



**Republic of Botswana
-
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Executive Summary

Botswana's political stability, good use of mineral resources and prudent financial management continued throughout 2007.

President Mogae reshuffled his government in January and in February opened the new enlarged House of Chiefs. The opposition remained divided. Botswana continued to make good progress on key governance issues e.g. anticorruption strategy, High Court case management, fighting domestic violence and joining the Extractive Industries Transparency Initiative. However, the issue of the occupation of the Central Kalahari Game Reserve by the Basarwa or Bushmen remained controversial.

After a temporary slowdown (-0.8% in 2005/06), growth in 2006/07 recovered to an estimated 5.7% on increases in both mineral and non-mineral activities, including tourism and manufacturing. Recent developments have been favourable, with noticeable growth in the non-mineral economy and reduced inflation. Nevertheless the slow pace of economic diversification, privatisation and creation of a more conducive business environment, as well as the relatively high cost but low productivity of labour, skills mismatch and high unemployment, remained key challenges for Botswana. Furthermore, power shortages, which started in 2007, are expected to increase and have negative consequences for the economy as a whole. In November, an interim economic partnership agreement (EPA) was initialled with a SADC group, including Botswana, which played a leading role during negotiations. The EPA brings new perspectives to the country for foreign investment, business, trade and regional integration opening new doors for economic diversification.

Social indicators remained weak; the 2006 Human Development Report ranked Botswana 132nd out of 177 countries, with an HDI of 0.565. Botswana has the world's third highest prevalence of HIV and AIDS continuing to pose a significant threat to human development, though positive trends in prevalence were noted in 2007. Poverty, unemployment and high income inequalities, remain a major challenge, which the Government continued to address in 2007 through the Multi Sectoral Committee on Poverty Reduction (MSCPR) aiming at implementing the National Strategy for Poverty Reduction (NSPR).

Good progress was made in the focal sector programme, the Education and Training Sector Policy Support Programme. The 3rd Joint Annual Appraisal undertaken end 2007 recommended the release of 72% of the variable tranche (€7.92m). Policy dialogue in the sector was constructive and included for the first time representatives of civil society. In the non focal sectors progress was also notable: the Wildlife Conservation and Management Programme was finalised, the economic diversification of the mining sector progressed well and the technical cooperation facility was used to address key needs by the Government. It has also been used to build capacity in the NAO Office itself, through the recruitment of a TA/on-the-job trainer

The Government and the Commission Delegation worked closely together in finalising the 10th EDF CSP consulting with NSA/LA and EU member states leading to signature on the 9/12/07 in Lisbon at the EU-Africa summit. Botswana received a 30% incentive tranche based on its good governance and commitments to improve it further. GoB proposed to allocate a substantial proportion of the incentive tranche not only to budget support in the focal sector but also to support NSA. From a global envelope of €73m, €62m are earmarked for budget support in the focal sector, Human Resource Development, €8m to empower civil society and €3 million for a new technical cooperation facility.

Formal donor co-ordination by the Government started with one development partner forum held in September with Commission support.

1. UPDATE OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

1.1 Update on the political situation

President Mogae reshuffled his government on 19 January. Some cabinet members were redeployed, two new ministries were created (the Ministries of Youth, Sports and Culture and of Justice Defence and Security) and two assistant ministers were appointed to the Ministry of Education. This was seen by some commentators as aimed at healing internal party divisions and planning ahead for the 2009 elections whereas others, like the Botswana's opposition, criticized the reshuffle for failing to sanction under-performing ministers. In terms of gender balance the reshuffle reduced the share of women in the cabinet: women now occupy 25% of posts as ministers and 12.5% of posts as assistant minister¹.

The opposition remained deeply divided and the BDP, strengthening its position before the 2009 elections, has put the already weak opposition under further pressure. The opposition lead by O. Moupou, President of the Botswana National Front (BNF) disagreed mainly over the Intelligence and Security Services Bill², funding of political parties, the current electoral system where the head of state is not directly elected by the people, the first past the post system and the Employment Act. Dr. C. Moenga, the Bishop of the Evangelical Lutheran Church and Vice President of Botswana Council of Churches³ stated in July that there is too much dishonesty among some opposition leaders and urged opposition parties to work together and come up with a new neutral name for the sake of Botswana. In that context it has to be re-called that during the 2004 elections, BDP obtained only a little more than 50% of the popular vote. Registration for the 2009 elections began in 2007.

President Mogae opened the new 35 member House of Chiefs in February. The old 15 member house had been considered discriminatory as it provided for ex-officio membership for eight "paramount" chiefs, all chiefs of Tswana tribes.. The new House, *Ntlo ya Dikgosi*, consists of 35 members. The 8 "principal" tribes remain, but 22 members are elected by chiefs, sub-chiefs and headmen and five are appointed by the President. The House may still reflect the importance of the leaders of the Tswana, but that importance has been diluted and the membership broadened (e.g. appointment by President Mogae of Chief Lobatse Beslag of New Xade, a San from a resettlement village). The House has a solely advisory role.

The Government made good progress on Governance in seven out of 23 commitments agreed with the European Commission e.g. High Court case management system; anti corruption study; agreement on a Public Expenditure and Financial Accountability (PEFA) exercise to be conducted early 2008; strengthening the Public Procurement & Asset Disposal Board (PPADB); enacting the Domestic Violence Act; active role in the Economic Partnership Agreement (EPA) between the EU and SADC; one donor forum was held and support to NSA was strengthened⁴.

The following progress in Governance, not included in the commitments with the Commission, was also noted in 2007: the enlarged House of Chiefs with a better geographic

¹ President Mogae, BDP president, has worked to redress the lack of elected women through his powers of nomination. He nominated three women to the central committee in July.

² The opposition walked out of Parliament as they felt that they were not allowed to participate in amending the Bill.

³ Religion is important with over 60% of Botswana being Christians

⁴ GoB proposed to allocate a substantial proportion of the incentive tranche not only to budget support in the focal sector but also to support NSA (increase to 8 M Euro).

representation; rank 38 in the Transparency International Corruption Perceptions Index compared to 37 the previous year, which is the best score in Africa; score of 92.8% in political stability and absence of violence in the World Bank Institute report on "Governance Matters"; adoption of the Vienna Declaration end of June, which aims at securing the confidence of citizens in their governments; ILO's announcement in July of its assistance to the GoB to draft an action plan on elimination of the worst forms of child labour⁵; announcement in May that it will join the Extractive Industries Transparency Initiative (EITI); the declaration in February by the Administration of Justice (AoJ) declaring 2007 a year of change in the country's judiciary and legal system e.g. speedier treatment of cases and fairer access to courts through the introduction of small claim courts, a permanent court of appeal and specialised high courts.

The following matters show where the GoB has made less progress: lack of decentralisation which hampered implementation of projects; a somewhat legalistic approach for the High Court verdict, which found the occupation of the Central Kalahari Game Reserve by the Basarwa or Bushmen to be legal; execution in November, just days after an EU demarche on a moratorium on the death penalty; reservations by Parliament on the draft Community Based Natural Resources Management (CBNRM) policy in July⁶; despite a motion calling on politicians to declare interest Cabinet Ministers made it clear they were not prepared to declare their assets; the country's practice to deny refugees free access to ARV treatment, which continues to be viewed at by the international community as a violation of Botswana international human rights obligations⁷; building of only one customary court out of twelve foreseen; the Domestic Violence Act was passed, but without provision for marital rape.

Other important political and/or policy issues to highlight in 2007 were: the Intelligence and Security Services Bill passed in August; high costs of illegal immigration were reported, in particular Indian and Chinese costing the country over 600 000 BWP excluding catering and the building of the new detention centre for illegal immigrants in Francistown and the Ministry of Land and Housing urged citizen to work with law enforcement agencies to overcome the problem of illegal immigrants; homosexual acts constitute a criminal act in Botswana and may be punishable under the Penal Code. The latter is considered to prevent GoB from providing condoms to prisoners. A consequence is that it hinders GoB from providing preventive measures to some groups of the population particularly vulnerable to HIV/AIDS. Registration of an organisation representing gays, lesbians and bisexuals was refused and is being challenged in Court.

In March Parliament adopted a motion that urged Government to urgently formulate a policy on citizen economic empowerment, arguing that Botswana's status as a middle income country should impact more on citizens' livelihoods. Hope was expressed to elaborate a better scheme than the Financial Assistance Policy (FAP) and the Citizen Entrepreneurship Development Agency (CEDA). Nevertheless, not much progress was made on the policy and voices, among them representatives from the Bank of Botswana, warned that a wrong interpretation of the concept could lead to failures.

GoB officially started the preparation of the National Development Plan 10 (NDP 10) in July.

⁵ Expected to be implemented by end of 2008.

⁶ Since independence it has been GoB's policy that all natural resources belonged to the State.

⁷ Botswana has signed the UN Convention on the Treatment of Refugees.

1.2 Update on the economic situation

Economic developments in 2006/07

Recent economic developments in Botswana have been positive. Growth has picked up, especially in the non-mineral economy. Real GDP growth has averaged 4.5% for the past four years, a solid performance, but below the expectations of the National Development Plan 9 (NDP 9), which ends with fiscal year 2008/09. After a temporary slowdown (-0.8% in 2005/06), growth in 2006/07 recovered to an estimated 5.7% on increases in both mineral and non-mineral activities, including tourism and manufacturing. The economy is slowly diversifying but the expected sharp decline in diamond production after 2020 (which may be substantially influenced by technological change or new discoveries) poses a challenge. Continued and prospective development of minerals (including copper, nickel and coal), large-scale investment in electricity generation and some promising non-mineral projects are projected to support fiscal and balance of payments surpluses through 2011, but more rapid diversification away from diamonds is needed to support growth and generate employment. It appears that sound macroeconomic policies, good governance, growth prospects in various sectors of the economy and efforts to attract foreign investment are bearing fruit with increased investors' confidence in Botswana. Prospects are good in the mining sector (not only diamonds but also other minerals, due to high world prices) with a plethora of exploration drilling projects, as well as in the cattle industry, following the recovery from the 2006 foot and mouth disease outbreak and the initialling of the interim EPA. The tourism and manufacturing sectors are also showing encouraging signs of growth.

