



Annual Report Box BID

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:

BIDPA's core purpose is to inform policy and build capacity in policy analysis

BIDPA Vision:

BIDPA seeks to become the leading policy research institute in Southern Africa.

BIDPA Values:

Respect, Trust and an Appreciative Culture

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BIDPA



Botswana Institute for Development Policy

BIDPA

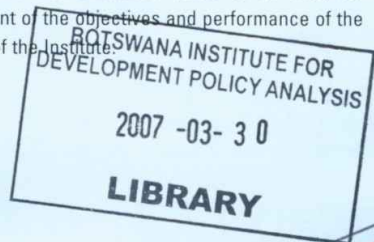
Book

Annual Report Box

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.



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1. View from the Executive Director

Last year we undertook to focus and attempt to improve the coverage of issues that would inform policy reforms by both public and private sectors. In tandem with this undertaking, more focus was placed on reviewing policies that impact on most sectors of the economy. The intention was to raise policy issues that attempted to reduce the incidence of poverty, improve the trade-offs between the microeconomic policy environment and the macroeconomic policy environment, improve on policies that direct and guide public policy reforms, and improve on trade policy reforms, not only in Botswana, but also in the entire SADC region. Better corporate governance was to remain at the top of the Institute's priorities during 2003/04.

I am happy to note that the economic diversification activities culminated with the holding of stakeholder workshops, to guide the next stage of thorough research, focusing on the agriculture, manufacturing and services sectors (tourism, transportation and financial services), paving way for the in-depth research on these issues. Secondly, the Teacher Capacity Building for HIV/AIDS Prevention Project was concluded and its findings informed the television programme on HIV/AIDS issues. Additionally, the Trade and Poverty Programme project started on a sound footing, culminating with the export strategy study that is on-going. The new Public Sector Reforms section of BIDPA initiated a number of projects which addressed various policy issues on public sector reforms. The outcome of the Remote Area Dweller Programme will also go a long way to informing policy on poverty alleviation and rural development interventions. These, and many other BIDPA research outputs, were an attempt to continue to research and give advice on poverty, HIV/AIDS and economic diversification policy frameworks. These will continue to dominate the BIDPA research agenda in the coming years.

We are, however, concerned that despite impressive growth and progress that Botswana registered since independence, to date there are many socio-economic challenges requiring further policy analysis and research. At BIDPA, we are convinced that economic diversification is the main panacea through which economic development in Botswana can be captured. For this reason, the on-going research on economic diversification shall remain the overarching theme for BIDPA's operational programmes in 2004/05. We will attempt to bring on board Government organs and private sector stakeholders, as well as donor agencies, to assist the process by providing financial resources to fund the research activities. We will continue to consult the various



N. H. Fidzani – Executive Director

stakeholders to find solutions to the dichotomy of issues for the benefit of the citizens of this great country.

I am pleased to note that internationally, BIDPA has successfully positioned itself as a regional centre of excellence for dependable policy advice on multilateral and regional trade issues. Being the coordinator of the Southern African Trade Research Network (SATRN), BIDPA provided technical expertise to most member countries of the Southern African Development Community (SADC) countries in both the Doha and the Cancun World Trade Organization (WTO) rounds of negotiations. This was made possible by the continuing financial support from UNDP, IDRC, the World Bank, USAID, Friedrich Ebert Foundation, the Department for International Development (DFID) and GTZ. We will continue to work with various stakeholders, including donor agencies, to address issues related to the proliferation of economic partnership agreements and their possible effect on the economies of the developing countries.

The Institute has, however, continued to face many challenges, including the shortage of financial resources to carry out supply driven research in part fulfilment of the BIDPA mandate. Notwithstanding the constraints, we intend to continue to redefine the BIDPA research and consultancy mandate, and still maintain the Institute's visibility, effectiveness and efficiency of its operational programmes. This will be the challenge for the next foreseeable future. It will be a



Minister of Finance and Development Planning, Hon. Baledzi Gaolathe officially opening BIDPA House. Looking on is Prof. Thomas Tlou – Chairman of BIDPA Board of Directors

major challenge, more than ever in the coming year, particularly faced with the staff losses experienced during the year under review. We, however, take satisfaction that, while this is certainly a setback, it is also a positive reflection that BIDPA is doing something exceptionally good in capacity building, producing high level policy researchers and analysts that are so highly sought after by the market. We will continue to face this challenge, by developing systems for the retention of trained, skilled and experienced staff, and in the spirit of Vision 2016, “to nurture and develop the creative elements” within the staff and to create an environment where individual talent is encouraged and supported.

Happily, the year ended with the official opening of the BIDPA House, a milestone in building the institutional capacity to carry out its mandate of policy research and analysis. To this end, we are thankful to the Minister of Finance and Development Planning, Hon. Mr. Baledzi Gaolathe, the founding Chairperson of the BIDPA Board of Trustees, who graciously agreed to perform the official opening. We also wish to thank all the well-wishers, stakeholders and colleagues who converged at the BIDPA office at the Millennium Office Park for the joyous occasion of the opening of the BIDPA offices.

I wish to express my gratitude to BIDPA staff for the unwavering support they gave me even at the most difficult period of steering the Institute towards becoming one of the leading research institutes in the region. My sincere gratitude also goes to both management and the Board of Trustees for their

policy guidance to steer the ship in search of excellence and to inform policies that will improve the quality of life of citizens of Botswana. I am most encouraged by this support.

We thank both the Botswana Government and the African Capacity Building Foundation (ACBF) as well as NORAD, who have seen the need for the continuing financial support to fund the operational programme of the Institute. We count on the continued support in the coming years.

Many of the research and consultancy activities could not have been undertaken without the funding from DFID, USAID, FEF, SADC, UNDP, GTZ and the World Bank, as well as the various Government Ministries, notably the Ministry of Finance and Development Planning, Ministry of Trade and Industry, the Ministry of Agriculture, the Directorate of Public Service Management and the Ministry of Local Government.

We appreciate the show of faith in the Institute’s capabilities by these important stakeholders and partners to inform policy on poverty, rural development, public sector reforms, international trade and economic diversification. It is our aspiration, through research, to make meaningful contribution towards the attainment of Vision 2016 objectives of “A Prosperous, Productive and Innovative Nation”.

N. H. Fidzani
Executive Director

2. Introduction

2.1 Overview

Achieving the objectives set during 2003 has not been easy. This was, in many respects, due to issues beyond the Institute's control. It is expected that the Institute should raise revenue to sustain its operational programmes. Yet, it is also expected that the Institute should address non-income generating policy issues. On the other hand, stakeholders expect the Institute to address policy constraints to address poverty, the HIV/AIDS scourge, and economic diversification, as well as the challenges of multilateral trade liberalisation. Therefore, maintaining a balance between these aspects of the BIDPA mandate will remain a challenge for the foreseeable future. It is clear, therefore, that becoming financially self-sustainable will require a bit of soul searching and policy change over the next phase of the Institute.

2.2 Research Programme

In terms of projects activities, the Institute carried out 19 demand driven research projects, a number of supply driven research projects and two projects which cover capacity building, consultancy and research activities. From all these, P4.7 million in project revenue was raised, an increase of 12% on project revenues from 2002.

While the major supply driven research revolved around the economic diversification project, other research activities were covered under the Botswana Trade and Poverty Programme (BTPP), which addressed trade issues and its effect on poverty alleviation programmes in Botswana. At a regional level, multilateral trade liberalisation issues continued to be addressed under the Southern African Trade Research Network (SATRN), supported and funded by IDRC.

Within a short space of time following the recruitment of a senior researcher to lead and address public sector reforms policy issues, six projects were undertaken between August 2003 and March 2004. The response from public sector organisations and the willingness of donor agencies to support this sector was encouraging. More still needs to be covered to guide the needed reforms that would facilitate public sector response to challenges that lie ahead. Implementation of the remote area dweller programmes and related issues during 2003 has highlighted the need to carry out research in these issues. The sensitivities that arose from some of the issues clearly call for informed views in the issues. The Institute will face this challenge.



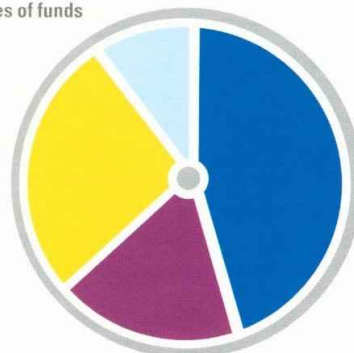
US Ambassador to Botswana, H.E Mr Joseph Huggins and Namibian High Commissioner to Botswana, H.E. Mrs Theresia Samaria

HIV/AIDS related project activities continued to receive attention from the Institute. Major work in this area included the Teacher Capacity Building in HIV/AIDS prevention that informed the Botswana Television programme on HIV/AIDS issues and the project that was funded by IDASA on Funding the Fight Against HIV/AIDS.

2.3 Operational Programme

Notwithstanding the achievement made in policy research activities, the financial situation of the Institute remains the major constraint that continued receiving attention in the year. It is expected that commitment by Government and ACBF will decline in the coming years. Fund raising for supply driven research will intensify in the next year. Overtures were made to get funding from USAID, GTZ and other donors for the SATRN activities.

Sources of funds



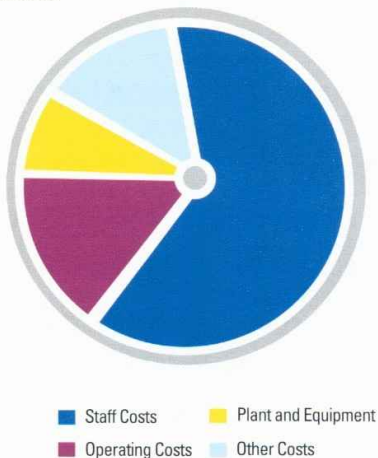
■ Government Grant ■ Project Income
 ■ ACBF grant ■ Other income

The coming year's operational programme will continue to draw from Government and donor agencies' needs to address poverty issues, HIV/AIDS prevalence and the proliferation of regional and multilateral trade issues. A work programme was drawn to address these issues in details in order to give direction to policy formulation during 2004.

