute at the end of his two-year contract in March 2005 after serving the Institute for two years as Senior Research Fellow. Prof. Pillai was from India. Unfortunately Prof. Pillai left at a time when his contributions to the BIDPA mandate and development of junior staff was beginning to take root. His humour and rigorous intellect mind with be missed by all those who worked closely with him. He was instrumental in the research on economic diversification issues. We wish his all the best in any future research plans.

9. BIDPA IN PICTURES

Mr Monnane, Research Fellow with Mr Ramothwa of Vision 2016



8.5 Social Responsibility Activities

BIDPA staff accompanied the Executive Director to visit House of Hope, an organisation located in Bokaa in the Kgatleng District to entertain some street kids who are being rehabilitated. During this visit, the Executive Director handed presents to the children and encouraged them to take seriously assistance given to them. BIDPA undertook to regularly visit the children in the course of the year.



Executive Director with BIDPA staff at Bokaa



Leo Isaacs with Wairhimu coordinator of House of Hope



BIDPA staff



Coordinator of House of Hope



Mr Maroba with Wairhimu



BIDPA staff



E. D Fidzani awarding presents



Group of kids with presents



It is eating time



Mr Molebatsi with the children

A photograph showing a person's hand pointing towards a collection of small, irregularly shaped stones or pebbles scattered on a dark, textured surface. The person is wearing light-colored pants and a white shoe. The background is a blurred outdoor setting. The text "financial results" is overlaid in a blue, sans-serif font.

financial results

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Other information not covered by the audit opinion, presented solely or the information of the trustees

Report of the Trustee

for the year ended 31 March 2005

The trustees have pleasure in presenting their report, which forms part of the annual financial statements of the Institute for the year ended 31 March 2005.

Business activities

Botswana Institute for Development Policy Analysis is an autonomous, non governmental research institute established by a trust deed. It is involved in development policy analysis and capacity building in Botswana and Southern Africa.

Board of Trustees

Prof T Tlou	-	Chairman
Prof B Otlhogile		
M Modise		
E M Dewah		
Dr. T. Nyamadzabo		
Dr.A Molokomme		
L K Mohohlo		
Dr N H Fidzani		Secretary

Executive director

Dr N H Fidzani

Place of business

BIDPA House
Plot 134
Millennium Office Park
Gaborone

Number of employees

The Institute had 34 employees at 31 March 2004 (32: at 31 March 2003).

Auditors

KPMG

Bankers

Barclays Bank of Botswana Limited

Board approval of the annual financial statements

for the year ended 31 March 2004

The Trustees are required by law to prepare annual financial statements for each financial year which give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of the surplus or deficit and cash flows of the Institute for that period.

The Trustees consider that, in preparing the annual financial statements for the year ended 31 March 2004 on pages 5 to 15, the Institute has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Trustees also consider that all applicable standards have been followed and confirm that the annual financial statements have been prepared on the going concern basis.

The Trustees are responsible for ensuring that the Institute keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and which enable them to ensure that the annual financial statements comply with the Trust Deed and International Financial Reporting Standards.

The Trustees are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Institute and to prevent and detect fraud and other irregularities.

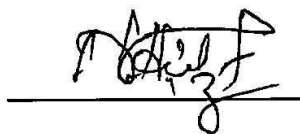
The auditors' responsibilities are stated in their report to the sponsors.

The members of the Board are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual financial statements, to safeguard the assets of the Institute and to ensure all transactions are duly authorised.

Against this background, the annual financial statements for the year ended 31 March 2005 set out on pages 5 to 13 have been approved by the board of Trustees on and are signed on its behalf by:



Board Chairman



Trustee

Report of the independent auditors

to the sponsors of Botswana Institute for Development Policy Analysis

We have audited the annual financial statements of Botswana Institute for Development Policy Analysis set out on pages 5 to 12 for the year ended 31 March 2004. These financial statements are the responsibility of the Institute's Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We have conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We have examined the books, accounts and vouchers of the trust to the Institute to the extent we considered necessary and have obtained all the information and explanations which we require. We have satisfied ourselves as to the existence of the securities. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the Institute has kept proper books of account with which the annual financial statements are in agreement; and the annual financial statements give a true and fair view of the Institute's affairs as at 31 March 2005 and of the results of its operations and its cash flows for the year ended in accordance with International Financial Reporting Standards and in a manner required by Companies Act (Chapter 42:01).