Though inflation has fallen substantially since peaking in April 2006, there are clear signs of near-term risks of inflation. A large increase in administered fuel prices in July pushed inflation up and it rose to 8.1% in December year-on-year from 7.7% in November, and it is expected to edge even further out of BoB target range. The BoB policy interest rate was lowered half a percent to 14% in June. Real interest rates were rising as inflation declined. High revenues from minerals and the South African Customs Union (SACU) and slow capital spending contributed to a large fiscal surplus of 12% of GDP in 2006/07. While the government foresees a small surplus of 1% of GDP in 2007/08 due to a significant increase of development expenditures, IMF estimates point to a surplus of 8%, based on robust non-mineral revenues and lower-than-budgeted spending.

Exchange rates have stabilized in the past year. The pula depreciated significantly in nominal and real effective terms after devaluations in 2004 and 2005 and the shift in 2005 to a crawling peg. Fiscal restraint, capital account outflows, and tight monetary policy have helped to contain inflationary pressures so that the real effective exchange rate (REER) was about 10% below its pre-2004 peak. The decision in July to slow the rate of the crawl because of narrowing inflation differentials between Botswana and trading partners aimed also containing inflation.

The financial sector is healthy but shallow; high systemic excess liquidity is a continuing problem. Financial sector prudential indicators are solid and the profitability of the commercial banking system is among the world's highest. However, indicators of financial sector depth remained well below those of comparable countries.

The slow pace of economic diversification, privatisation and creation of a more conducive business environment, as well as the relatively high cost but low productivity of labour, skills mismatch and high unemployment remain key challenges for Botswana. Botswana is also expected to face serious power shortages starting in 2008 which are expected to have negative

consequences for the economy as a whole. These challenges could cloud Botswana's high growth potential in the medium-term.

Trade and regional integration

Externally, the regional and international economic environments have been quite supportive, with buoyant global economic growth as well as strong growth in the Southern African region, which has helped Botswana's trade performance. Total exports for the first nine months of 2007 were up 37% (in pula terms) over the same period in 2006. Although diamonds remain by far the largest export (around 65% of the total) the growth of diamond exports over this period was only 19%. The more dynamic export sectors were meat (up 86%), nickel and copper (up 118%) and textiles (up 182%). These performances reflected a variety of factors; the meat sector benefitted from recovery from the foot and mouth disease outbreak in 2006 and a supply response to higher prices. Nickel and copper benefitted from higher world commodity prices, especially earlier in the year. Textiles benefitted from strong demand growth in the region and internationally, and success in utilising the opportunities offered by international trade agreements such as the US Africa Growth and Opportunity Act (AGOA). All exports benefitted from improved international competitiveness under the crawling peg exchange rate regime. As a result of good export performance, combined with a slower rate of growth of imports, the balance of payments continued to run a healthy surplus estimated at BWP10.2 billion for the first nine months of 2007 (compared to BWP10.3 bn for the whole of 2006). The foreign exchange reserves have continued to rise, reaching BWP58.5 billion (US\$ 9.7bn) at the end of September, an estimated 32 months of import cover.

With the provisions under the Cotonou Agreement for trade between the EU and ACP countries coming to an end on 31 December 2007, Botswana continued to play an active and constructive role in the EU-SADC Economic Partnership Agreement (EPA) negotiations. Botswana, Lesotho, Mozambique and Swaziland were the first ACP countries to initial an Interim EPA with the European Commission on 23 November 2007. Three weeks later Namibia joined the SADC EPA, while South Africa, which had participated in the negotiations, decided to stay out of the EPA and rather rely on its current Trade, Development and Cooperation Agreement (TDCA) with the EU. The EU-SADC Interim EPA covers rules and tariffs on goods. While the EU has agreed to import goods on a duty-free and quota-free basis (except for rice and sugar), the SADC partners have up to 15 years to dismantle tariffs interim measures. In addition the SADC countries have safeguarded some products where no tariff reductions will take place. The Parties (other than Namibia) have agreed to continue negotiations on liberalisation of trade in services and rules on investments with a view to conclude these discussions by end of 2008.

Botswana assumed the rotating Chairmanship of SACU in July 2007, as SACU Member Countries move towards the full implementation of the 2002 SACU Agreement, including more democratised SACU decision-making institutions, as well as the adoption of common policies and strategies. The SADC Free Trade Area will be implemented from January 2008.

Structural reforms

Reforms aimed at creating a more conducive environment for business remain a priority for the GoB. After some initial delays, progress is now being made in implementing reforms recommended by the foreign investment advisory services (FIAS) report of the World Bank. Company registration procedures have been simplified. The Industrial Development Act was amended to reduce the waiting period for licenses to one week. The Copyright and Neighbouring Rights Act was amended to better protect the copyright of artists against piracy and infringements. There have been legislative reforms and computerization in the area of

land management and allocation. The Government has also embarked on a series of reforms in the financial sector supported by the joint IMF-WB Financial Sector Assessment of Botswana undertaken in 2007, which confirmed that the financial services sector is well poised to play a major facilitative role in economic diversification and efficient use of national savings. The Report has identified key priority areas, including establishing a formal financial stability framework for monitoring and responding to system-wide macro-financial risks; and the strengthening of regulation and supervision of the pension sector and other non-bank financial institutions, including capital markets. Botswana has established a Non-Bank Financial Institution Regulatory Authority which will start operations in April 2008.

The Government appears committed to raising productivity, although reforms in this area have been experiencing major delays. In addition to the on-going public service reforms, measures adopted to improve efficiency include the introduction of Public Private Partnership (PPP) approaches to projects, outsourcing of some public services to the private sector, and rationalization of some public enterprises to avoid duplication of roles. While the Government remains committed to privatization and commercialization in line with the Privatization Policy Master Plan, it announced that the process should be done through proper consultation with concerned stakeholders, and in a transparent manner. Other efforts to improve efficiency will require a review of administered prices to assess where it may be appropriate to introduce a market-linked adjustment mechanism. GoB did not reach an agreement on the privatisation of Air Botswana.

Public Finance Management

Botswana continues to be praised internationally for its prudent financial management and use of resources to foster the country's economic and social development. Botswana scores very high on most aspects of the traditional function of the public budget. In terms of the adoption of appropriate procedures, transparent and ethical procurement, and auditing and accountability, the Government can scarcely be faulted. In terms of budgeting, the Government will need to give increased attention to the decline of its current major revenues (mining and SACU) and thus the rationalization of public spending, if the budget is to be sustainable in the long-term. Future budgets may need to take into account projections of future mineral receipts and contain expenditures to accumulate savings, in order to facilitate and cushion the adjustment process, rather than using current high revenues to finance a higher level of spending in the short-term. The Government budget should be placed on a sustainable path to a much lower revenue level, as postponing the adjustment will only make it more difficult. Once mineral revenues or SACU receipts decline, the authorities agree that options to off-set these losses will have to be explored, and this may include VAT increase. In the mean time, authorities are continuing to work at improving tax compliance and enhancing non-mineral revenue collection. The rationalisation of wage policies will also need to be looked at. The IMF is holding discussions with the Government on the possibility of creating a "permanent income", i.e. an annuity based on mineral revenue projections which would require an accumulation of significant savings balances that can be used to finance future expenditure and supplement other sources of revenue as mineral revenues decline.

1.3 Update on the poverty and social situation

MDG

The work towards attaining the MDGs is frequently mentioned in policies, reports, speeches and in the media, and stakeholders have been urged by the President to recommit to the attainment of the MDG. Although there has been progress in some of the areas - the country has for example come close to achieving the target of universal access to 10 years basic

education - more still needs to be done. There are indications that the country has begun to reverse the spread of HIV/AIDS but rates remain extremely high. Slow progress is seen in areas such as reduction in maternal and infant mortality. Lessons from NDP 9 should feed into the preparation of NDP 10 to better align it with the targets for the MDGs. A cost assessment, to reach the MDGs, was made to this effect in 2007 with UNDP assistance. A summary table is presented in annexe B1) on the results of this study. In summary, it indicates the priority Botswana will have to give to the fight against HIV and AIDS and the diversification of the economy. It appears that almost half of the costs of achieving the MDGs in total between now and 2015 will be incurred in tackling HIV and AIDS, malaria and other AIDS related diseases. Furthermore, the study estimates that more than 70 000 jobs could be created by the effective implementation of the MDG interventions.

Education and Training

In pursuit of the *Vision 2016* pillar of an *Educated and Informed Nation*, the education sector has continued to focus on improving access to quality education and training, particularly at secondary and tertiary levels. With around 29% of the 2007/08 budget and 8.8% of GDP allocated to education, the sector continued to receive one of the (if not the) most generous shares of government revenue in the world. Key developments in the sector in 2007 were the undertaking of the Education Public Expenditure Review (EPER), the development of the HRD strategy, the planned take over of the brigades (community technical institutions) by the Government, the take over of primary book distribution by the Ministry of Education from the Ministry of Local Government, as well as difficulties faced in the implementation of school fees and double shift system at secondary level.

The completion of EPER, which is an indicator of the EDF9 budget support programme, was a key development in 2007. This report provided very important findings and relevant recommendations for improved management and effectiveness in the sector. It highlighted the relatively small allocation to the primary level and the large allocation to tertiary level, especially the student sponsorship scheme (P1.2bn); the lack of capacity of the human resource department; the highly detailed and complex system of votes; the very complex picture of the decentralisation process; and the need to review the framework for teacher allocation. Whilst acknowledging good budget stewardship, it advocated the need to develop a fully-fledged medium-term expenditure framework in line with contemporary budgeting practice. The report has been well received and reviewed at the highest levels of the Government. It is expected that key recommendations will be implemented in FY 2008/09 which should have a positive impact on sector efficiency.