2.4 Income and Expenditure

Be that as it may, we were encouraged by the increase in project revenues, which signified the confidence that many donors and clients have on the Institute's ability to carry out dependable policy analysis and research. To this extent, grant income increased from P7.9 million in 2002/03 to P8.4 million in 2003/04. Unlike the previous year, there was significant increase in BIDPA visibility, which translated into an increase in project revenues from P2.2 million in 2002/03 to P4.7 million in 2003/04. This was an encouraging development because the increase in income generating activities did not entail a reduction in capacity building activities, a mandate which required the Institute to give policy advice without charging for such services. While attempts are continuing to be made to diversify funding sources, this situation will continue for the foreseeable future. The above graph shows the composition of BIDPA income per source.

Use of funds



In addition to income generating activities, the Institute continued to also address capacity building activities covering conferences, seminars, participation in meetings at the various Government organisations as resource persons, Board members, committee members, members of reference groups, etc. This also signified the important role that the Institute played in policy programme reviews. Many of these were mainly in public sector reforms, international trade committees and economic planning forums.

On the expenditure side, while a major component of the expenditure covered staff costs, more funds were allocated

to the operational programme. The increase in staff costs was due to the increased staff levels, mainly on the core functions of the Institute. The increase in staff costs was, therefore, on account of the increase in the number of senior researchers and the promotion of a number of staff from lower positions to research fellow levels.

2.5 Human Resources Development

For the Institute to adequately address and achieve the requirements of its mandate, it requires a pool of well experienced and qualified research cadre. It is pleasing to note that BIDPA still has a pool of dedicated research staff that has worked tirelessly to make the Institute what it is today.

Research Staff

The research function, headed by senior researchers, consisted of 19 research staff including 5 Senior Researcher Fellows, 6 Research Fellows, 6 Associate Researchers and 2 Research Assistants. The research staff is specialized in the broad areas of Macroeconomics, Microeconomics, International Economics and Finance, Poverty and Welfare Economics, and Public Administration.

The number of senior researchers increased from 4 to 5, Research Fellows increased from 3 to 6, number of Associate Researchers stands at 5 while there are only 2 research assistants. It is the policy of the Institute that junior research staff should be included in all of BIDPA's major research and consultancy work, in order to build research capacity within the Institute and the country.

Support staff

The number of support staff working in finance, administration and the library remained at 15.

Special Projects staff

BIDPA provides the Secretariat Headquarters of the Vision 2016 Council. There were six employees working on the project. These include the Vision 2016 Coordinator, the Vision 2016 Council Secretary, the Vision 2016 Forum Secretary, the Publicity Manager, Monitoring Specialist, the Executive Secretary and Driver.

3. Organisational Structure

3.1 Board Members

Chairman



Prof. Thomas Tlou

Member



Mrs Linah K. Mohohlo

Member



Mrs Athalia Molokomme

Member



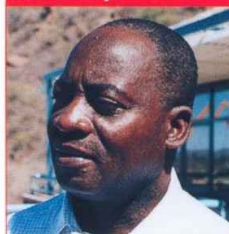
Mr Elias M. Dewah

Member



Mr Modise D. Modise

Secretary



Dr Novice H. Fidzani

Member



Mr Freddy Modise

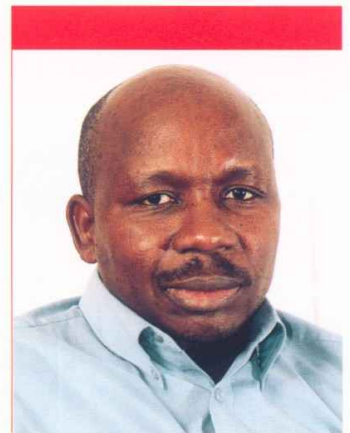
3.2 Management Staff



Dr Novice H. Fidzani
Executive Director



Mrs Chedza Molefe
Chief Librarian



Mr Kedikilwe P. Maroba
Programme Coordinator



Mr Leo Isaacs
IT Manager



Prof. J. M. Kaunda
Senior Research Fellow



Ms Bangwe Siwawa
Financial Administrator



Mrs 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 computerized 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 emphasizes 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.



BIDPA Library

4. Core Research Areas For 2002/2003

Much research work, as was the case in the previous years, focused on consultancies covering the five research areas of Incomes, Welfare and Poverty; Macroeconomic Forecasting and Planning; Structural Change; International Trade; and Public Sector Reforms.

4.1 INCOMES, WELFARE AND POVERTY

Botswana continued to face a number of serious obstacles to get the economy on a path of viable self-sustaining economic diversification and growth. For instance, the poverty problems persisted. Also, the slow growth of formal sector employment could not be compensated for by agricultural employment. Botswana faced the challenge of managing the scourge of HIV/AIDS and its effect on people and the economy. Because of these, research on poverty, welfare and HIV/AIDS issues were conducted during the year. Some of these were completed, while other projects are ongoing. These include:

Review of the Revised National Policy on Incomes, Employment, Prices and Profits: BIDPA won the tender to carry out the Review of the Revised National Policy on Incomes, Employment, Prices and Profits of 1990. The review was to assist Government in revising the Incomes Policy with a view to aligning it with the current economic conditions and best international practices, as well as assist the country to deal with emerging challenges and take advantage of opportunities posed by globalization. The objective of the review was to recommend an appropriate Incomes Policy that will enhance sustainable economic development through growth, and contribute to achieving the nation's Vision 2016 and National Development Plan goals and objectives for the development of the private sector, economic diversification, employment creation, citizen economic empowerment, rural development, and poverty alleviation.

A multi-disciplinary team of local consultants was established comprising of research staff from BIDPA, in association with faculty members of the Department of Economics of the University of Botswana, and consultants from the private sector. The combined experience of the study team covers more than 100 years of practical, applied economic analysis and policy research work experience, mainly in the areas of employment policy, manpower, wages and incomes policy, labour market economics, human resources development, management systems, public sector reform, public administration, development economics, poverty and social research.

The review involved stakeholder workshops, to allow participants to address the various concerns they have regarding the Incomes Policy, and to allow them to identify the way forward for the policy framework needed to help achieve the national development objectives relating to raising incomes, increasing productive employment, diversifying the economic base and improving the income distribution.

Teacher Capacity Building Project for HIV/AIDS Prevention: The Botswana Institute for Development Policy Analysis (BIDPA) conducted a baseline for the Ministry of Education on the Teacher Capacity Building Project (TCBP) for the Prevention of HIV/AIDS. The objectives of TCBP were to reduce the spread of HIV infection in Botswana by targeting teachers as disseminators of information on HIV/AIDS in order to effect change in behaviour especially through interactive learning. The government perceives prevention through education as the best way to combat HIV/AIDS infection as schools offer an appropriate setting for this education.

The baseline study was premised on the understanding that the capacity of regular classroom teachers to provide health and HIV/AIDS education with knowledge and comfort may be limited by a lack of HIV/AIDS related training and by attitudes and values. The baseline study unveiled the prevailing misconceptions, attitudes and stigma about HIV/AIDS among teachers and students. This baseline provided basic information needed to strategize and prioritise programs under TCBP during its implementation. Two surveys were administered to ascertain teacher and students' knowledge, attitudes, and values about HIV/AIDS and these were administered to 1731 teachers from 105 selected schools and tertiary institutions and almost 6000 students throughout Botswana.

One of the major policy impact of this project is that it should be able to improve awareness of the consequences of unsafe sexual behaviour and increase the understanding of measures needed to reduce the incidence of HIV/AIDS amongst identified high risk groups through surveys and progress reports. Furthermore, the TCB project should increase the effectiveness and confidence of teachers in delivering the safe sex message at schools through both formal and informal mechanisms.

4.2 MACROECONOMIC FORECASTING AND PLANNING

The programme on Macroeconomic Forecasting and Planning covered planning and budgeting issues, as well as growth and diversification problems. Projects under this programme, ongoing and completed include the following:

Micro-Simulation Database Project: BIDPA worked with teams from three other African countries under a World Institute for Development Economic Research (WIDER) sponsored project to develop micro-simulation model-building and policy analysis capabilities. The key aspects of the project included: constructing a micro-simulation database; ageing of the data; validating the database; updating the database; developing suitable policy modules; carrying out micro-simulation exercises; evaluating the micro-simulation results; and disseminating the micro-simulation modelling exercises and their results to policy makers.

The Micro-Simulation database being developed draws upon Botswana's 1993/94 Household Income and Expenditure Survey (HIES) data, which covers over 15,000 individuals in more than 3600 households. The micro-simulation databases, along with the detailed variable lists and definitions, of the four African countries will be reviewed at an up-coming workshop in November 2003, which will also review the key policy modules the teams would like construct. The BIDPA Team is comprised of Prof. J. Salkin and Ms. A. Okatch, along with Ms. M. Bakwena from the Department of Economics at the University of Botswana.

Feasibility Study for the Improvement of the Economic and Social Planning Function within the Central and Local Government: The British Council contracted BIDPA to carry out the feasibility study, which will contribute towards "improved planning, management and coordination for NDP 9". The purpose of this study was, among other things, to assist MFDP Planning Officers, MPU staff, Departmental project initiators in carrying out self-assessments of the effectiveness and impact of their functions, activities, criteria and processes, and to contribute to the emerging analyses, establish the various means for coordinating and focusing the implementation of NDP 9, etc.

4.3 STRUCTURAL CHANGE

The 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. Projects include the following:

Benefits Streams Analysis project - A Case Study of the BCL Copper-Nickel Mine in Selebi-Phikwe: BIDPA was contracted by the World Bank to collect and analyse data relating to BCL operations. The report was submitted to the client, highlighting a number of pertinent issues related to the life of the BCL and the spread of benefits to the various beneficiaries of the project since its inception.