The supplementary schedule set out on page 14 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

KPMG

Certified Public Accountants



Gaborone

Income statement

for the year ended 31 March 2005

	<i>Notes</i>	2005 Pula	2005 Pula
Revenue			
Grants revenue	1	9 345 077	8 443 820
Project revenue		4 136 594	4 665 364
		13 481 671	13 109 184
Other operating income		565 088	843 301
Total revenue		14 046 759	13 952 485
Operating expenditure		(13 934 714)	(12 617 781)
Surplus/(deficit) for the year	2	112 045	1 334 704)

Statement of changes in accumulated funds

for the year ended 31 March 2005

	2005 Pula	2004 Pula
Accumulated funds		
Balance at 1 April 2004	8 225 794	6 891 090
Surplus for the year	112 045	1 334 704
Balance at 31 March 2005	8 337 839	8 225 794

Balance statement

as at 31 March 2005

	<i>Notes</i>	2005 Pula	2004 Pula
Assets			
Non current assets			
Property, plant and equipment	3	5 600 634	5 537 430
Current assets			
Work-in-progress		520 089	556 609
Accounts receivable	4	2 791 293	2 174 637
Bank of Botswana Certificates	5	3 347 401	3 451 533
Cash and bank balances		2 214 045	2 750 651
		8 872 828	8 933 430
Total assets		14 473 462	14 470 860
Accumulated funds and liabilities			
Accumulated funds (page 5)		8 337 839	8 225 794
Current liabilities			
Accounts payable	7	2 517 395	2 690 054
Deferred capital grants	6	3 618 228	3 555 012
		6 135 623	6 245 066
Total accumulated funds and liabilities		14 473 462	14 470 860

Cash flow statement

for the year ended 31 March 2005

	2005 Pula	2004 Pula
Activities		
Surplus/(deficit) for the year	112 045	1 334 704
Adjustments for:		
Provision of bad debts	147 634	–
Depreciation	375 814	393 370
Amortisation of deferred capital grants	(375 814)	(393 370)
Interest received	(519 314)	(810 595)
Operating surplus/(deficit) before working capital changes	(259 635)	524 109
Increase in accounts receivable and work in progress	(727 770)	(1 576 706)
(Decrease)/Increase in accounts payable	(172 659)	933 065
Net cash outflow from operating activities	(1 160 064)	(119 532)
Investing activities		
Interest received	519 314	782 003
Payments for plant and equipment	(439 018)	(514 512)
Net investment in BOBC's	104 132	(841 122)
Capital grants received	439 030	514 512
Net cash outflow from investing activities	623 458	(59 119)
Net decrease in cash and cash equivalents	(536 606)	(178 651)
Cash and cash equivalents at the beginning of the year	2 750 651	2 929 302
Cash and cash equivalents at the end of the year	2 214 045	2 750 651
Cash and cash equivalents consist of:		
Cash on hand	1 223	1 000
Bank balances-current accounts	357 399	1 754 073
-call accounts	2 369 195	1 142 259
-overdrafts	(513 772)	(146 681)
Cash and cash equivalents at the end of the year	2 214 045	2 750 651

Significant accounting policies

for the year ended 31 March 2005

Statement of compliance

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB), and interpretations issued by the Standing Interpretations Committee of the IASB, and the requirements of the Trust Deed.

Basis of preparation

The annual financial statements are presented in Botswana Pula. They are prepared on the historical cost basis, except Bank of Botswana Certificates which are classified as available for sale and are stated at fair value, and incorporate the following principal accounting policies which are consistent with those applied in the prior period.

Accumulated fund

This fund is financed by grants and project surpluses. The accumulated fund carries no restrictions on its use other than restrictions imposed by the Board of Trustees.

Plant and equipment

Plant and equipment are stated at cost and depreciated as detailed below:

Depreciation

Depreciation is charged over the estimated useful lives of the assets in equal annual instalments to write off the cost over the following periods:

- Motor vehicles 4 years
- Office equipment 5 years
- Computers 4 years
- Furniture and fittings 10 years
- Library books 2 years
- Household furniture 5 years
- Building 50 years

Land is not depreciated.

Work in progress

Work in progress is valued on the percentage of completion basis.

Recognition and derecognition of assets and liabilities

The Institute recognizes assets when it obtains control of a resource as a result of past events and when future economic benefits are expected to flow to the Institute. The Institute derecognises a financial asset when it loses control over the contractual rights that comprise the asset and consequently transfers the substantive risks and benefits associated with the asset. A financial liability is derecognised when it is legally extinguished.

Significant accounting policies

(continued) for the year ended 31 March 2004

Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences on foreign currency transactions are included in the income statement in the year in which the difference occurs.

Investments

Bank of Botswana Certificates are classified as being available-for-sale and are stated in the balance sheet at amortised cost which, in the opinion of the trustees closely approximates to fair value.

Revenue recognition

Grants

Revenue grants are recognised in the income statement on receipt. Capital grants are recognised in the balance sheet on receipt as deferred income and are released to the income statement on a basis matching them with the depreciation charge on the assets purchased using the grant.

Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

Employee benefits

Employees of the Institute are on contract and are eligible for gratuity at various rates of basic pay at the end of the contract. Provision for gratuity has been made in these annual financial statements.

Accounts receivable

Accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade and other payables

Trade and other payables are stated at their cost.

Significant accounting policies

(continued) for the year ended 31 March 2004

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Taxation

No provision for taxation is required as the Institute is exempt from taxation in terms of the second schedule of the Income Tax Act (Chapter 52:01).