Progress has been slower on other important sector reviews and studies started in 2006. The Organisation and Management Review, the development of the HRD strategy, the development of a National Credit and Qualification Framework, and the new Inspectorate Framework, have all experienced delays and are expected to commence implementation in 2008. The feasibility study on the HRD strategy emphasised a required shift away from the traditional manpower planning model of HRD to a broader, more flexible HRD Planning approach. It proposed a HRD function to be located within a parastatal – the Human Resource Development Council (HRDC) – that would report to a renamed Ministry of Education and Human Resources Development (MoEHRD). The Tertiary Education Council (TEC) and Botswana Training Authority (BOTA) would be merged under the HRDC. The HRDC will assume responsibility for, inter alia, the development of a national HRD Policy, production and coordination of both, National and Sector specific HRD Plans, and coordinating a National HRD database. Three sub-structures are proposed: Tertiary Education, Training and Skills Development, and HRD Planning. The report also raised significant issues to change

management. A Tertiary Education Policy emphasising research, innovation and transformation aspects was tabled to cabinet end of 2007.

In 2004 (latest official statistics), the primary Net Enrolment Rate (NER) (6-12 year olds) was 89.5%, though the NER for 7-13 year olds is 98.5%. The policy to enrol all children at age six is not being effectively implemented. The transition rate from primary to junior secondary level was 97.4% (2004). Girls represented 49.3% and 51.9% of total enrolment at primary and secondary levels respectively in 2004, and 49.9% across all levels. The 2007 Primary School Leaving Examination (PSLE) results show deterioration in performance at Grades A – C, 72.9% compared to 79.6% (2006) and 79.2% (2005) and the percentage of candidates achieving grades A and B has also gone down compared to the last two years. The EPER revealed some deficit in primary level spending: public expenditure for primary education as a percentage of GDP per capita is 9.5%, which is significantly below the average level for SADC countries (14.9%) and the average level for middle income countries (13.1%). In particular the capitation sum of BWP 120 (€13), which has remained unchanged for twenty years, has fallen in real value to less than BWP 26 (€3). The primary school backlog programme, which started in 2002 with the aim to ensure that by the end of NDP10 all of Botswana's 652 Primary Schools have adequate facilities in terms of classrooms, toilets and teachers houses, has progressed reasonably well. A total of 220 schools are expected to be completed in early 2008 and an additional 78 schools by the end of 2008⁸. A further 15-20 schools are expected to start by mid 2008 putting the NDP9 target within reach.

The transition rate from junior to senior secondary level has steadily increased from 49% at the beginning of NDP 9 to 67% in 2008 (the target is to increase the transition rate to 70% by the end of NDP 9), with a 3.7% increase from 2007 to 2008 (25060 students, 57% females). Meanwhile, the target transition rate from junior to senior secondary schools and technical colleges (including brigades) will be 83% by the end of NDP 9 (from 66% in 2003). In 2007 75.1% of candidates achieved grade A-C at the JCE compared to around 76.5% in 2006 and 2005; the results show that females performed better than males in all core subjects except in integrated science. Results in the 2007 Botswana General Certificate of Secondary Education (BGCSE) examinations were disappointing and recent trends of small annual improvement have been reversed, with 40.69% of all grades awarded being at grade C or above, compared to 43.01% in 2006. Similarly, the percentage of students scoring grade C or above in the core subjects of Setswana, English and Maths declined from 13.6% in 2006 to 12.42% in 2007. The number of candidates gaining grade C or above in five or more subjects also declined from 41.49% in 2006 to 38.69% in 2007. Given the levels of investment in education, levels of learning achievement are poor.

Pending the coming on stream of the five new senior secondary schools and the expansion of several existing schools to address current congestion, double shifting has been implemented as a temporary measure at selected senior secondary schools. The introduction of the double shift system in 2006 has enabled an additional 2500 young people to progress to the senior secondary level. The system has experienced many challenges as some schools clearly struggled to cope with sudden increases in enrolment, the additional pressure on infrastructure and human resources and the organisational arrangements required. Student performance at Botswana General Certificate of Secondary Education in the five pilot double shift schools

⁸ In total this will have provided some 686 classrooms, 3560 toilets, and 1694 staff houses in 298 schools, at a total cost of BWP 887.83m (\$161m.).

was adversely affected⁹. The Government undertook a review of the pilot phase in 2007; it was reported that in spite of the above challenges, the main aim of double shifting was to give children an opportunity to learning and that the benefits thus far outweighed the problems.

The implementation of school fees, which were re-introduced at the secondary level in 2006, as a cost-sharing measure, has proved contentious. The contribution is set at 5% of the unit cost (BWP 300 at junior secondary) and there is an elaborate system of exemptions using a network of newly recruited social workers who safeguard the poor from payment (over 35,000 students have been exempted in 2007, compared to an original estimate of 10,000). Though the policy was that no child will be excluded, sanctions (e.g. withholding certificates) had to be used; out of over 1600 students who were sent home at the beginning of the 2007 third term, only 44 students were not back at school after a month. According to reports, school fees have not led to an increase in school drop outs. The cost effectiveness of the policy has been questioned and the Government is of the opinion that this cost-sharing system is a matter of principle. In calculating the effectiveness of this policy, one had to take account of indirect benefits like stronger parental involvement in schools and above all breaking the culture of entitlement and dependency on Government. A review of the implementation processes such as efficiency assessment and collection format should take place in 2008. The Educational Public Expenditure Review has recommended that a portion of school fees be retained by schools, which would encourage parents to pay and schools to collect fees.

Access to tertiary education is expanding dramatically, with enrolment at University of Botswana (UB) at 14 590 undergraduate and graduate students during 2007. The UB Expansion Programme has started. Further, the setting-up of a medical education programme at the University of Botswana continued in 2007, with the commencement of work on a new Faculty of Health Sciences facility. Plans for the Botswana International University of Science and Technology are progressing with the initial intake of students expected during the 2009/2010 financial year. In addition, the design of the Faculty of Engineering is being finalized, with tenders for construction expected to be opened in May 2008. Access to tertiary education has also improved through the rapid emergence of various private tertiary institutions (overseen by the Tertiary Education Council) and the placement and sponsorship of 35 000 students in other colleges and tertiary institutions locally and internationally, which represents a significant share of the education budget. The Government is presently owed P231 million in graduate loans (some dating back to 1997). However enrolment figures at all tertiary institutions remain low, with only 12% of the 18-24 cohort presently in some tertiary institution, and only 6.9% in graduate or post-graduate programmes.

In 2007 GoB started consultations to prepare for NDP10 (2010-2015/16) which will again include a chapter on education and training outlining its strategy and focus in this sector, as well as the projects to be implemented during this period. The key issues to be covered are access, quality, relevance, equity and effectiveness. Pre-primary education is set as one of the most important priorities; at present only 17% of children are accessing this level of education. In view of declining resources, the Government may have to limit itself to set the framework for pre-primary education and let the private sector provide this service.

HIV and AIDS

The key development in 2007 was the Mid-term Review (MTR) of the Botswana National Strategic Framework for HIV and AIDS 2003-2009. The findings and recommendations were

⁹ Four of the double shift schools are in the five worst performing schools at BGCSE. Enrolment at Francistown SSS increased from 1050 to 2400 students, and performance in the BGCSE suffered a marked deterioration, with the school's ranking going from overall 4th in 2005 to 15th in 2006 and 25th in 2007 (out of 27).

expected to inform among others the preliminary production of NDP10 and the development of a national HIV prevention plan. The review interrogated five broad areas: 1) programmes and services; 2) capacities and capacity building; 3) coordination; 4) funding and financial management; and 5) monitoring and evaluation.

The MTR suggests that significant achievements have been made. Approximately 85,000 people are receiving anti-retro viral therapy. Over 53,000 orphans are enrolled in the Orphans and Vulnerable Children (OVC) programme and the children are being retained in education. The home based care programme (HBC) implemented by district health facilities and by social and community development officers, has registered 7,119 people, with 7,009 receiving a food basket. 89% of HIV+ pregnant women have agreed to prophylaxis or treatment. Mother to child transmission has decreased from around 20-40% to 7%. The country has secured a safe blood supply. Over 25% of 10-64 year olds have tested for HIV (49% men and 51% women). In line with the international “three ones” principles, Botswana has long established one coordinating body, National Aids Coordinating Agency (NACA), one strategic framework and one national, albeit not very functional M&E system. Botswana continues to demonstrate an extraordinary level of political commitment to the national response with the President, Festus G. Mogae chairing the National AIDS Council.

Though the MTR found no strategic bias in the national response between prevention, treatment and care, impact of interventions targeting behavioural change show mixed results. Though incidence is now reported as declining in younger populations, levels of knowledge of transmission and effective prevention have declined and are disappointing given the general public visibility of HIV and AIDS messages and the efforts being made through the education sector in targeting youth. Effecting behaviour change around sex and sexuality remains the single greatest challenge within the National Response.

Other key recommendations include the need to (i) re-orient, realign and streamline coordination structures (structures such as NACA have not been strengthened to keep pace with the changes in the sector), (ii) establish a more creative response centred around a public-private partnership on prevention, (iii) enhance service delivery through clear and direct involvement of local communities, (iv) harmonise donor funding with National Strategic Framework priorities, (v) decentralise the disbursement of funds to avoid long delays, and (vi) ensure alignment of strategies at district and central level.

Another important development was the preparation of a World Bank project to support HIV/AIDS prevention efforts and target NACA, different ministries and civil society. Given Botswana’s middle-income country status, the project was proposed to be funded through a “buy-down” mechanism, which involves utilizing donor grant resources to lower the cost of an International Bank for Reconstruction and Development (IBRD) loan. The project is estimated to cost US\$ 50 million and would be implemented over a 5-year period. Given that it was agreed that some funds under the EDF10 HRD programme would focus on HIV/AIDS, it is planned that the release of these funds would be triggered by the achievement of indicators taken from the performance measurement framework agreed between the Government and the World Bank, to avoid a duplication of performance indicators and assessments.

Botswana continues to receive significant support from the President Bush’s Emergency Plan for AIDS relief (PEPFAR, with a US\$76mn allocation in 2007) focusing on antiretroviral treatment, as well as from the African Comprehensive HIV/AIDS Partnerships (ACHAP, with

a US\$113m for 2005-09) focusing on prevention, testing and counselling, ARV treatment, and community support. Botswana benefited from round 2 of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), but failed to secure funding from Round 7 (see section 2.5.9).