The study was conducted because the initial goal of developing a self-sustained town has not been achieved up to now, and the scope for the town's economic diversification at the moment is very limited. Equally important was the fact that the problem of employment is the most serious and long lasting consequence of the imminent mine closure, especially when trying to analyse the rate at which the economy will be expected to create jobs to absorb all those that became unemployed. Lack of new employment opportunities will lead to the worsening of the standard of living for the newly unemployed and those who were dependent upon them. A qualitative change in the nature and structure of employment is likely to occur, with the emergence of informal sectors and insecure forms of employment at lower wages with fewer legal and social safeguards.

The report concluded by looking at the Shashe project to provide lessons for project planners, analysts, administrators and negotiators, covering allocation of risks, role of management, macroeconomic issues and negotiation strategies. In this context, one of the most important lessons was the importance of the financial structure and the allocation of risks.

Basic Infrastructure for Agricultural Development: BIDPA was contracted by the Ministry of Agriculture to carry out research on Agricultural Infrastructure Development Initiative (AIDI). The objective of the project was to carry out preliminary studies for identifying areas of potential agricultural development, covering a wide spectrum of areas that impinge on agricultural development.

The main goal of AIDI was to diversify agriculture and improve food security through the provision and development of agricultural infrastructure. In order to conduct an effective feasibility of infrastructure provision, a multi-disciplinary team was drawn from BIDPA and the private sector, including engineering and telecommunications experts. The team carried out several studies among stakeholders which comprised farmers, agricultural officials, service providers, local authorities, and policy makers.

The choice of areas of study was based on the agricultural regions used by the Ministry of Agriculture viz. Gaborone, Southern, Western, Central, North West and Francistown. The study was carried out using a combination of approaches. Firstly, a comprehensive review of literature on the infrastructure and agricultural development was done. Secondly,

quantitative information on the socio-economic profile of farmers, production zones, availability of infrastructure and service providers was collected. To supplement these two approaches, district stakeholder workshops, focus group discussions and interviews with key informants were adopted to provide information that the literature and personal interviews could not supply.

The report findings are expected to inform government policy reforms to facilitate the development of the agricultural infrastructure, especially the provision of roads, water supplies, electricity connections and telecommunications networks necessary for the development and growth of the agricultural sector in Botswana.

Economic Diversification: Economic diversification project initiated by BIDPA and funded by the World Bank, was a major research point for BIDPA. The projects started from the premise that although for three decades, Botswana has had an impressive economic performance and growth attributed to good governance, effective use of mineral resources, strong public institutions, a stable macroeconomic environment coupled with a favourable investment climate, the country faced a number of challenges such as depletion of the workforce by HIV/AIDS, heavy dependency on minerals and poverty.

The study, therefore, aims to progressively address the issues of diversification through a review of the policy and institutional obstacles to economic diversification, identification of areas in the main economic sectors for diversification and to finally develop a programme to create an enabling environment for diversification in production and export.

Three main sectors (Agriculture, Manufacturing and Services) were identified. All three sectors have been reviewed and reports presented to the World Bank.

Botswana Regulatory and Administrative Cost Survey: BIDPA was commissioned by the Foreign Investment Advisory Service (FIAS), a joint service of the World Bank Group, to conduct a survey requested by the Government of Botswana on regulatory and administrative costs of doing business in Botswana as part of a study of the investment environment in Botswana.

To carry out this survey, BIDPA assembled a research team consisting of BIDPA researchers and University of Botswana economics students as research assistants, in co-operation with FIAS technical advisors.

The study's objectives were to: understand the costs and constraints imposed by regulations, administrative procedures and other obstacles on private businesses; provide

policy makers with ways to further improve the regulatory environment for private firms to thrive and contribute to the economic development of the country; and provide an opportunity for public-private dialogue on the survey results, and the implications for reforms that would enhance the operating environment for business in Botswana.

The survey's intention was to provide important input to policies aimed at improving the regulatory and administrative environment in Botswana. Specifically, the survey aimed to:

- provide feedback from enterprises on the constraints faced by the private sector in Botswana;
- measure the quality of governance and public services delivery with regard to key public agencies and formal procedures with which businesses must comply;
- evaluate the types and magnitudes of costs imposed on private enterprises by several key administrative/regulatory procedures and to pinpoint areas of excess or unnecessary costs that might benefit from reform or streamlining;
- establish the basis for several internationally comparable indicators designed to track changes in the business environment over time to assess the impact of market-oriented reforms
- provide an opportunity for public-private investment dialogue on the results of the survey, their implications and the agenda for reforms.

In this study, BIDPA's activities included: Pre-testing of the initial questionnaire provided by the client, revising and modifying the survey instrument and conducting the pilot survey; Designing a sampling plan that would capture the true characteristics of the population; Carrying out the actual fieldwork by interviewing the individual firms in the sample across the country; Reporting on the outcome and the process used during the fieldwork by producing fieldwork progress reports, and the final fieldwork report and Conducting a two-step analysis by first creating various data tables and finally writing a report on the main findings of the survey.

The survey covered major towns and villages across the country.

Banking Efficiency in Botswana, Namibia and South Africa: BIDPA participated on a comparative study on the efficiency of the banking sectors of Botswana, Namibia and South Africa. The study compared accounting ratios, and, also used "stochastic frontier analysis" to examine cost efficiency and profitability in commercial banking. The study used accounting data of the consolidated account of a bank to measure efficiency in the banking sector. The main variables investigated included: total assets; total share capital; non-interest income; operating cost; loss provision; pre-tax profit; interest expense; interest income; total deposits; total

loans; number of employees; total fixed assets; salaries and wages; capital expenditure; and depreciation.

4.4 INTERNATIONAL TRADE

Noting that Botswana depended on regional and multilateral trade and finance for export diversification, it is always important that Botswana should position herself in the emerging new trade development landscape. The International Trade programme focused on Botswana's trade arrangements with other countries, both regional and multilateral, and also addressed capacity building in trade negotiations, covering WTO, SADC and SACU issues. Trade and poverty issues were also researched on. The following projects were undertaken during the year:

Southern African IDEAL REPA Consultancy: The project work extends the report produced by BIDPA and IDS for DFID in April 2002 Southern Africa Ideal REPA. This report identified the broad characteristics of an optimal economic partnership agreement between the EU and Southern Africa to succeed the trade regimes currently provided under the Cotonou Agreement. But it noted that much of the vital information needed to inform Southern African strategy was missing and that policy makers in the region were insufficiently aware of the issues and options. The current project aims to fill these deficiencies.

The project provides training to government officials and representatives of the private sectors and civil society on the issues at stake in the negotiations. This is partly generic (explaining the background to the negotiations, the current positions of the EU and ACP, the relationship between the negotiations and multilateral and regional trade talks etc.) but it also provides country specific examples making use of the information collected in the first component.

Under this project, BIDPA provides project management that extends to identifying host institutions in a number of SADC countries, subcontracting to them the task of administering the workshops, and arranging for the training to be undertaken. IDS provided guidance on the scope of the training and a set of training materials for use in each workshop. In this context, five training workshops on EU-ACP Economic Partnership Agreements were held since July 2003: in Gaborone Botswana in July 2003; in Maputo, Mozambique on 7 to 8 October 2003; in Mbabane, Swaziland on 23 to 24 October 2003; in Dar es Salaam, Tanzania on 23 to 24 October 2003; and in Lusaka, Zambia on 30 to 31 October 2003.

SADC National Workshops on ACP/EU Trade Negotiations: SADC contracted BIDPA to co-ordinate national workshops for the ACP/EU negotiations. The objective of the project is to provide a forum for SADC Member States, at national

level, to openly discuss and prepare for the negotiations on EPAs with the involvement of all stakeholders; assist civil society and other non-state players understand their role and obligations under the Contract and to mobilise them to participate effectively in designing the national negotiating strategies; and to assist the Member States to prepare their input to the regional debate and in the development of a regional negotiating strategy.

Botswana Trade and Poverty Programme: The contract for this project was signed in April 2003, covering a three year period, funded by the Department for International Development (DFID). Under this project, BIDPA will administer project funds and carry research for some components of the project, focusing on poverty and trade.

The programme had mixed success. The most notable achievement was the launching of the programme. This was followed by studies related to the "Situation Analysis for Botswana's National Export Strategy", funding for private sector participation and consultation with stakeholders. Under this programme, the following studies were launched:

- *Institutional Review:* The review was part of the situation analysis for the development of the 'Botswana National Export Strategy'. The review combined review and assessment of the current strategic focus; Institutions currently available for trade support and their performance; and, assessment of resources currently available for trade support activities.
- *Review of National Business Environment:* The study assessed available evidence on the commercial environment in Botswana and its implications for the country's trade prospects. It reviewed legal and institutional environment for conducting business.
- *Constraints that must be overcome to improve competitiveness and growth of exports:* The study examined the constraints to competitiveness and the expansion of the industry in Botswana.
- *Review and assessment of export performance and competitiveness:* The study examined the external trade performance of the non-mining sector during the last 3 years. Specifically, it reviewed the evolution of export market shares and export performance using different techniques.
- A pre-Cancun workshop was organised for the official delegation to Ministerial Conference.
- BTPP provided partial funding for private sector participation to fifth WTO Ministerial meeting in Cancun in September 2003.

While the programme appears to be progressing well, it is cause for concern that the programme continued to experience a lack of ownership by other stakeholders, other than the Ministry of Trade and Industry. The Institute had several bilateral discussions with various stakeholders to submit their requests. The Ministry of Agriculture is the only institution that has so far submitted requests.

National Export Strategy for Botswana: A BIDPA Team carried out a Situation Analysis Study, with a view to providing an analytical framework for the development of a National Export Strategy. The analysis included; the review of the national business environment; an assessment of the export performance and competitiveness of Botswana's non-mining sectors, including services, and constraints to Botswana's competitiveness and the growth of exports of goods and services. It also included a profile of key competitors to Botswana's exports; and a review of institutions involved in promoting trade and an assessment of their strategies.