Notes to the annual financial statements

for the year ended 31 March 2004

	2005 Pula	2004 Pula
1. Grant revenue		
Botswana Government	7 397 842	6 766 374
The African Capacity Building Foundation (ACBF)	1 947 235	1 677 446
	9 345 077	8 443 820

ACBF have signed the Phase Two agreement to disburse US\$1 500 000 over 4 years effective from January 2002. Total disbursements as at 31 March 2005 amounted to US\$1 033 230.

2. Surplus for the year

is stated after taking into account the following:

Auditors' remuneration - current year	40 000	24 000
- prior year under provision	-	6 000
Depreciation	375 814	393 370
Exchange loss	58 005	125 585
Interest received	(519 314)	(810 595)
Professional costs – hired in	-	(1 200)
Staff costs	9 209 925	7 935 085

Notes to the annual financial statements

(continued) for the year ended 31 March 2005

3. Property, plant and equipment

	Leasehold Land & Building	Motor vehicles	Office equipment	Computers	Furniture and fittings	Household furniture	Library books	Total
Cost								
Balance of 1 April 2004	5 072 269	466 508	374 956	929 882	704 400	630	481 626	8 030 271
Additions	15 246	-	195 237	176 204	38 606	-	13 725	439 018
Disposals	-	(66 804)	-	-	-	-	-	(66 804)
Balance at 31 March 2004	5 087 515	399 704	570 193	1 106 086	743 006	630	495 351	2 801 851
Accumulated Depreciation								
Balance at 1 April 2004	190 645	301 384	288 872	778 340	452 218	630	480 752	2 492 841
Additions	95 585	81 744	42 908	81 669	71 785	-	2 123	375 814
Disposals	-	(66 804)	-	-	-	-	-	(66 804)
Balance at 31 March 2005	286 230	316 324	331 780	860 009	524 003	630	482 875	2 801 851
Net book value								
31 March 2005	4 801 285	83 380	238 413	246 077	219 003	-	12 476	5 600 634
March 2004	4 881 624	165 124	86 084	151 542	252 182	-	874	5 537 430

The land on which the BIDPA building is situated was acquired through a notarial deed of leasehold for a duration of 99 years commencing on 10 March 2003.

Notes to the annual financial statements

(continued) for the year ended 31 March 2005

	2005	2004
	Pula	Pula
4. Accounts receivable		
Project debtors	2 130 585	1 831 102
Staff	29 922	27 345
Deposits	7 000	35 200
Grant receivable from African Capacity Building Foundation (ACBF)	493 173	-
Sundry	6 415	51 059
Prepayments	129 931	129 931
Advance to Technical Assistance Project	-	100 000
	2 791 293	2 174 637
5. Short term investments		
Bank of Botswana Certificates	3 347 401	3 451 533
6. Deferred capital grants		
Balance at beginning of year	3 555 012	3 433 870
Capital grants received	439 030	514 512
	3 994 042	3 948 382
Amortisation of capital grants	(375 814)	(393 370)
	3 618 228	3 555 012
7. Accounts payable		
Trade creditors and accruals	13 624	140 419
Gratuity provision	2 503 771	2 549 635
	2 517 395	2 690 054

Notes to the annual financial statements

(continued) for the year ended 31 March 2005

8. Financial instruments

Credit risk:

Trade credit is only extended to selected reputable clients. Exposure to credit risk is monitored on an ongoing basis. The Institute faces a low credit risk.

Fair values:

The fair value of all financial instruments approximate their carrying amounts reflected in the financial statement.

Income and expenditure statement

for the year ended 31 March 2004

	2005 Pula	2004 Pula
Income		
Grants revenue	8 969 263	8 050 450
Amortisation of capital grants	375 814	393 370
Interest received	519 314	810 595
Sundry revenue	45 774	32 702
Project revenue	4 136 594	4 665 364
	14 046 759	13 952 485
Operating expenditure		
Advertising	62 188	145 386
Audit fees	40 000	30 000
Bad debts	147 634	-
Bank charges	32 713	32 660
BIDPA publications	47 348	106 203
Board expenses	14 010	-
Conference costs	175 413	37 905
Consultancy		
Depreciation	375 814	393 370
Exchange loss	58 005	125 585
Fines	2 198	-
Hospitality	28 279	15 706
Insurance	42 450	33 040
Legal fees and licences	11 859	-
Library and information services	224 849	219 296
Office accommodation	162 854	170 026
Printing and stationery	155 380	170 026
Repairs and maintenance	155 380	115 985
Security	61 710	64 066
Software	117 436	24 074
Staff costs	9 209 925	7 932 384
Staff welfare	17 983	12 503
Teas and cleaning	58 692	56 648
Telephone, fax and postages	380 437	300 870
Training costs	887 071	670 182
Travel	66 810	129 674
Utilities	77 463	128 571
Vehicle costs	21 833	30 904
Project costs/professional costs – hired in	1 444 063	1 763 608
Total operating expenditure	13 934 713	12 617 781
Surplus/(deficit) for the year	112 045	1 334 704

This schedule does not form part of the financial statements and is presented solely for the information of the trustees.

**Botswana Institute for
Development Policy Analysis**



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