Poverty and Unemployment

Various poverty alleviation-related events took place in 2007, e.g. Multi-Sectoral Committees on Poverty Reduction meetings, workshop organised by Tati East MP, seminar organised by MFDP in April, MDGs needs assessment and costing exercise organized jointly by GoB and UNDP, Development of a disaggregated poverty map for Botswana. The major challenge was to find the right mix between enhancing human capabilities to get out of poverty and protecting the poor through the attainments of cost effective safety nets.

The plan to implement poverty reduction was put in place mid-year. It focuses on six process-based areas: i) poverty assessment and policy ii) poverty focus of policies and programmes¹¹; iii) poverty focus of institutions; iv) poverty monitoring system; v) impact assessment, lessons learned and scaling up; and vi) knowledge sharing, advocacy and building consensus on which some progress was made.

New programmes launched acknowledged the importance to fight against youth unemployment, to reduce dependency on Government, to improve food security and at the same time to reduce the dependency of Botswana on foreign imports where they are able to produce themselves.

Some successes of the old Financial Assistance Policy (FAP) were reported in cattle and small livestock schemes bringing sustained employment, food security and alleviating poverty.

2. OVERVIEW OF PAST AND ONGOING CO-OPERATION

The EDF9 End of Term Review¹² was concluded in 2007 and all remaining EDF9 funds were committed (increase of sector budget support programme and new Technical Cooperation Facility).

2.1 9th EDF Focal Sector: Human Resource Development

The Sectoral Budget Support Programme is making good progress in supporting the achievement of the expected results (adequate and effective management of the E&T sector, expanded equitable access to quality education and training). Though delays have occurred in the achievement of some important indicators, progress was noted in all key areas supporting an improved management of the sector (Education Public Expenditure Review, Organisation and Management Review, HRD Strategy, Inspectorate Framework, Education Management

¹⁰ The MTR Satisfaction survey reported that only 37% of stakeholders were satisfied or extremely satisfied with NACA guidance. NACA's capacity could be strengthened to provide more effective strategic guidance and be more responsive to partners needs for information, technical assistance and capacity building.

¹¹ A motion requesting the MFDP to infuse the poverty reduction strategy into national development plans (NDPs) was withdrawn in June, but members of district development committees to were requested to mainstream poverty reduction programmes into their district development plans.

¹² Funds were de-committed in 2007 from other closed or soon-to-be closed EDF projects in order to release funds for the commitment of new projects proposed at the EDF9 End-of-Term Review.

Information System, National Qualification Framework). The policy dialogue between the European Commission and the Government has been strengthened around key policy issues in the education sector, notably those highlighted by the EPER. 2007 saw the participation of civil society and the MLG in the Joint Annual Appraisal (JAA) and Steering Committee Meetings which further strengthened the dialogue. The framework of meetings, policy dialogue and the JAA is gradually strengthening and improving; it is believed that budget support is a very effective instrument to provide assistance to Botswana. The visibility of this budget support operation however remains a challenge, though every public occasion has been used to mention the programme. The Delegation has proposed to use funds from the TCF II to increase the programme visibility through the sponsoring of events in the education sector and believes that the programme would receive improved visibility in 2008.

The payment of tranche 2 (88% of targets achieved, i.e. €9.68mn) was only processed in June 2007, although the JAA was conducted in October 2006. Delays occurred both in-country in the consideration and approval of the report and the preparation of all documents for the disbursement request, and the Commission to process the payment request. It is hoped that this will improve for future tranche disbursements, but it will certainly be difficult to reduce the time to consider and approve the report.

Several technical and two high-level meetings were held. The High-level Meeting due to consider the 2007 JAA Report in December had to be postponed to January 2008. While technical meetings focused on the assessment of progress made in the achievement of the indicators, high-level meetings represented an opportunity to discuss key policy issues such as school fees, double shift system, recommendations of the Education Public Expenditure Review (notably on sectoral resource reallocation), early childhood education, and health and welfare of children.

The 2007 JAA took place in October-November and included intensive field visits to a range of educational institutions. The JAA was particularly useful as it informed and stimulated policy dialogue around key challenges observed in the field. It examined broader policy issues beyond the key indicators, including the double shift system, secondary school fees, and pre-schooling. These will be included in on-going policy dialogue during the high level meeting related to tranche 3 disbursements postponed to January 2008. The JAA team concluded a 69% (i.e. €7.6 mn) achievement of targets under tranche 3 (still subject to change). The relatively lower percentage of achievement compared to Tranche 2 (but it has to be noted that indicators are built in a way that they increasingly challenge the Government) mainly reflects disappointing delays in the Organisation and Management Review, HRD Strategy, EMIS, Inspectorate framework and National Credit and Qualification Framework, which are key process indicators of the programme, though progress was noted in all these indicators.

The JAA also reviewed and elaborated upon the recommendations of the MTR of the programme. The MTR provided important recommendations such as the need i) to change the targets set for tranche 4, to focus more on process indicators to include as indicator targets the implementation of policies and not only their development and approval; ii) to add a tranche 5 using funds undisbursed under previous tranches; and iii) to establish a “flash reporting” for key education statistics, which would allow the JAA to base its assessment on recent data rather than on three-year old data. The JAA agreed with these recommendations and proposed revised indicators for tranches 4 and 5, notably for broad outcome indicators which were

refined to better focus on the issues revealed by these indicators¹³. Given that, despite not meeting the targets, progress was noted in all process indicators, the JAA further proposed to give the Government a ‘second chance’ by reviewing the un-achieved process indicators in the last year of the programme and disbursing the corresponding funds if the targets for indicators have been met. This will form the basis of an amendment to the FA to be considered by the high-level Steering Committee and the European Commission.

As of December 2007, €42.2mn had been committed out of €43.3mn and €18mn disbursed. Addendum 1 to the FA was signed to increase the budget of the programme by €1.1m to support teaching in mother tongue and special need education, in accordance with EDF9 ETR conclusions.

2.2 8th EDF Focal Sectors

2.2.1 Focal Sector 1: Private Sector Development and Training

Delays in the works contract under the *Francistown College Vocational Training Programme (8 ACP BT 3)* hampered the initial set-up and progress of the Technical Assistance under this project, and thereby the achievement of the programme objectives. Following the settlement of a dispute between the contractor and GoB, the handing-over of the keys only took place in March, which allowed the TA Team and initial college staff to finally move into the new facilities. The TA component has progressed well since then but is facing issues such as lack of counterpart staff especially in the area of IT and distance learning, and delays in supplying the necessary IT equipment. Programmes have been developed and submitted to the Quality Assurance and Assessment Unit, and the development of distance learning courses is nearing completion. Registration documents for Botswana Training Authority (BOTA) and Tertiary Education Council (TEC) were submitted in November. Staff development has progressed well, with a considerable number of workshops and training held. The Learning Resource Centre is fully computerised, but requires additional staff as well as an LRC policy and procedures and a management system. A ROM mission was conducted in October. While the outcome is broadly positive the monitors questioned the effectiveness of Directorate of Vocational Educational Training (DVET) structure and centralised management of the Technical and Vocational Education and Training (TVET) programme. In this regard it is envisaged to sign a rider to the TA contract to procure additional short-term assistance to review the different approaches to technical and vocational education and look at the skills mismatch issue. The learners from College of Technical and Vocational Education (CTVE) in Gaborone relocated to Francistown College of Technical and Vocational Education (FCTVE) in November 2007. It is expected that approximately 200/250 students will be enrolled early 2008 and 800 – 1000 students by the time of the official inauguration to be celebrated in October 2008. As of January 2008, €14.5mn has been committed out of €15mn, and €2mn has been paid.

After considerable delays in the tendering and award of the works contract under the project *Augmentation of the Gaborone Technical College and Automotive Trade Technical College (8 ACP BT 14)*, the signing ceremony took place in November, some 18 months behind schedule, and received very good coverage. Given those delays and in light of the FA ending in August 2009, it was agreed to allocate all EDF funding to works only, instead of works and

¹³ For instance the net drop-out rate in primary school is proposed to be changed to the net drop-out rate in worst affected districts, and the net drop-out rate in secondary schools is proposed to be changed in the net drop-out rate of females, who are worst affected at secondary level

supplies as originally envisaged in the FA. Two technical assistants have been recruited by GoB under direct agreement contracts but there has been no satisfactory response to TA adverts so far. A ROM mission was conducted in October with broadly the same results as the abovementioned. As of December, €3.7mn out of a total of €3.88mn had been committed. No payment has been made yet under the works contract (€3.67mn).

2.2.2 Focal Sector 2: Natural Resource Utilisation and Conservation

The Wildlife Conservation and Management Programme (8ACP BT10) was finalised on 31 December with high appreciation from the GoB, stating that more was done in 2007 than the three previous years together. A substantial amount of the planned activities were undertaken, the most important achievements being the completion of the wildlife infrastructure contract, approval of two park management plans, updating of the booking system, procurement of equipment such as solar panels and GPS equipment, and training in the fields of protected area management, leadership and use of equipment. The management plan for the CKGR is still being reviewed following the High Court judgment on the court case with the San/Basarwa in 2006. Unfortunately, no concepts for community development initiatives were presented through the grant component. The performance audit of the Department of Wildlife and National Parks will be finalised during the first semester 2008 under TCF II.

The infrastructure contract, signed in February (€5.458 m.), advanced substantially and by the end of the year, almost all allocated EDF funds were exhausted. It is expected that despite the efforts to make up earlier delays, a substantial amount of funds will be de-committed in 2008 (about €2.8 m).

2.3 Projects and programmes outside focal sectors

Details are presented in annexe F, key issues, challenges and lessons learnt are presented below:

2.3.1 Capacity building to Ministry of Local Government and NSAs

In the 2nd half of 2007 the Delegation could approve the award of the TA contract for NSA and identify the winning bid for TA to MLG in December. The two teams will be fielded in the first quarter of 2008.

2.3.2 Support to Fiscal Reforms in Botswana

Progress under this project has been satisfactory. BURS' tax collection results are continuously improving and are supporting Government's efforts to source alternative revenues to mining revenues.