The objective of the study was to present a broad framework for export promotion in order to enhance the dynamism of Botswana exports. The study which entailed a systematic analysis of factors and constraints that influence the prospects for exports, looked at a large variety of factors, in addition to changes in nominal exchange rates, relative prices and production costs, that can affect competitiveness of exports. Productivity growth, reliability, quality, after-sales service, delivery times, financing arrangements, technological innovation and investment in physical and human capital, and the institutional and structural environment were all factors that were taken into account. The study assessed the international competitiveness of Botswana's exports during the last 3 years by also looking at institutional (legal and commercial) and structural aspects of Botswana's business environment. It also provided a quantitative evaluation of the role of price and non-price competitiveness (together with demand factors) on the external performance of Botswana's export sector.

4.5 PUBLIC SECTOR REFORMS

It is an established fact that 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.

Measuring and Monitoring Progress Towards Good Governance in Africa: BIDPA was contracted by the United Nations Economic Commission for Africa (ECA) in 2001 to do a project on "Measuring and Monitoring Progress Towards Good Governance in Africa". The project aims at assessing and monitoring performance in various dimensions (politics, public administration and economic management) of the capable state in Africa through a systematic collection of data and analysis of qualitative and quantitative data using pre-selected indicators for the capable state. This involved an opinion survey using a good governance assessment tool with 84 indicators, which the ECA indicates is "a bold first ..." to use such a tool for assessing good governance in Africa. The project covered 28 African countries and its findings formed part of the Africa Governance Report (AGR). The AGR will be launched by the ECA at the forthcoming African Development Forum (ADF IV) in October 2004.

Budgetary Processes and Economic Governance in Southern and Eastern Africa: Under the auspices of the Southern and Eastern Africa Policy Research Network (SEAPREN), BIDPA participated in a comparative study of budgetary processes and economic governance in Botswana, Kenya, Namibia, South Africa, Tanzania, Uganda, and Zambia. The study of seven countries in Southern and Eastern Africa aimed to fill the gap regarding knowledge of the economic dimension of good governance by mapping the budget processes and the institutions involved in economic governance. The study looked at four crucial aspects of the budgeting process supposed to improve economic governance in the field of budgets: the role of autonomous revenue agencies, medium-term expenditure frameworks, and the role of parliaments, non-state actors and the auditor general in controlling the budget. The study methods included analysis of relevant theoretical and international literature, collection and analysis of relevant documents from the studied countries, interviews with key informants and stakeholders, and field surveys.

The study produced a variety of outputs as follows: a regional seminar of the participating institutes after phase 1; a second regional seminar, including also other academics, policy makers, and the media at the end of the project in order to disseminate the results; a discussion paper presenting the results of the literature review; seven country reports presenting the evidence concerning the budget processes; 3-4 comparative policy briefs (studies) on efficiency of autonomous vs. integrated revenue collection agencies, parliamentary, non-state actors and auditor general participation in the budget process, and on the experiences with medium-term expenditure frameworks; 1-3 peer-reviewed publications on the basis of the 3 policy studies.

The combined research team consisted of eight sub-teams,

one from each participating SEAPREN institute and one from CMI. The SEAPREN participating institutes include NEPRU (Namibia), BIDPA (Botswana), DPRU (South Africa), EPRC (Uganda), ESRF (Tanzania), INESOR (Zambia) and IPAR (Kenya).

Transparency and Participation in the Budget Process: 10 African Case Studies: The Africa Budget Project (ABP) of the Institute for Democracy in South Africa (IDASA) and other collaborating partners undertook a cross-country research study of ten African countries on Transparency and Participation in the Budget Process. The study was intended to create a civil society agenda to demand changes in national budget processes. It sought to evaluate the extent to which the participating countries' governments provide sufficient budgetary information and access to citizens and civil society organisations to participate effectively in the budget process, and investigate the availability, accuracy, timeliness, comprehensiveness and usefulness of information on budgets. The project was followed by a sub-project involving the completion of a supplementary Open Budget Questionnaire, which was aimed at improving future data collection for the International Budget Project. Both components were completed in May 2004.

Customer Satisfaction Survey in the Public Service: The project was commissioned by the Directorate of Public Service Management (DPSM). The survey was carried out to determine peoples' satisfaction with the services provided by 21 government departments and public agencies in Gaborone, Kanye, Mochudi, Mogoditshane, Molepolole and Tlokwen. The aim of the survey was to find out the most critical areas that require improvement of public service delivery. The project was completed in April 2004.

SADC HIV/AIDS and Governance Case Studies: BIDPA, on behalf of the Institute for Security Studies (ISS), Pretoria, South Africa, conducted the Botswana study as part of a SADC-wide project on the impact of HIV/AIDS on governance, especially the delivery of public services. The project reviewed the policy framework and programmes aimed at the prevention and mitigation of the impact of HIV/AIDS on public sector effectiveness. It concentrated on examining local government policies, activities, structures and strategies of responding to the HIV/AIDS challenge. Focus was on the Gaborone City Council, Kgatleng District Council and Lobatse Town Council. The project was completed in May 2004.

Review of the Remote Area Development Programme (RADP): The Review of the Remote Area Development Programme (RADP) was commissioned by the Ministry of Local Government. It was guided by the aim to "formulate a revised Remote Area Development Programme and develop

comprehensive strategies for its implementation". The review Team extensively reviewed relevant policies and programmes, and surveyed the international literature. In addition, it conducted comprehensive participatory consultation with stakeholders at community, district, central government and international agency level. The recurring themes recommended by this Review may be summarised into four broad categories: rural development and poverty reduction; community-led development; creation of sustainable livelihood systems; and affirmative action for disadvantaged groups. The final report was accepted in December 2003.

Training for Local Authority Chief Executive Officers: The Botswana Institute for Development Policy Analysis (BIDPA) was commissioned by the Department of Local Government Service Management (DLGSM) to conduct a training workshop aimed at enhancing the development management capacities of local authority Chief Executive Officers (CEOs). For the purposes of this workshop, the CEOs consisted of Council Secretaries, City and Town Clerks and Land Board Secretaries. The training workshop was conducted from 12 to 17 November 2003. Eleven modules were presented, namely: the Role of the CEO in the Organization, Central-Local Government Relationships, Human Resources Planning and Utilization, Delegation and Empowerment, Staff Liaison and Team Development, Conflict Resolution, Decision Making, Financial Management in Local Authorities, Monitoring, Review & Evaluation for Local Authorities, Change Management and Strategic and Leadership Capacity.

Improvement of Institutional Efficiency in the Eastern and Southern African Policy Research Network (SEAPREN): SEAPREN consists of BIDPA; Development Policy Research Unit (DPRU), South Africa; Economic Policy Research Centre (EPRC), Uganda; Economic and Social Research Foundation (ESRF), Tanzania; Institute of Economic and Social Research (INESOR), Zambia; Institute of Policy Analysis and Research (IPAR), Kenya; and Namibia Economic Policy Research Unit (NEPRU). The management of these policy research and capacity building institutes determines the extent to which they can fulfil of their responsibilities. Issues of efficiency directly affect the ability of the institutes to fulfil their mandates. The objectives of this project, which is coordinated by BIDPA, are summarized thus: to identify common management problems that affect the efficient functioning of SEAPREN institutions; to identify areas where best management practices can be utilised 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.

Capacity Development for Delivery of Remote Area Dweller Programmes: Commissioned by the United Nations Development Programme (UNDP) Botswana Office, the project's general objective was to introduce a rights-based approach to remote area development. Specifically, to enhance the capacity of the public service to deliver services to remote area dwellers and to assist in creating impetus for implementation of the Remote Area Development Programme (RADP) in a rights-based perspective. It consisted of three interrelated components, respectively: a pilot training workshop for local community leaders from the settlements of Chobokwane, East Hanahai, West Hanahai and New Xade (Kx'eonsakene) in the Ghanzi district, a pilot training workshop for public service officers engaged in remote area development in the same district, and a roundtable conference for representatives of civil society organisations involved in remote area development. The community leaders' workshop was expected to enhance local leaders' capacity to advocate for a rights-based development approach. The expected output from the public officers' workshop was enhanced capacity for delivery of rights-based development programmes. The civil society representatives' conference was meant to develop a policy framework for their organisations' involvement in rights-based remote area development. It was completed in May 2004.

Civil Society Organisation (CSO) Networking for Support and Monitoring of the African Peer Review Mechanism (APRM) in SADC: This project was initiated by the Development Policy Management Forum (DPMF), based at the United Nations Economic Commission for Africa (UNECA) at Addis Ababa, Ethiopia. It involves research institutes and advocacy organisations in the East African Community (EAC) and the Southern African Development Community (SADC). It is aimed at enhancing civil society participation in political processes and regional integration, by influencing the political agenda in the region. Focus is on monitoring and evaluation of the SADC countries' involvement in the New Partnership for African Development's (NEPAD) African Peer Review Mechanism (APRM), which is an oversight process to monitor, and ensure that the policies and practices of participating countries conform to agreed values of political, economic and corporate governance, and the codes and standards contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The project also involves the Democracy Barometer Research Group (South Africa), Electoral Institute of Southern Africa (EISA), SADC Youth Movement (SADC-YM) and Southern African Human Rights NGO Network (SAHRINGON).

Roundtable Conference on Public Sector Reforms in Botswana: In June 2004, the Friedrich Ebert Foundation (FES) approved a BIDPA proposal to host a Roundtable Conference

on Public Sector Reforms in Botswana. A special BIDPA Briefing was produced to serve as a background document for the conference, which will be held at the Gaborone International Convention Centre (GICC) on 30 August 2004.