The General Manager – Transformation (GMT), appointed in June 2007, worked very closely with the TA. This collaboration is expected to ensure project sustainability. Two short-term experts were also mobilised early 2007, to provide further assistance to BURS in the areas of finance and administration and information technology. A ROM mission took place in October 2007 and made useful recommendations.

2.3.3 Technical Cooperation Facilities

All studies/short-term TA procured under the TCF in 2007 have been very successful and focused on supporting reform processes in key institutions (PPADB, DCEC, High Court, Tertiary Education Council, National Aids Coordinating Agency, MoE, MFDP and Ministry

of Labour) and key sectors as governance, education and HIV AIDS.. The main lesson learnt with the TCF1 are that in middle income countries like Botswana, the availability of funds is not the major obstacle to development, but rather the timely availability of highly professional and specific expertise. It is thus believed that the TCF is achieving its objectives fully in line with the Paris Declaration as it allows channelling aid faster and better.

The FA of TCF II (€2.5mn) was signed on 13/08/07 by the Commission and on 12/09/07 by GoB. Technical assistance (€159,570) has already been procured to support the High Court to implement its record Management System and two further TA contracts are expected to be procured in early 2008 to support BURS operations even further.

2.4 Utilisation of B envelope

With the ETR signed in May 2007 the amount of € 1.54 million still remaining on the B envelope was transferred to the long-term development reserve to be used within the Southern Africa region for humanitarian and emergency assistance.

2.5 Other instruments

2.5.1 SYSMIN

Botswana's mineral sector as a whole is flourishing. Many exploration drilling programmes for a wide variety of minerals and several new mineral projects were launched or agreed to in 2007, pushed by increasing high world mineral prices. The new Activox hydrometallurgical technology installed at Tati mine, the first of its kind in the world, will process copper and nickel to finished copper and nickel cathodes (and process "waste" from BCL mine).

2007 was a milestone in the implementation of the economic diversification of the mining sector project (9 ACP BT 13) with a lot of new developments. The project has largely achieved its objective of economic diversification within the mining sector. Indeed the project (and previous Sysmin support under EDF6&7) has provided BCL mine with much needed cash at a very difficult time, when the mine suffered significant losses and could have closed, which could have had disastrous consequences on Selebi Phikwe (SP), a town which is highly dependant of the mine operations. Thanks to a major upturn of world prices for nickel and copper, as well as capital investment and exploration drilling, BCL has returned to profitability and the mine life horizon thus continued to increase. The equipment that has already been purchased by BCL under the BCL On-Lending Agreement project has led to improved mining and production capacities and to efficiencies of reduced cost of operation as the equipment is new and covered by warranties, and augmented production capacity. The large second exploration drilling programme under implementation is expected to increase the BCL mine's life even further. The exploration drilling in Tati Nickel mine has indicated, as expected, an increment to the ore reserve at the Selkirk Pit yet to be quantified, and has also identified Platinum Group Elements at Phoenix which will be the subject of future exploration drilling outside the EDMS programme. 13 tenders (works and supplies) have been launched under the project, which were expected to exhaust most of the funds on-lent to BCL and Tati (€6.8M); however six out of eight lots in the last two tenders are expected to be cancelled thereby leaving a significant amount of funds unallocated. It is proposed to issue a last tender for a large exploration drilling programme, as these programmes bear significant possibilities of further mine life extension.

Given BCL's return to profitability and following the recommendations of the Mid-Term Review, the focus has now been placed on supporting the economic diversification of SP and on environmental aspects, two cross-cutting issues in the project objective which had not been reflected in the foreseen project activities. Based on the results of the study on economic diversification of SP, the MTR indeed recommended a number of studies/technical assistance to be funded by the project in economic diversification and environment. In light of significant new activities to be undertaken in the last two years of the project and the additional tender for exploration drilling, the TA contract has been extended by 23 months to December 2009 and some of the recommended studies have been incorporated in this contract. The GoB approved the economic diversification study report, which has led to the establishment of the SP Economic Diversification Unit (EDU), which should be staffed in early 2008 with a Coordinator and Project Officers. A tender to provide TA to the SP EDU was launched in November and should be awarded in February 2008.

As of December, €29mn (out of €30mn) has been committed and €19 M was disbursed. The new SP EDU TA contract for about €0.75mn is expected to be committed in early 2008.

With regards to the Re-employment Account (REA), which is the depositary account for reimbursement of capital and interest by BCL and Tati under the three EDF projects, to be used to finance activities aimed at supporting the economic diversification of SP, the Delegation has taken active steps to clarify the situation of this complex account (the situation was made even more complex as BCL has issued "promissory notes" for capital repayment instead of repaying cash). Following the results of the Audit of the Re-Employment Account finalised in early 2007, which revealed the lack of control and poor management of the account, a review of the REA was completed to provide a clear picture of disbursements made and to be received. A Forensic Audit is expected in early 2008 to complete this activity. Given BCL's return to profitability, all promissory notes issued to date should be repaid in 2008. It is thus expected that the situation of the account (which could end up with an amount of up to BWP450 million) should be fully clarified in 2008.

2.5.2 FLEX

In 2007 Botswana was assessed as ineligible to the FLEX mechanism.

2.5.3 Regional Indicative Programme

The total EDF9 envelope was €145 M . A total of 15 projects have been signed under the 9th EDF RIP and another six intra-ACP projects under EDF9 are managed by the SADC Secretariat. Project implementation in the SADC Secretariat generally continues to be very slow.. With the aim of moving towards a Contribution Agreement between the SADC Secretariat and the Commission, under which the Secretariat would manage EDF assistance according to its internal managerial and financial procedures, the Commission launched an institutional assessment of the Secretariat. The assessment identified capacity gaps in the Secretariat which would require support before moving to such an agreement. The Secretariat has drafted a capacity building framework. A list of regional projects is presented in annex H.

2.5.4 Community budget lines

The contract with Skillshare International, with the specific objective to build capacity of partner organisations to improve their service delivery to the poorest and most marginalised

people in West and North West Botswana, became operational in 2007. and a new contract was signed in November with the same organisation to implement the project "Making the invisible visible" in order to support survivors of gender based violence, including children, raise awareness and advocate for political change.

Another contract was signed with WoMen against Rape on the budget line "Promoting Gender Equality in Development Cooperation" on 8/3/07 (Women's Day) with the objective to counter violence against women encouraging adolescents to strive for and live gender-equitable lifestyles.

The project with the Kalahari Conservation Society (KCS) was extended until 26 May 2008 allowing thus for concluding the last procurement and a smooth project closure.

The thematic budget line projects were committed to 100%. However, incomplete devolution of budget line projects to the Delegation, in particular in the case of the Kalahari Conservation Society, led to great difficulties and delay in implementation. For the other projects, where the Delegation was involved from start, project cycle management proved it self easier and the community budget lines appear to be complementary to the bigger interventions as the SPSP and the policy dialogue in particular on governance issues.

2.5.5 European Investment Bank (EIB)

The situation of Lome III&IV loans from EIB own resources and risk capital resources as well as loans from the Investment Facility resources under the Cotonou Agreement are presented in annexe I.

The project "Fabulous Flowers" under the Investment Facility went into judicial administration owing BWP 40 million. A court order was issued authorising the appointment of a Judicial Manager followed by the contracting of KPMG South Africa to do a forensic audit of the accounts. Following this audit, it is expected that the EIB fraud investigators and perhaps the European Anti-Fraud Office (OLAF) invest the case further in 2008.

2.5.6 Centre for Development of Enterprises (CDE)

CDE Regional Office for Southern Africa (RFO) was undergoing a transitional period after the departure of the Head in April. Since the appointment of the Interim Head, strategies have been employed to normalize and improve performance in the current year.. End 2007, Venture Partner Botswana (VPB) was appointed CDE Technical Intervention Officer for Botswana and Swaziland. This agreement meant that VPB would assess applications submitted by local enterprises, and recommend interventions to be funded by CDE.. No project was apparently financed in 2007 by CDE and this put its cost-effectiveness in question.

2.5.7 Beef Protocol

In 2007, the total amount exported to the EU amounted to 9 835 t. against the annual quota of 18 916 t. (4 655 to Germany and 4 680 to the UK and 500 to the Netherlands) which represents an increase compared to 2006 and 2005, when only 5 645.5 and 6 884.1 t. respectively had been exported to the EU. The increase¹⁴ in exports is partially explained by the control of the Foot and Mouth Disease (FMD) outbreak of 2006 and the response to increased producer prices paid by the Botswana Meat Commission (BMC). During 2007 the socioeconomic importance of the Beef Protocol for Botswana became very clear during the EPA negotiations as the preferential access to the EU market would have been lost if no EPA

¹⁴ BMC killed 171 217 cattle in 2007 compared to 137 336 in 2006.

had been initialled before the 31/12/2007. An interim EPA with SADC, including Botswana, was finally initialled on the 23/11/2007, which gives Botswana unlimited access to the EU market (quota free). The Government is now in the process of assessing how they can increase their beef meat production to take as much advantage as possible of this new partnership agreement. Obviously this implies a better control of FMD outbreaks in the country, higher productivity and adequate slaughter, cold storage and transport capacities as well as mitigations of possible negative environmental impacts e.g. conflicts with wildlife.

2.5.8 Facilities (water, energy, business climate, tradecom)

Whereas under the second component of Trade.Com initiative, "the Hubs & Spokes", Botswana is benefiting from a trade policy analyst, deployed in the Ministry of Trade until May 2009, Botswana could not take advantage of any other facilities. It is planned in 2008, particularly through the NSA programme and the TCF to create more awareness and facilitate participation of potential partners in FP6 research, see below) and budget lines/intra&all ACP projects/programmes respectively.

2.5.9 Global Fund for HIV/AIDS

Under Round 2 of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), the grant for Botswana of \$18.58m for HIV/AIDS (about \$9 M disbursed), was cancelled in January 2007. However, GFATM encouraged Botswana to address problems that hampered grant utilization and reapply for future funding. Problems related to the complicated, multi-level coordination, low levels of implementation. Inadequate monitoring and reporting were also identified as major obstacles to overcome.

Two consultants were contracted by the European Commission to provide a detailed analysis of the overall management, in particular, financial management of the GFATM2 proposal in Botswana and, based on that analysis, make recommendations to strengthen management and implementation of future GFATM or other projects.

The new proposal entitled, "Contributing To Scaling Up the National Response To HIV and AIDS Towards Universal Access" submitted by Botswana Network of AIDS Service Organisations (BONASO) in August/September was however classified in category 3 by the Global Fund's independent Technical Review Panel (TRP), which meant <not recommended for funding, but encouraged to resubmit following major revision¹⁵>. The reasons (weaknesses) found by the TRP which gave rise to their final recommendation were an incomplete proposal, lack of strategy; weak M&E and a lack of budget breakdown.

Botswana will have to carefully review its strategy towards the Global Fund in 2008 in order to obtain some benefits from it.

2.5.10 Research

FP7, the successor to FP6, which is the European Union's main instrument for funding research, applies to the years 2007-2013 and has a budget of 53.2 billion euro.

For FP7, the Commission has received six proposals from Botswana requesting a total contribution of 7.88 million euro. The success rate was 66.7 % and the themes related to environment (including Climate Change), Food, Agriculture, and Biotechnology, Health and

¹⁵ The next possible avenue for funding is the Round 8 call for proposals in March 2008.

Information and Communication Technologies (ICT). Botswana's Energy, Environment, Computer and Geophysical Applications (EECG) proposal in energy was rejected and the University of Botswana failed in one proposal in ICT (see Annexe J for more details).

The Delegation together with the NAO will attempt to make relevant stakeholders more aware of FP6 in Botswana in 2008.

2.5.11 Others

- No detailed list of centralised projects of interest for Botswana was available; however, the "Instituting effective monitoring of protected areas (IBA) as a contribution to reducing biodiversity loss in Africa", which is a multi-country project, financed from the NGO-co-financing budget line, which was signed in 2007, is an example.

- Under EC COOPENER programme, which is a DG ENV initiative to promote renewable energy sources and energy efficiency in developing countries, as well as sustainable energy services for poverty alleviation, Botswana is benefiting from 3 projects which started in 2004: Insaba; TIE-ENERGIA and DEA. They are all regional, with Europeans working in consortia with African partners).

- A Botswana doctor was also one of the 126 students selected under the ACP Window for a scholarship under the Erasmus Mundus programme. (Annexe M provides more details).

- The Health and Development Innovative Consortium (HDIC) project commenced August 2007 and will run for four years. The €6.44m grant is with University of Botswana

3. POLICY COHERENCE FOR DEVELOPMENT

Out of the 12 EU policy areas "trade, environment, climate change, security, agriculture, fisheries, the social dimension of globalisation, employment and decent work, migration, research, information society, transport and energy", the following synergies can be highlighted in a policy coherence context for development in Botswana:

Trade – agriculture - environment: the interim EPA increases the potential for increasing beef production and exports to the EU in an environmentally friendly manner, as well as promoting regional integration and trade.

Trade - employment and decent work - social dimension of globalisation: the present SPSP in education and training and the planned SPSP in human resource development should contribute to equipping persons with relevant knowledge and skills to foster entrepreneurship and attract investment which could lead to more exports to the EU and hence more economic growth.

Research – environment/climate change: support to research in Botswana in the environment sector and better management and conservation of wildlife and environmental aspects in education (school curricula) could contribute to more awareness on these issues and address environmental threats such as climate change in the medium and long term.

Research - employment and decent work - information society: Research on HIV AIDS supported by the Commission and adequate information to the people in particular in their working place and at school, could contribute to curbing the HIV AIDS pandemic.

4. JOINT EU-AFRICA STRATEGY

In the EU Strategy for Africa, the principal objective is to promote the achievement of the UN Millennium Development Goals (MDGs) in Africa where the EU should focus its support in areas considered prerequisites for attaining the MDGs (peace and security and good

governance), areas that create the economic environment necessary for achieving the MDGs (economic growth, trade and interconnection) and areas directly targeting the MDGs (social cohesion, decent work, gender equality and environment). In Botswana support for the prerequisites is less relevant and therefore EC cooperation focuses more on economic growth, trade and areas targeting the MDG directly (e.g. education and fight against HIV AIDS). In that context and also in the context of Partnerships and Priority Actions, the policy support programme in the sector of education and training is the most relevant as it targets goals 2, 3 and 6 of the MDGs and fits well in Africa-EU Partnership no. 4 on the MDGs: <Accelerate the achievements of the Education Targets of the MDGs> and no. 7 on Migration, Mobility and Employment: <Action Plan on Employment and Poverty Alleviation in Africa>. In that context (education) it is worthwhile mentioning that Botswana in Vision 2016 and National development Plans goes already beyond quantitative MDGs while addressing also quality factors such as access and equity.

5. DONOR COORDINATION AND HARMONISATION

Commissioner Michel's letter on the EU Code of Conduct on Complementarity and Division of Labour in Development Policy including the Code of Conduct was sent to the National Authorising Officer and copied to the Heads of Mission in Botswana as well as to the UNDP Resident Representative on the 6th of August.

On the 17th of September the GoB honoured a long standing commitment to organise again a Co-operating Partners Forum¹⁶ in Botswana. This initiative showed the *political commitment* of the Government to steer the coordination process themselves.

As regards to the division of labour with member states (MS), it has to be noted that the cooperation programmes of the four remaining MS in Botswana are modest. Sweden, who is planning to close its embassy in 2008, is active in the HIV AIDS and private development sectors. The German programme has been reduced to a few technical assistants fielded by the DED (Deutscher Entwicklungsdienst) whom the GoB and the GoG are financing on equal terms (50 per cent each). The TA is also active in vocational training and education (e.g. curriculum development); this however does not justify a formal/regular coordination mechanism with the Commission. The French programme has a few interventions mainly related to culture, the teaching of French and governance. The UK has a very small bilateral programme with activities financed across a range of areas covering good governance, democracy, rule of law, human rights, climate change, and environment. Although DfID ended its bilateral programme in Botswana in 2004, it continues to provide assistance from regional programmes operated out of DFID Southern Africa in Pretoria in areas such as HIV/AIDS, Trade and Poverty.

Concerning other donors, at present, the most relevant is the US (private and public partners) focusing their support in the fight against HIV AIDS and the UN agencies covering a wider range of sectors, however not in a focalised manner. Whereas the US has its own programming, the UN undertook their Common Country Assessment (CCA) in 2007 in preparation for the next UN Development Assistance Framework (UNDAF).

The UN has adapted its UNDAF to NDP 10 in the sense that they prepare their programme now at the same time as GoB prepares NDP 10, broadly 2007/08 to start implementation from 2009/10, when NDP 10 also starts, until 2014. The Commission is slightly ahead in the process in the sense that the preparation of CSP/NIP 10th EDF was concluded in December.

¹⁶ The event was financed through the TCF 1 programme estimate no.3

This small calendar difference does not have any negative impact on our cooperation as it is envisaged to extend the present budget support in the education and training sector by one year, which would mean that 9th EDF E/T SPSP would end in 2010 when the 10th EDF HRD SPSP would start.

In 2008 more donor forums are expected to be organised by the GoB and the Commission will work closely with the GoB and the World Bank for the identification of the new Sector Policy Support Programme (SPSP) in Human Resource Development under EDF 10.

In summary concerning the focal sector there is no formal coordination mechanism needed as the Commission is the only major cooperation partner in that sector. The only sector where coordination is more structured and needed given the number of partners, is HIV AIDS. The Botswana Partnership Forum on HIV and AIDS, revived in November 2006 through the efforts of UNAIDS, is convened irregularly by NACA. It is the main forum through which international agencies formally exchange information and at which NACA seek engagement in and endorsement for their programmes. It is supposed to meet quarterly but does not. The Commission is also an invited member of the BOTUSA Behaviour Change Communication/Prevention Strategic Technical Working Group. Given the Commission's particular interest in youth and prevention and the substantial PEPFAR funds available to BOTUSA, this is a good opportunity to engage with policy and programmes in Botswana.

Relations with the NAO Office were reinforced and were very good throughout 2007¹⁷ and regular in-field dialogue took place in several non-focal areas e.g. wildlife conservation and management; tax reform, economic diversification of the mining sector but mainly in the focal sector education and training during JAA

6. DIALOGUE IN COUNTRY WITH THE NSAs, LOCAL AUTHORITIES AND THE NATIONAL PARLIAMENTS

The NSA umbrella organizations were consulted on the Joint Annual Report 2006. Although deadlines were extremely short, a number of organizations in particular BONELA, gave substantial input and comments were taken into account in the final report. The same organisations were consulted on the CSP with a more reasonable deadline to comment.

During 2007, many requests for funding through the new NSA programme were received by the Delegation and the NAO (some funding proposals were already funded under the TCF in the absence of an operational grant scheme), and a register was set up in view of the fielding of the programme implementation unit early 2008 and dissemination of information. Informal ad hoc meetings were held with local and international organisations on request.

The Ministry of Local Government provided input in the preparation and contracting of Technical Assistance to the "Capacity building to the MLG programme", with useful experiences from the previous micro-projects programmes.

¹⁷ This was an important achievement as the NAO not only had to address some internal staff changes but also the restructuring of the entire MFDP, which started in 2007 following an external organisational audit.

7. CONCLUSION

Botswana's political stability, good use of mineral resources and prudent financial management continued throughout 2007.

Key political, economic, social, poverty reduction developments in 2007: President Mogae reshuffled his government in January and in February opened the new enlarged House of Chiefs. The opposition remained divided. Recent economic developments have been favourable, with noticeable growth in the non-mineral economy and reduced inflation, nevertheless the slow pace of economic diversification coupled with declining mining revenues, privatisation and creation of a more business conducive environment, the power shortage crisis, as well as the relatively high cost but low productivity of labour, skills mismatch and high unemployment, represent key challenges for Botswana in the medium-term. The interim EU-SADC EPA initialled in 2007 should have a positive impact on Botswana, in the beef industry and beyond. Social indicators remained weak (132nd HDI rank out of 177 countries). Though high income inequalities persist, there seems to be an encouraging trend in indicators linked to HIV/AIDS, poverty, and unemployment.