Consultancy Services for Building Capacity in Governance and in Benefit Streams Management: African Countries: BIDPA worked with the Christian Michelsen Institute (CMI) of Norway on the Building Capacity in Governance and Benefit Streams Management Project, in conjunction with the Namibian Economic Policy Research Unit (NEPRU). The goal of the project was to develop a programme linking educational institutions that can provide training in benefits streams management, especially from mineral projects. The project involved developing two case studies: one on the Botswana's Selebi-Phikwe Copper-Nickel mine (BCL) and the other on the Tsumeb Copper mine and smelter in Namibia. The case studies were designed for a Benefit Streams Management course for mid to senior level civil servants, as well as private sector and civil society participants.

The project also included the preparation of pedagogic materials for the course, along with a workshop to present the project findings and results. The main activities were literature search, data collection and analysis, visits to the two mines in Botswana and Namibia and consultations with local and national stakeholders in the mineral ventures.

5. Special Projects

5.1 SOUTHERN AFRICA TRADE RESEARCH NETWORK (SATRN)

SATRN is pursuing three intermediate objectives designed to enhance the region's participation in the WTO process over the medium to long term:

- Improving the quality of policy analysis, designed to lead to better prepared negotiating briefs, through the preparation of high-quality analytical studies designed to illuminate key WTO issues; and improved organisation and availability of quantitative and qualitative data for the region on trade-related issues and 'demand driven policy analysis' which aims to assist countries of the region in preparing thorough and professional negotiating briefs.
- Building greater analytical capacity in the research and policy communities, designed to increase the number of economists in the region who are familiar with the modern analysis of trade and trade policy and the operation of the world trading system and the WTO.
- Providing better training for officials involved in the WTO process, designed to enable them to engage more effectively in the activities of the WTO.

SATRN continued to aim at placing the SADC countries in a better position to define the agenda and the content of future negotiations in the WTO. The intention was to ensure that SADC countries were able to identify issues on which negotiations might yield clear gains for their respective countries and the region and to pursue negotiations in these areas to their own advantage.

Additionally, training for SADC policy makers and researchers was provided through workshops and seminars. While SATRN training workshops continued to be a success, the development of local experts was slow. For this reason, SATRN continued to rely mostly on international experts.

However, even with this constraint, SATRN organised two training workshops aimed at building the capacity of researchers and policy makers. In November 2003, SATRN hosted its second Annual Trade Symposium.

Pre-CANCUN Preparatory Meeting for SADC Countries (July 2-3, 2003): The meeting reviewed progress made on the Doha Work programme and identify key areas of agreement and disagreement in the different proposals submitted by member states and ways in which progress was made in areas of disagreement. The meeting was aimed at assisting policy

makers and negotiators develop positions for the fifth WTO Ministerial Conference which was held in Cancun, Mexico in September 2003. The round, which was started in Doha, Qatar in 2001, is due to be completed by 2005. Eight of the areas (implementation, agriculture, services, industrial tariffs, subsidies, antidumping, regional trade agreements and the environment) are to conclude as a 'single undertaking' by 2005. Negotiations on Dispute Settlement Understanding are on a separate track. Negotiations on investment, competition policy, transparency in government procurement and trade facilitation 'will take place after the fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations.'

In Doha, a work programme was agreed; however, a number of deadlines had passed on issues central to the success of the Round:

- Members failed to reach agreement on agricultural negotiating modalities.
- There was still deadlock on S&D.
- There was no progress on talks aimed at ensuring that WTO rules do not impede developing countries access to medicines.
- Two negotiating deadlines were coming up at the end of May: one for improvements to the Dispute Settlement Understanding (DSU) and another for agreeing on negotiating modalities for non-agricultural market access. It is generally felt that the deadlines will be missed for both.

Participants to the meeting included SADC's Geneva and capital based negotiators, regional trade experts and international trade experts from the World Bank, UNCTAD, WTO, and FAO.

EU-ACP Economic Partnership Agreement National Training Workshop for Swaziland (October 23-24, 2003): At the request of the Swaziland policy makers and their permanent representative in Brussels, SATRN, in collaboration with DfID, organised a two day workshop in Swaziland. The workshop is intended to advance the discussion of a post-2007 ACP-EU trade regime, which was too often sterile. Much remains to be done before there can be an informed debate about specifics. Many of the general points that can be made have already been put numerous times, so the broad issues are well known. For detailed discussion to move forward, it must be informed by more empirical evidence, some of which still needs to be collected. It is vital that this is done if the negotiations are to progress constructively.

With negotiations of Economic Partnership Agreements (EPAs) underway for over half a year, ACP countries are in dire need of more information. A key aspect of concern is the potential impact of EPAs on ACP countries. In Swaziland, the potential impact of the agreement is not known.

Professor Chris Stevens of IDS-Sussex, a leading expert of ACP-EU trade relations, and regional and local experts presented preliminary results of the impact of the agreement on Swaziland. The workshop also identified challenges facing Swaziland during EPA negotiations. These include: approach to the negotiations, phasing and time lines of the negotiations, and the substance of issues to be discussed.

- The training course came at a time when formal negotiations for a successor to the trade regime in the current Cotonou Agreement have been under way for almost a year. The new trade regime is scheduled to be in place by 2008.

Second Annual Trade Symposium

During the second year of its operation, SATRN approved 20 research proposals. The World Bank and UNCTAD provided resources persons for the workshop. Research output from researchers showed some improvement. However, the strategy adopted in Year 2003 for monitoring research proved helpful to the researchers. A team of experts was responsible for short listing research proposals. The researchers have been linked with experts from the World Bank, WTO and FAO. A research workshop planned for April 2004 will be used to assist the researchers with their research work.

SATRN's second Annual Trade Symposium was held on November 20 - 22, 2003 in Maputo, Mozambique. The theme of was "Enhancing the Benefits for SADC Countries in the Doha Round".

The Doha Round has been billed as the "Doha Development Agenda" with a promise to place the needs and interests of developing countries at the heart of the Work Program adopted in Doha in November 2001. This was, in part, acknowledgement that the previous rounds did not take into account the interests of developing countries. However, the failure of the mid-term review of the Doha Round to agree on principles for stating negotiations should be of concern to those who billed Doha the Development Round. The talks were stalled on several issues vital to developing countries. As a result of the failure, the Cancún Ministerial Conference adopted a six paragraph statement mainly asking the General Council Chairman and the WTO Director-General, to coordinate the work on outstanding issues and take fully into account all the views expressed at the Conference and to convene a meeting of the General Council at senior officials level no later than 15 December 2003 to take necessary action.

For the region to benefit from the Round policy makers will have to provide input that will enhance the benefits of SADC countries in the negotiations. This year's Symposium is aimed at achieving that goal.

The Symposium had two objectives:

- To identify important actions that need to be taken for the SADC countries to benefit from the Doha Round of negotiations;
- To identify the kind of structure that the WTO can provide within which developing countries can prosper; and
- To come up with ways in which the SADC countries can positively contribute to reviving the negotiations after the failure to reach consensus in Cancún?

Participants to the Symposium included SADC Geneva based Ambassadors and negotiators, SADC capital based senior officials, Researchers from the SADC region, Senior officials from the SADC Secretariat, and international experts from UNCTAD, World Bank, WTO, FAO, UNDP and IDS-Sussex.

Implementation of WTO Agreements: Implementation issues involve concerns which have been raised by developing countries since the coming into force of the Uruguay Round Agreements. They address imbalances in the multilateral trading system that makes it difficult for developing countries' to reap benefits from trade. On the one hand, the effective implementation of WTO commitments by SADC countries continues to be hampered by the lack of adequate financial, institutional and technical capacities. On the other hand, the developed countries have failed to implement the agreements in a way that would foster SADC countries' participation in global trade.

SATRN and the World Bank Development Research Group have commissioned studies to estimate the cost of implementing WTO Agreements. The studies cover customs reform, standards, intellectual property and regulatory reform. Due to the complexity of the issues, the first phase of the study covers two countries: Botswana and Mauritius. The study has now been extended to four other SADC countries: Swaziland, Malawi, Zambia and Zimbabwe. A regional workshop is planned for the second half of 2004.

SATRN has made some progress in its publications. SATRN published 7 working papers and 4 more are about to be published. The following papers were published:

SATRN Working Papers

- James Hodge (SATRN Working Paper No.1): WTO Negotiations in Telecommunications: How Should SADC Countries Respond?
- Magdeline Gabaraane (SATRN Working Paper No. 2):

Botswana Financial Services.

- Monnane Monnane (SATRN Working Paper No. 3): Botswana Telecommunications Services.

- Gape Kaboyakgosi and Margaret Sengwaketse (SATRN Working Paper No. 4): Construction and Related Services in Botswana.

- Gape Kaboyakgosi (SATRN Working Paper No. 5): Air and Road Transport in Botswana.

- Felix Maonera (SATRN Working Paper No. 6): Extension of the Additional Geographical Indications for Wines and Spirits to other Products: Developing a SADC Position.

- Tonia Kandiero (SATRN Working Paper No. 7): Tariff Reduction Options for Mozambique.

SATRN Quarterly

- Kennedy K. Mbekeani - The Doha Agenda and Challenges for SADC Countries

- James Hodge - WTO Telecommunications Negotiations: How Should SADC Countries Respond?

- Bernard Hoekman - Cancun: Crisis or Catharsis?

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. Following the preparatory workshop in July 2003 and the presentation of the joint research proposal to NORAD in September, the project was finally approved in July 2004. The programme of research will cover several themes, including: developmental democracy; politics, defence and security cooperation; regional trade and its relations to the international trade system; economic integration, harmonisation, finance and investment. There will also be two monitoring components in the programme: that of SADC inter-state relations and of the impact of donor cooperation on the integration process. In addition, capacity-building for policy research, analysis and advice will form a third component of the research. The programme will also benefit from supporting activities relating to dissemination of research results, website development and maintenance, production of on-demand policy papers and regional annual conferences. BIDPA will serve as secretariat and the coordinator of the FOPRISA programme.

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.