Results and activities in focal sectors and relevant programmes: EDF10 CSP was approved in 2007, with a final allocation of €73M, including a 30% increase of the initial allocation based on a governance assessment and commitments made by the Government to further improve in this area. Good progress was made in the focal sector programme, the Education and Training Sector Policy Support Programme; though delays have been noted in the approval and implementation of recommendations of important reviews/studies aimed at improving the efficiency and effectiveness of the management of the education sector. Policy dialogue in the sector was constructive and included for the first time representatives of civil society. In the non focal sectors progress was also notable: the wildlife conservation and management was finalised, the support to tax reform and economic diversification of the mining sector projects progressed well and are achieving the expected outcomes. The technical cooperation facilities gained significant momentum in 2007 and provided good visibility to the EC-Botswana cooperation, as it addressed key needs of the Government in the area of education, good governance and capacity building.

EU actions related to the joint EU-Africa Strategy, EU Strategy for the Caribbean, EU Strategy for the Pacific: The following priorities of the EU Strategy for Africa are covered under the EU-Botswana cooperation: human rights and governance (support to non-state actors, support to tax reform, support to other key institutional reforms through the TCF), economic growth, regional integration and trade (EPA, support to the diversification of the mining sector, support to regional integration through the SADC RIP), and investing in people (large support to the HRD sector).

Results and plans for enhanced donor harmonisation, coordination, analysis of donors' comparative advantages and implementation of division of labour and involvement of NSA, local authorities and Parliament: There are very few donors left in Botswana (grants amount to some 1% of Government revenues) which explains why donor coordination is less relevant. Formal donor co-ordination by the Government was re-launched with a donor forum held in September with Commission's support; however the planned follow-up meeting did not take place. It is expected that Government will increase coordination in 2008, with the finalisation of NDP 10, particularly when addressing crucial issues like HRD including the fight against HIV AIDS.

ANNEXES

a) General Annexes:

- A. Key macro-economic performance indicators (A1: 2003 – 2007; A2: 2007 – 2011, projections)
- B. Key MDG indicators (B1: 1990 – 2007; B2: Costs assessment 2007 – 2015)
- C. Updated governance profile and commitments

b) Annexes with a retrospective character - financial situation for:

- D. 9th EDF and previous EDFs as per closure of the financial year 2007
- E. Sector concentration of the engagements under the 9th EDF
- F. EDF non focal interventions (details)
- G. Other instruments (details)
- H. Regional projects
- I. EIB projects
- J. DG Research Projects
- K. Use of budget support
- L. Budget lines
- M. Other Commission's financed projects

c) Annexes with a prospective character:

- N. Indicative time table for disbursements of 9th EDF and previous EDFs (from 2008 onwards)
- O. Planned EDF commitments in 2008 including activities related to Africa-EU Partnerships and Priority Actions

d) Annexes on aid effectiveness

- P. Aid effectiveness questionnaire
- Q. Donor matrix (current and future financial support)
- R. Donor matrix (current and future donor roles)

A. KEY MACRO-ECONOMIC PERFORMANCE INDICATORS

A1) 2003 - 2007

	2003	2004	2005	2006	2007
	(Annual percentage change, unless otherwise indicated)				
National income and prices					
Real GDP ¹	3.1	9.2	-0.8	5.8	4.3
Mineral	0.3	18.1	-4.4	5.7	-4.3
Non-mineral	5.0	3.3	1.8	5.8	10.4
Consumer prices (average)	9.2	7.0	8.6	11.6	7.0
Consumer prices (end of period)	6.4	7.9	11.3	8.5	7.4
Nominal GDP (billions of pula) ¹	42.6	49.6	57.1	66.5	74.3
Mineral	15.1	19.2	22.2	26.9	28.7
Non-mineral	27.5	30.4	35.0	39.6	45.6
External sector					
Exports of goods and services, f.o.b. (US\$)	29.3	20.9	20.5	-0.3	12.6
<i>Of which:</i>					
Diamonds	20.0	18.0	19.7	1.0	-1.9
Other raw materials	57.5	14.8	141.8	41.7	53.0
Other	84.8	44.1	-12.7	-26.2	66.2
Imports of goods and services, f.o.b. (US\$)	28.9	31.2	1.3	-11.7	16.5
Terms of trade	-9.5	0.8	12.1	0.7	7.9
Nominal effective exchange rate (depreciation -) ²	-0.9	-10.0	-7.8	-9.3	...
Real effective exchange rate (depreciation -) ²	3.3	-5.4	-3.0	-2.6	...
Nominal exchange rate (pula per US\$, average)	4.9	4.7	5.1	5.8	...
Nominal exchange rate (pula per US\$, end of period)	4.4	4.3	5.5	6.0	...
Central government finance ³					
Total revenue and grants	13.1	10.9	24.0	22.5	8.9
Total expenditure and net lending	3.6	6.8	1.4	11.7	21.7
Money and banking					
Net foreign assets	-19.7	1.3	42.1	36.0	30.0
Net domestic assets	-53.8	-22.3	140.2	81.5	36.5
Money and quasi money (M2)	17.6	13.9	10.6	67.4	23.6
Velocity (GDP relative to M2)	3.5	3.5	3.6	2.5	2.3
Velocity (non-mineral GDP relative to M2)	2.2	2.2	2.2	1.5	1.4
Credit to the private sector	11.9	24.1	8.8	20.7	22.0
Bank of Botswana lending rate (percent) ⁴	14.3	14.3	14.5	15.0	...
Bank of Botswana certificate rate (3 months, percent) ⁴	12.7	12.5	12.3	12.7	...
Prime lending rate (percent) ⁴	15.8	15.8	16.0	16.5	...
	(Percent of GDP, unless otherwise indicated)				
Investment and savings ^{1,5}					
Gross investment	41.8	35.8	26.2	27.4	31.6
Public	9.8	7.8	6.7	6.8	8.6
Private	32.0	28.0	19.5	20.5	23.0
Gross domestic savings	51.3	48.0	44.0	46.7	45.7
Public	8.2	10.4	15.6	17.2	16.1
Private	43.1	37.6	28.4	29.4	29.7
Saving-investment balance	9.5	12.2	17.8	19.3	14.2
Central government finance ³					
Total revenue and grants	38.8	37.5	40.3	42.5	41.1
Total expenditure and net lending	39.0	36.3	31.9	30.7	33.1
Overall balance (deficit -)	-0.2	1.2	8.4	11.8	8.0
External sector					
Current account balance	5.6	2.9	14.4	19.3	20.4
Balance of payments	1.9	-0.6	13.2	16.6	17.2
External public debt ⁶	5.4	4.3	4.1	3.5	2.7
External public debt (percent of total exports)	12.1	9.5	8.1	6.9	5.1
	(US\$ millions, unless otherwise indicated)				
Change in reserves (increase -)	-162	58	-1,390	-1,764	-1,953
Gross official reserves (end of period)	5,339	5,653	6,278	7,954	9,907
(Months of imports of goods and services) ⁷	17.5	18.3	23.0	25.0	24.4

Sources: Botswana authorities; and IMF staff estimates and projections.

¹ Year beginning July 1. Based on data included in February 2007 CSO Stats Brief, to reflect pending revision of July 2007 Stats Brief.

² Annual average. Zimbabwe is not included as a trading partner, as its hyperinflation distorts the calculation for Botswana.

³ Year beginning April 1.

⁴ End of period.

⁵ Based on balance of payments data. The domestic savings-investment balance in the national accounts differs from the external current account balance due to differences in timing and methodology.

⁶ Medium- and long-term public and publicly guaranteed debt.

⁷ Based on imports of goods and services for the following year.

A2) 2007 – 2011 (Projections)

Table 8. Medium-Term Economic and Financial Indicators, 2007–2011

	2007	2008	2009	2010	2011
	(Annual percentage change, unless otherwise indicated)				
National income and prices					
Real GDP ¹	4.3	6.0	3.9	5.5	6.0
Mineral	-4.3	1.9	-2.7	2.0	4.0
Non-mineral	10.4	8.5	7.6	7.3	8.3
Consumer prices (average)	7.0	7.0	6.1	5.8	5.0
Consumer prices (end of period)	7.4	6.5	5.8	5.3	5.0
Nominal GDP (billions of pula) ¹	74.3	82.8	90.0	99.8	111.7
Mineral	28.7	29.0	28.7	28.5	31.3
Non-mineral ²	45.6	53.8	61.3	71.1	80.4
External sector					
Exports of goods and services, f.o.b. (US\$)	12.6	0.4	4.5	-0.7	6.1
Of which:					
Diamonds	-1.9	-0.4	7.9	-3.9	1.9
Other raw materials	59.0	-12.2	-19.9	-22.0	0.4
Other	66.2	17.1	17.9	19.6	19.7
Imports of goods and services, f.o.b. (US\$)	16.5	27.6	4.6	6.1	5.4
Terms of trade	7.9	-5.7	-3.6	-3.1	-0.5
Central government finance³					
Total revenue and grants	8.9	8.2	6.7	6.8	8.2
Total expenditure and net lending	21.7	12.9	10.7	11.1	11.8
Money and banking					
Net foreign assets	30.0	19.5	16.4	10.6	11.0
Net domestic assets	36.5	24.9	21.8	11.2	10.6
Money and quasi money (M2)	23.6	11.5	10.0	9.7	11.4
Velocity (GDP relative to M2)	2.3	2.3	2.3	2.3	2.3
Velocity (non-mineral GDP relative to M2)	1.4	1.5	1.5	1.6	1.7
Credit to the private sector	22.0	11.5	10.0	9.7	11.4
	(Percent of GDP, unless otherwise indicated)				
Investment and savings^{1,4}					
Gross investment	31.6	35.3	35.8	35.8	34.1
Public	8.6	9.0	9.4	9.7	9.6
Private	23.0	26.3	26.4	27.2	24.4
Gross domestic savings	45.7	44.6	43.4	43.0	42.8
Public	16.1	14.9	13.9	12.8	11.6
Private	29.7	29.7	29.5	30.2	31.1
Saving–investment balance	14.2	9.2	7.6	6.2	8.7
Central government finance³					
Total revenue and grants	41.1	39.9	38.9	37.7	36.5
Total expenditure and net lending	33.1	33.5	33.9	34.2	34.2
Overall balance (deficit –)	8.0	6.4	5.0	3.5	2.3
External sector					
Current account balance	20.4	9.6	8.9	6.6	6.6
Balance of payments	17.2	12.1	11.2	7.5	7.1
External public debt ⁵	2.7	2.7	3.1	3.0	2.8
External public debt in percent of total exports	5.1	5.5	6.5	6.7	6.5
	(US\$ millions, unless otherwise indicated)				
Change in reserves (increase –)	-1,963	-1,507	-1,484	-1,071	-1,093
Gross official reserves (end of period)	9,907	11,414	12,898	13,968	15,061
in months of imports of goods and services ⁶	24.4	26.9	28.5	29.4	29.5

Sources: Botswana authorities; and IMF staff estimates and projections.