5.4 VISION 2016 SECRETARIAT

Forum Activities:

The Vision Council created working committees or forums to monitor the progress in each of the main strategy sections of the vision and report on a regular basis in a public and transparent manner. The membership of each working committee was drawn from relevant non- governmental organisations and public sector departments. All stakeholders were invited to join working committees relevant to their areas of operations. Regrettably the response to participate in these working committees was poor.

Publicity:

Publicity of Youth Forum Activities: In an effort to intensify awareness of the Vision among young people, the Bokamoso Youth Supplement of Mmegi newspaper was invited to interview some members of the Youth Forum on the role of the Youth Forum in the implementation of the Vision.

The Youth Forum also released a press release urging young people to register for the 2004 General Elections in November. It was hoped that young people will turn up in large numbers to register to vote in a bid to help realize the pillar on Open, Democratic and Accountable Nation.

Vision Awareness Week - September 2003: Beginning August 2003, emphasis was placed on making preparations for the Vision Awareness Week. Members of the committee were subdivided into sub-committees in which the staffs of the Vision Secretariat were the focal coordinators.

Among the activities organised by the sub-committee included hosting a Panel Discussion at Botswana National Youth Council. The topic for the panel discussion was "The role of young people as present and future leaders in the implementation of Vision 2016"

The Preparatory Committee resolved that sports and women activities should be deferred to the year 2004 where preparations should start as early as possible. The sub-committee worked closely with Baobab Primary School in the production of Mantwaneng programme which targeted to teach children about Vision 2016.

Additionally, Robert Letsatsi and Sylvia Mabeana from Youth Forum served as studio guests in the Radio Botswana Youth Phone in Programme. The programme served to inform

young people about the Vision and clarify the role of young people in the implementation of the Vision.

National Stakeholders Conference: During the conference media briefing were provided on television, radio stations and the newspapers.

BOCCIM Northern Trade Fair: During the week of 26-31 May 2003, the Secretariat participated in the BOCCIM Northern Trade Fair in Francistown. Feedback was also sought from the visitors on how much they knew about Vision 2016, how they got to know about it, what they were doing about it, and what could be done to promote awareness and implementation of the Vision.

The fair gave the secretariat an opportunity to disseminate information about Vision 2016, sensitise the public, particularly school children, and measure the level of knowledge about the Vision by various sectors of the society. While a measure of progress was made, a lot still needs to be done in terms of public education and promotion of Vision 2016. It is encouraging that participating in activities of this nature helped and facilitated the achievement of this challenge.

Environmental Heritage Foundation of Botswana Symposium on Sustainable Environmental Management in Botswana: A presentation on "*A Perspective on Environmental Windows of Vision 2016*" was made at a symposium held in Francistown on the 12th June 2003.

The presentation covered a brief outline of Vision 2016 and the environment; the strategic pillar that covers sustainable environmental management; the need for sustainable environmental management; key environmental issues and problems; and national, organizational and individual efforts to sustainably manage the environment.

The need for the Vision 2016 Council to sensitise and involve the rural communities on Vision 2016 in general, and sustainable environmental management in particular, was emphasized.

Address to Francistown Primary and Secondary Schools Teachers: The meeting was arranged with the assistance of the head of Mater Spei College and the Regional Education Officer. The public opinion video that was done for the National Stakeholders Conference was shown to those who attended the meeting, and a brief outline of Vision 2016 and its strategic pillars, with specific reference to the pillar of building an educated and informed nation, was presented to the meeting. The role that teachers were expected to play in the implementation of the Vision was also explained, with emphasis being on the need to inculcate Vision 2016 into their plans and in the minds of the pupils and students.

More than 150 teachers turned up for the meeting, and from their comments it appeared that not many of them were well versed with the goals of the Vision and what their role is as teachers.

The Secretariat noted the concern that whilst the efforts of the Vision Council in promotion of Vision 2016 were appreciated, there was too much concentration in Gaborone, with little or no attention being given to the rural areas. Concerns were also raised about the danger of emphasizing on awareness and ignoring implementation, and the need to make stakeholders responsible and accountable for particular Vision pillars was suggested, as well as the need to have performance indicators and monitoring and evaluation mechanisms. The development and adoption of the Monitoring and Evaluation System was explained together with how the system is expected to operate.

Other Engagements: Presentations were made to the Botswana National Youth Council Secretariat on 25th June 2003, in Gaborone, and to the Board of trustees of Environmental Heritage for Botswana on 27th June 2003, in Francistown, on the roles that the two organisations can and should play in the implementation of Vision 2016.

Both organisations were engaged in some programmes or projects that specifically affect their respective areas of responsibilities, and are in line with Vision 2016.

Publicity and implementation of Vision 2016: Kgotla meetings and workshops were conducted in Tutume and Bobonong Sub-districts. The purpose of the meetings and workshops was to assist villages and sub-districts to turn Vision 2016 into action. The objectives of the Kgotla meetings and workshops are to create and raise the level of awareness of the Vision; to demonstrate how communities can meaningfully participate in activities geared towards realization of the Vision; to encourage the formation of Vision 2016 committees and subsequent drawing up of activity plans for implementation of the Vision at both village and sub-district level; and to strike a working relationship between the established Vision 2016 Committees with the Vision Secretariat.

In the Kgotla meetings and workshops, participants identified local problems under each pillar of the Vision and suggested the possible solutions thereof. The Vision 2016 Committees were to subsequently draw a plan of action to address the problems and introduce projects for wide participation by communities to ensure the Vision was implemented.

Workshops and Seminars

Workshops & Committee Meetings attended: The Chairperson of Youth Forum attended two Youth District Council workshops in Maun and Masunga where she deliberated on the Vision.

A workshop on Consensus Building and Planning was organised by UNICEF. The theme of the workshop was “Giving the child the best start of life through an integrated approach”.

House of Chiefs Workshop: The Secretariat also organised a workshop for the House of Chiefs in 20 January 2004. The objectives of the workshop were to clarify the role for Bogosi in the implementation of the Long-Term Vision for Botswana – Vision 2016; to share experiences and ideas on best practices for communities in rural area to meaningfully participate in Vision 2016; and to establish sustainable feedback

mechanisms between the Vision 2016 Council and members of the House of Chiefs on matters pertaining to the implementation of the Vision.

Kgatleng District Council: Councillors invited the Vision Council to explain and share with them the goals of Vision 2016 and what they mean to them. Councillors were informed that the purpose of the visit was to explain in detail what each pillar means and how that relates to the roles and duties of the Councillors. This presentation was appreciated and it was agreed that it would assist Councillors to develop a better operational plan for the next two to three years.

The Vision 2016 Co-ordinator and the Chairperson of Vision Council visited Gantsi to address the Village Development Committee by the Chair 23/06/03. The Chairperson explained the historical background leading to the launching of Vision 2016 and its seven pillars.



BIDPA House

6. Library Activities

Stakeholders Workshop on the World Summit on the Information Society (WSIS): One BIDPA employee attended a Stakeholders workshop to deliberate on issues of information in Botswana in preparation for the World Summit on Information Society (WSIS), which was later held in Geneva, Switzerland in December, 2003. The workshop was organized by Botswana Telecommunications Authority (BTA). The objective of the workshop was to appreciate the current status and perspectives on Information Society and Information and Communications Technologies (ICTs), to understand the current reality of Botswana with respect to ICT and the Information Society, and to gain in-depth knowledge (following focus group input) into the Botswana situation.

What emerged at the workshop was that even though Botswana was one of the leading countries in terms of ICT infrastructure development, the infrastructure was not fully utilized due to lack of knowledge among Botswana. A concern was raised on the lack of local content. Government was called on to play a leading role in ensuring that important government policies, Acts of Parliament and National Development Plans were available online and that more public services were provided online to reach many people and cut down costs and promote productivity.

It was also acknowledged that there was an acute digital divide in Botswana between rural and urban areas. To this extent, community access points should be availed in the rural areas, using the existing structures like libraries and schools and that government should not leave the provision of Internet access in the rural areas to the private sector, which for commercial reasons would not see the rural areas as viable grounds to move into.

Visit by the Zambian Team of Documentalists: Earlier in the year, BIDPA library hosted a team of documentalists on a Study Tour from Zambia from 12th through 23rd August 2003. The Team, sponsored by the Management of the Zambia Social Investment Fund (ZAMSIF), consisted of Ms. K. M. Chenga (Poverty Information and Documentation Specialist – ZAMSIF), Ms. E. Mwila-Mbulu (Poverty Monitoring and Analysis Officer – ZAMSIF), E. Mbewe (Librarian – Ministry of Finance and National Planning) and Ms. C. Shimulopwe-Chikolwa (Marketing and Publications Manager – Central Statistics Office). While at BIDPA, the Zambian team visited the University of Botswana Research and Development Department, the SADC Secretariat Library, Statistics and Publications Sections; and the Library at Botswana Central Statistics Office.

Children’s Information Trust: In November 2003, Mrs. Molefe, a co-founder of the Children’s Information Trust (CIT), was involved in organizing and the running of the first national seminar which was co-funded by the Vision 2016 and the UNICEF.

Workshop on Managing Digital Libraries: The chief librarian, a member of the standing committee of the Africa Section of the International Federation of Library Associations and Institutions (IFLA-Africa Section), chaired the local organizing committee for both the IFLA Africa Section Annual Meeting and a workshop on managing digital libraries which was successfully held in February 2004.

Electronic resources and resource sharing in Botswana: In December 2003, the Botswana Library Consortium Board requested member libraries to determine the relevance of Ebsco Host databases to their users. The first step was to compare and find out the portion of serial titles subscribed to were available on Ebscohost databases in full text. On completion of this exercise, BIDPA library had determined that twenty four titles out of a total of one hundred and ten (110) titles were available in the databases in full text. This gives an overall total of 21.8% full text availability. For the past three years, BIDPA library had access to the EBSCO databases, courtesy of the University of Botswana Library, which paid full subscription that allowed access to all libraries within the country. The Botswana Library Consortium will be asking all libraries to contribute towards subscriptions. BIDPA would definitely save some money by cancelling titles that have full text formats in the databases.



BIDPA library

7. Capacity Building

7.1 OVERVIEW

BIDPA continued to actively implement a programme for capacity building in the areas of economic and social development. This consisted of a combination of formal training for Masters and Doctoral degrees, courses, seminars and workshops.

BIDPA trained twelve Masters' degree graduates and four PhD candidates. Dr. Nyamadzabo completed his studies from the American University in the USA and rejoined the Ministry of Finance and Development Planning. Dr. Fichani also completed his PhD training in the USA and has rejoined the Ministry of Minerals, Energy and Water Affairs. The third PhD candidate was expected to complete by the end of 2004. The fourth PhD candidate, an employee of the BIDPA, recently started his degree programme in Australia. Plans are underway to send two more PhD and one Masters' degree students during 2004.

On-the-job training was provided to junior staff through supervision of research work, internal seminars and presentations and work on BIDPA projects. In order to build local research capacity, BIDPA continued to include junior researchers in all BIDPA major research work. A number of interns were housed to build their capacity in research from within Botswana and outside the country.

Through its project work and public education programmes, BIDPA continued to build both individual and organisations' capacity in Botswana. The Institute has also been successful in its public education campaign through the use of publications, presentations, workshops and conferences, as well as the publication of the quarterly BIDPA Briefing and Special BIDPA Briefings.

7.2 Internships & Attachments

The following capacity building activities were undertaken during the year:

- **Mrs Grace Kgakge**, an Associate Researcher at BIDPA, returned in May 2003 from Friedrich Ebert Foundation sponsored study tour in Brussels where she prepared and presented a paper on *"Possible Trade and Welfare Effects of Regional Economic Partnership Agreements on Botswana"*.
- **Mr. Johnson Maiketso**, an Associate Researcher at BIDPA, went for an attachment with the World Bank,



Dr T. Nyamadzabo – a beneficiary of the BIDPA capacity building programme

Washington, DC. This attachment started on 16th June 2003 for a three months period, and was sponsored by both BIDPA and the World Bank.

- **Mr. Tiro Kayawe**, an Associate Researcher at BIDPA, was attached to the World Trade Organisation (WTO) in Geneva from 10th June 2003 to December 2003. While there, he concentrated and was trained on trade negotiations issues. His attachment was sponsored by BIDPA and the WTO.
- **Ms. Bangwe Siwawa**, Financial Administrator at BIDPA, and **Dr. N. H. Fidzani**, Executive Director, attended a three days consultative workshop with the ACBF from 15th to 18th July 2003. The purpose of the workshop was to inform all ACBF supported institutions about the ACBF procedures. This was particularly informative to the Financial Administrator, who joined the Institute earlier in the year.
- **Six interns from the University of Botswana** were accepted. Three of these are economics students attached to the research department. One student was attached to Finance, one was attached to Library, and the last one was attached to the Vision 2016 secretariat. The records management student who was attached to

the Library completed her internship on 13th June 2003.

- The Executive Director, Dr. Fidzani, visited SIDA, Sweden to explore the possibility of the agency funding the Economic Diversification Project. The outcome was that if regional comparative analysis were to be undertaken, the request might receive some favourable consideration. The Executive Director worked on proposals that will involve Namibia, Zambia and Lesotho and possibly Swaziland. These proposals were on macro-policy and HIV/AIDS issues.
- The Institute hosted three interns for six months, two Batswana (Ms. Boitumelo Mmolawa and Mr. Reginald Selelo) doing Masters' degree in Economics at the University of Botswana and a national of Zimbabwe, Ms. Emelly Mutambatsere, studying for her PhD at Cornell University in New York, USA.
- Ms. Victoria Ndzinge was sponsored for a three months attachment with BIDPA from the University of Cape Town. The internship was intended to provide her with the opportunity to improve her practical research skills. Her interests focused on the proposed USA-SACU Trade agreement and SADC and SACU trade arrangements.
- BIDPA hosted Mr. Marcel Kruse, an intern from the University of Humboldt in Germany. His stay with BIDPA was for five months. His interest focused on small medium & micro enterprises (SMMEs) and micro finance issues. This experience was intended to assist him in developing his thesis on the area with emphasis on developing country's policy in the area.

7.3 Workshops and Seminars

A number of workshops were organised to build the capacity of both the BIDPA staff and stakeholders' employees in a number of areas. These workshops and seminars addressed pertinent issues in the respective areas.

- **Training for Local Authorities' Chief Executive Officers:** The Department of Local Government Service Management (DLGSM) awarded a tender to BIDPA to conduct a training workshop on Human Resource Utilisation for local authority chief executive officers from 17 to 21 November 2003 at Kasane.
- **Pre-Cancun Preparatory Meeting for SADC Countries:** BIDPA arranged a SATRN sponsored three days pre-Cancun preparatory meeting for SADC countries in Gaborone from 2nd to 3rd July 2003. The workshop was in preparation for the mid-term meeting of the World Trade Organisation (WTO) Doha Round of trade talks held in Cancun, Mexico in

September 2003. The purpose of the preparatory meeting was to review progress made on the Doha work programme and to also identify key areas of agreement and disagreement in the different proposals submitted by member states and ways in which progress could be made in areas of disagreement. The discussions focused on services, agriculture and subsidies, special and differential treatment, TRIPS and public health as well as new issues of investment, competition policy, trade facilitation, government procurement, technical assistance and technology transfer. The meeting was attended by participants from SADC's Geneva based negotiators, representatives from SADC countries, including private sector representatives, regional trade experts, and international trade experts from the World Bank, UNCTAD, WTO and FAO.

- **EU-ACP Economic Partnership Agreement National Training Workshop:** BIDPA organised a two-day training workshop on the EU-ACP Economic Partnership Agreement on 14th to 15th July 2003. The objective of the training workshop was to identify key issues of interest to Botswana. The workshop, funded by DFID, identified challenges facing Botswana during EPA negotiations. These included approach to the negotiations, phasing and time lines of the negotiations, and the substance of issues to be discussed. The workshop was attended by representatives from the Ministries of Trade and Industry, Foreign Affairs and Agriculture as well as representatives from the private sector.
- **Eastern and Southern Africa Sub-Regional Workshop Preparatory Meeting:** Two staff members attended a workshop in Lusaka, Zambia from 24th to 26th November 2003. The workshop was in preparation to the African Development Forum on Governance for a Progressing Africa. The main objective of the meeting was to: (a) afford participants the opportunity to critically examine specific sub-regional dimensions of governance, discuss an overview of the continent-wide perspective on governance; (b) assist UNECA offices in the sub-regions in establishing the best modalities for mobilizing participation to the Forum proper, create a mass of focus groups who would be in a position to inform and influence the discussions during the Forum; and (c) assist UNECA offices in the sub-regions in their contribution to post-ADF IV follow-up activities with key partners at the national and sub-regional levels.
- **Heads of Mission briefing:** Presentation was made to Heads of Missions on the state of the economy.
- A Pre-Cancun briefing was prepared for the Ministers of Trade and Industry and Agriculture.

8. Staff Matters

8.1 Staff Complement

There are now 34 staff members (of which 19 are researchers and 15 are support staff) in the BIDPA. Out of the total, 14 are female staff, constituting 41%. On the other hand, the Vision 2016 staff increased from 3 the previous year to 6, of which 2 are female.



Mr J. Maiketso
(Associate Researcher)



Dr. C. K. Kerapeletswe
(Research Fellow 2)



Ms Grace Kgakge
(Research Fellow 1)



Mrs M. Sengwaketse
(Research Fellow 1)



Mr Gape Kaboyakgosi
(Research Fellow 1)

8.2 Training and Development

Mr. Keamogetse Molebatsi completed his MA studies in public administration in the United Kingdom and has resumed his duties.

Ms. Kehumile Tsetsengwe, Receptionist, completed her second year of the three year Diploma in Accountancy and Business Studies programme with the University of Botswana.

Mr P. Moepeng, Research Fellow, resumed his PhD studies towards end of the year in Australia. Mr. Batsetswe was continuing his studies in the United Kingdom and is in his final year of the two year programme. Mr. Motsomi Tladi, Finance Assistant, was continuing his AAT studies locally.

8.3 Promotions

Three researchers were promoted from Associate researcher to Research Fellow 1 (Mrs. Sengwaketse, Mrs. Kgakge, Mr. Kaboyakgosi), while two staff members were promoted from Research Assistant to Associate Researcher (Mr. Molebatsi, Mr. Maiketso). Dr. C. K. Kerapeletswe was appointed to the position of Research Fellow 2 following her completion of her PhD programme. Ms. Victoria Ndzinge, recently appointed Research Assistant, successfully completed her Masters degree from the University of Cape Town and graduated on 20th June 2003. She was promoted to the position of Associate Researcher in accordance with the BIDPA promotion guidelines.

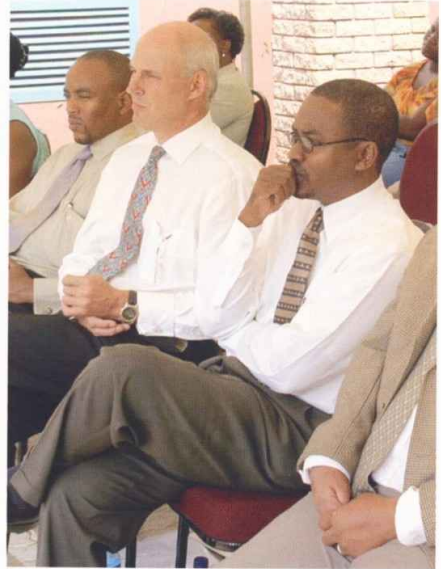
8.4 Resignations

The following staff members resigned during the year: Dr. R. Greener (Senior Research Fellow) joined UNDP, Mrs. K. Masetlhe (Research Fellow), Mr. T. Kayawe (Associate Researcher) joined CEDA, Mr. I Kamara (Associate Researcher) went for further study at UCP, Mr. D. Batsimako (Driver) joined PEEPA and Mrs. A. Radipati (Executive Secretary of the Vision 2016 Secretariat) joined Bank of Botswana.

BIDPA in pictures



US Ambassador to Botswana, H.E. Mr Joseph Huggins and Namibian High Commissioner to Botswana, H.E. Theresia Samaria



BIDPA House architects and members of public at the official opening



Maxy performing during the official opening of BIDPA House



BIDPA Staff



BIDPA Staff



Dignitaries, Some BIDPA Board Members and management at the official opening of BIDPA House



BIDPA staff



Dr Ndurukwigira of ALBF, Hon. B. Gaolathe, Dr Fidzani and Ambassador Huggins enjoying the mountain view from the top of BIDPA House



Minister Baledzi Gaolathe unveiling the BIDPA plaque



Some board members and guests

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 2004

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 2004.

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
M D Modise		
E M Dewah		
F Modise		
A Molokomme		
L K Mohohlo		
Prof B Othogile		

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 13, 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.

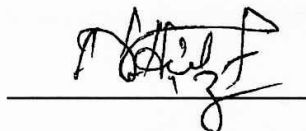
The auditors' responsibilities are stated in their report to the sponsors.

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 2004 set out on pages 5 to 13 have been approved by the board of Trustees on 15th July 2004 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.

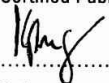
Opinion

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 2004 and of the results of its operations and its cash flows for the year ended in accordance with International Financial Reporting Standards.

Supplementary information

The supplementary schedule set out on page 13 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 2004

	<i>Notes</i>	2004 Pula	2003 Pula
Revenue			
Grants revenue	1	8 443 820	7 949 840
Project revenue		4 665 364	2 196 654
		13 109 184	10 146 494
Other operating income		843 301	691 199
Total revenue		13 952 485	10 837 693
Operating expenditure		(12 617 781)	(11 574 674)
Surplus/(deficit) for the year	2	1 334 704	(736 981)

Statement of changes in accumulated funds

for the year ended 31 March 2004

	2004 Pula	2003 Pula
Accumulated funds		
Balance at 1 April	6 891 090	7 628 071
Surplus/(deficit) for the year	1 334 704	(736 981)
Balance at 31 March	8 225 794	6 891 090

Balance statement

as at 31 March 2004

	<i>Notes</i>	2004 Pula	2003 Pula
Assets			
Non current assets			
Property, plant and equipment	3	5 537 430	5 416 288
Current assets			
Work-in-progress		556 609	425 142
Accounts receivable	4	2 174 637	700 806
Bank of Botswana Certificates	5	3 451 533	2 610 411
Cash and bank balances		2 750 651	2 929 302
		8 933 430	6 665 661
Total assets		14 470 860	12 081 949
Accumulated funds and liabilities			
Accumulated funds		8 225 794	6 891 090
Current liabilities			
Accounts payable	7	2 690 054	1 756 989
Deferred capital grants	6	3 555 012	3 433 870
		6 245 066	5 190 859
Total accumulated funds and liabilities		14 470 860	12 081 949

Cash flow statement

for the year ended 31 March 2004

	2004 Pula	2003 Pula
Operating activities		
Surplus/(deficit) for the year	1 334 704	(736 981)
Adjustments for:		
Depreciation	393 370	364 933
Amortisation of deferred capital grants	(393 370)	(274 008)
Interest received	(810 595)	(596 012)
Operating surplus/(deficit) before working capital changes	524 109	(1 242 068)
(Increase)/decrease in accounts receivable and work in progress	(1 576 706)	121 987
Increase in accounts payable	933 065	277 507
Net cash outflow from operating activities	(119 532)	(842 574)
Investing activities		
Interest received	782 003	596 012
Payments for plant and equipment	(514 512)	(1 652 338)
Net investment in BOBC's	(841 122)	(297 091)
Capital grants received	514 512	967 339
Net cash outflow from investing activities	(59 119)	(386 078)
Net decrease in cash and cash equivalents	(178 651)	(1 228 652)
Cash and cash equivalents at the beginning of the year	2 929 302	4 157 954
Cash and cash equivalents at the end of the year	2 750 651	2 929 302
Cash and cash equivalents consist of:		
Cash on hand	1 000	1 000
Bank balances-current accounts	1 754 073	1 053 062
-call accounts	1 142 259	2 091 206
-overdrafts	(146 681)	(215 966)
	2 750 651	2 929 302

Significant accounting policies

for the year ended 31 March 2004

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

Significant accounting policies

(continued) for the year ended 31 March 2004

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.

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).

Comparative figures

Where necessary comparative figures have been reclassified to reflect current year's presentation.

Notes to the annual financial statements

for the year ended 31 March 2004

	2004 Pula	2003 Pula
1. Grant revenue		
Botswana Government	6 620 182	6 581 709
The African Capacity Building Foundation (ACBF)	1 750 200	1 368 131
	<u>8 370 382</u>	<u>7 949 840</u>
ACBF have signed the Phase Two agreement to disburse US\$1 500 000 over 4 years effective from January 2002.		
2. Surplus/(deficit) for the year		
is stated after taking into account the following:		
Auditors' remuneration - current year	24 000	28
- prior year under provision	6 000	-
Depreciation	393 370	364 933
Exchange loss	125 585	574 805
Interest received	(810 595)	(596 012)
Professional costs – hired in	(1 200)	139 317
Staff costs	7 935 085	8 135 835
Directors' fees	-	8 265
	<u>-</u>	<u>-</u>

Notes to the annual financial statements

(continued) for the year ended 31 March 2004

3. Property, plant and equipment

	Leasehold Land & Building	Motor vehicles	Office equipment	Computers	Furniture and Household fittings	Household furniture	Library books	Total
Cost								
Balance of 1 April 2003	5 060 000	299 748	318 805	836 040	560 385	630	479 881	7 555 489
Additions	12 269 760	166	56 151	133 572	144 015	-	1 745	514 512
Disposals	-	-	-	(39 730)	-	-	-	(39 730)
Balance at 31 March 2004	5 072 269	466 508	374 956	929 882	704 400	630	481 626	8 030 271
Accumulated Depreciation								
Balance at 1 April 2003	95 200	219 640	244 853	720 698	381 778	630	476 402	2 139 201
Charge for the year	95 445	81 744	44 019	97 372	70 440	-	4 350	393 370
Disposals	-	-	-	(39 730)	-	-	-	(39 730)
Balance at 31 March 2004	190 645 384	301	288 872	778 340	452 218	630	480 752	2 492 841
Net book value 31 March 2004	4 881 624 124	165	86 084	151 542	252 182	-	874	5 537 430
March 2003	4 964 800	80 108	73 952	115 342	178 607	-	3 479	5 416 288

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 2004

	2004 Pula	2003 Pula
4. Accounts receivable		
Project debtors	1 831 102	484 008
Staff	27 345	10 562
Deposits	35 200	35 200
Sundry	51 059	26 524
Prepayments	129 931	144 512
Advance to Technical Assistance Project	100 000	-
	<u>2 174 637</u>	<u>700 806</u>
5. Short term investments		
Bank of Botswana Certificates	<u>3 451 533</u>	<u>2 610 411</u>
The Bank of Botswana Certificates maturing on 17 May 2004 (P3 451 533) will be reinvested.		
6. Deferred capital grants		
Balance at beginning of year	3 433 870	2 740 539
Capital grants received	<u>514 512</u>	<u>967 339</u>
	3 948 382	3 707 878
Amortisation of capital grants	<u>(393 370)</u>	<u>(274 008)</u>
	<u>3 555 012</u>	<u>3 433 870</u>
7. Accounts payable		
Trade creditors and accruals	140 419	234 150
Gratuity provision	<u>2 549 635</u>	<u>1 522 839</u>
	<u>2 690 054</u>	<u>1 756 989</u>

Notes to the annual financial statements

(continued) for the year ended 31 March 2004

8. Financial instruments

Exposure to currency, interest rate and credit risk arises in the normal course of the Institute's affairs.

Currency risk:

The Institute is exposed to currency risk (US Dollars: Pula) mainly through foreign currency bank account.

Interest rate risk:

The exposure to interest rate risk arises from the Institute's investments and interest bearing cash accounts. Interest rates on Bank of Botswana Certificates (BOBCs) are fixed. At year end the effective yields on BOBCs held by the Institute with Stock Brokers Botswana was 12.84%. Interest earned on call deposit accounts is at market rates from commercial banks.

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

	2004 Pula	2003 Pula
Income		
Grants revenue	8 050 450	7 584 907
Amortisation of capital grants	393 370	364 933
Interest received	810 595	596 012
Sundry revenue	2 706	95 187
Project revenue	4 665 364	2 196 654
	<hr/>	<hr/>
	13 952 485	10 837 693
Operating expenditure		
Advertising	45 386	25 063
Audit fees	30 000	28 011
Bank charges	32 660	25 528
BIDPA publications	106 203	24 486
Conference costs	37 905	34 309
Consultancy	79 135	2 025
Depreciation	393 370	364 933
Exchange loss	125 585	574 775
Hospitality	15 706	5 542
Insurance	33 040	26 216
Legal fees and licences	-	-
Library and information services	219 296	265 575
Office accommodation	-	254 584
Printing and stationery	170 026	116 410
Repairs and maintenance	115 935	267 285
Security	64 066	37 958
Software	24 074	18 622
Staff costs	7 932 384	8 135 835
Staff welfare	12 503	7 790
Teas and cleaning	56 648	44 072
Telephone, fax and postages	300 870	195 884
Training costs	670 182	775 867
Travel	129 674	66 087
Utilities	128 571	118 243
Vehicle costs	30 904	20 257
Project costs /professional costs – hired in	1 763 608	139 317

Income and expenditure statement

(continued) for the year ended 31 March 2004

	2004 Pula	2003 Pula
Total operating expenditure	12 617 781	11 574 674
Surplus/(deficit) for the year	1 334 704	(736 981)

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



BIDPA House
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