¹ Year beginning July 1. Based on data included in February 2007 CSO Stats Brief, to reflect pending revision of July 2007 Stats Brief.² Stronger growth in non-mineral real GDP over the medium-term largely reflects significant investment in electricity generation, including the Morupule Power Station and the Mmamabula Energy Project.³ Year beginning April 1.⁴ Based on balance of payments data. The domestic savings–investment balance in the national accounts differs from the external current account balance due to differences in timing and methodology.⁵ Medium- and long-term public and publicly guaranteed debt outstanding.⁶ Based on imports of goods and services for the following year.

B. KEY MDG INDICATORS

B1) 1990 - 2007

	Indicator	1990	2000	2004	2005	2006	2007
Impact	1. Proportion of population living on less than USD 1 per day ¹⁸	n/a	n/a	n/a	n/a	30.1	30.1
	2. Prevalence of underweight children (under-five years of age)	n/a	13.0	5.9	n/a	4.7	4.7
	3. Under-five mortality rate	58	101	n/a	114	74	74
Outputs	4. Net enrolment ratio in primary education ¹⁹	n/a	n/a	89.5	n/a	n/a	n/a
	5. Primary Completion Rate	n/a	n/a	83.1	n/a	n/a	n/a
	6. Ratio of girls to boys in:	51.1 ²⁰	49.7	49.3	n/a	n/a	n/a
	- primary education	53.7 ²¹	52	51.9	n/a	n/a	n/a
	- secondary education	n/a	50.7 ²²	n/a	n/a	n/a	n/a
	- tertiary education						
	7. Proportion of births attended by skilled medical personnel	78	94	n/a	87	n/a	n/a
	8. Proportion of one-year-old children immunised against measles	87	90	86	90	n/a	n/a
	9. HIV prevalence among 15- to 24-year-old pregnant women	n/a	n/a	n/a	15.3	n/a	n/a
	10. Proportion of population with sustainable access to an improved water source	93	96.5	95.8	95	n/a	n/a

Data source(s): UN, WB donor indicator, Annual Poverty Monitoring Report (MFDP), IMF CSO
n/a – statistics not available

B2) Costs assessment 2007 - 2015

Annual Cost Estimate for each MDG (in constant 2006 prices – BWP millions)

	2007-2015	Average per capita US\$ (2007-2015)	2007	2011	2015
MDG 1	Eradicate Extreme Poverty & Hunger				
Total:	3 156	29.5	193	385	431
MDG 2	Achieve Universal Primary Education				
Total:	13 553	126.7	1 315	1 505	1 682
MDG 3	Promote Gender Equality & Empower Women				
Total:	250	2.3	13	27	45
MDG 4	Reduce Child Mortality				
Total:	1 518	14.2	157	170	179
MDG 5	Improve Maternal Health				
Total:	1 699	15.9	181	189	197
MDG 6	Combat HIV/AIDS, Malaria & Other Diseases				
Total:	28 511	266.5	2 671	3 345	3 265
MDG 7	Ensure Environmental Sustainability				
Total:	1 884	17.6	191	246	175
MDG 8	Global Partnerships for Development				
Total:	3 581	33.5	171	348	765
	2007-2015		2007	2011	2015
Total All	54 152.9	506.1	4 891.97	6 215.13	6 738.48

¹⁹ 2004 is the latest available year of official education statistics.

²⁰ Data from 1992 (first year data was available).

²¹ Data from 1992 (first year data was available).

²² The CSO Statistics for tertiary education for 2004 are incomplete.

C. UPDATED GOVERNANCE PROFILE AND COMMITMENTS

[The update exercise has been postponed for the JAR 2008]

D. 9TH EDF AND PREVIOUS EDFS AS PER CLOSURE OF THE FINANCIAL YEAR 2007

EDF 6

YR.	No.	TITLE	AMOUNT	CONTRACTED	PAID	RAC	RAP	RAL
1991	6 ACP BT 34	TA WILDLIFE TOURISME 41427	18,300.25	18,300.25	18,300.25	0.00	0.00	0.00
1991	6 ACP BT 35	SUPPORT ADMINISTRAT 4 14 17	18,985.13	18,985.13	18,985.13	0.00	0.00	0.00
1991	6 ACP BT 36	WILDLIFE TOURISM ENVIRONMENT	38,935.48	38,935.48	38,935.48	0.00	0.00	0.00
1991	6 ACP BT 37	AT WILDLIFE FIN PROP LOME 3	28,957.76	28,957.76	28,957.76	0.00	0.00	0.00
1991	6 ACP BT 38	Wildlife conserv north bostwan	3,823,104.74	3,823,104.74	3,823,104.74	0.00	0.00	0.00
1991	6 ACP BT 40	BW WILDLIFE CONSERV NORTH BOSTWAN	2,023,001.62	2,023,001.62	2,023,001.62	0.00	0.00	0.00
1991	6 ACP BT 41	BOTSWANA 35)ME ANNIVERSAIR CELEBRATIONS	11,554.99	11,554.99	11,554.99	0.00	0.00	0.00
1992	6 ACP BT 42	TA REG ASSESSMENT NATURAL RESOURCES WILD SILKMOTH-GONOMETA	48,016.55	48,016.55	48,016.55	0.00	0.00	0.00
1992	6 ACP BT 43	BOTSWANA DEV. CORP. BDC III (7.0893)	1,500,000.00	1,500,000.00	1,500,000.00	0.00	0.00	0.00
1996	6 ACP BT 44	BOTSWANA TOURISM DEVELOPMENT PROGRAMME (+7BT46).	179,321.61	179,321.61	179,321.61	0.00	0.00	0.00
1993	6 ACP BT 45	EVALUATION OF KASANE AIRPORT PROJECT	42,331.33	42,331.33	42,331.33	0.00	0.00	0.00
1994	6 ACP BT 46	PARTICIPATION AUX FOIRES 1994(VOIR 7 BT 24)	55,342.62	55,342.62	55,342.62	0.00	0.00	0.00
1996	6 ACP BT 47	BW VOCATIONAL TRAINING PROGRAMME (6/47+7/48+7/49).	1,692,000.00	1,692,000.00	1,692,000.00	0.00	0.00	0.00
1997	6 ACP BT 48	FRANCISTOWN VOCATIONAL TEACHERS TRAINING CENTRE AND VTC	143,448.61	143,448.61	143,448.61	0.00	0.00	0.00
1997	6 ACP BT 49	FEASIB. STUDY PROGR. PREPARAT. MISSION PPM & MID-TERMREVIEW	268,391.50	268,391.50	268,391.50	0.00	0.00	0.00
	TOTAL	12/02/2008	9,891,692.19	9,891,692.19	9,891,692.19	0.00	0.00	0.00

EDF 7

YR.	No.	TITLE	AMOUNT	CONTRACTED	PAID	RAC	RAP	RAL
1992	7 ACP BT 1	GEOPHYS EXPLORAT OF GHANZI - CHOBE	1,252,404.58	1,252,404.58	1,252,404.58	0.00	0.00	0.00
1992	7 ACP BT 2	BOTSWANA PARTICIPATION IN S M T V	31,518.52	31,518.52	31,518.52	0.00	0.00	0.00
1992	7 ACP BT 3	PREP DRAFT FINANCING PROP FOR EXTENSION OF ATTS METAL TRADE	58,713.96	58,713.96	58,713.96	0.00	0.00	0.00
1992	7 ACP BT 4	BW FORESTRY PROTECTION AND DEVELOPMENT	2,641,128.95	2,641,128.95	2,641,128.95	0.00	0.00	0.00
1992	7 ACP BT 5	TECHNICAL ASSISTANCE TO THE DEPARTMENT OF WATER AFFAIRS	932,238.79	932,238.79	932,238.79	0.00	0.00	0.00
1993	7 ACP BT 6	PARTICIPATION "SALON MONDIAL DU TOURISME" PARIS 13-15/3/93	3,894.00	3,894.00	3,894.00	0.00	0.00	0.00
1992	7 ACP BT 7	1ST MULTI ANNUAL MICRO-PROJECT PROGRAMME	1,000,000.00	1,000,000.00	1,000,000.00	0.00	0.00	0.00
1993	7 ACP BT 8	PARTICIPATION TO TUR GOTEBOG 25-28/3/93	2,470.00	2,470.00	2,470.00	0.00	0.00	0.00
1993	7 ACP BT 9	BDC GL III/(1.6330)BOTSWANA DEVELOPMENT CORPORATION LTD	569,441.18	569,441.18	569,441.18	0.00	0.00	0.00
1993	7 ACP BT 10	AID TO REFUGEES IN BOTSWANA	231,679.00	231,679.00	231,679.00	0.00	0.00	0.00
1993	7 ACP BT 12	BOTSWANA POWER CORPORATION IV (1.6705)	886,312.14	886,312.14	886,312.14	0.00	0.00	0.00
1993	7 ACP BT 13	TECHNICAL ASSISTANCE TO THE NATIONAL AUTHORIZING OFFICER EDF	694,302.72	694,302.72	694,302.72	0.00	0.00	0.00
1993	7 ACP BT 14	(EX 05 P011) TRADE PROMOTION	541.13	541.13	541.13	0	0	0
1993	7 ACP BT 15	(EX 05 P015) SHEEP&GOAT DEVELOPMENT PHASE 2	14.76	14.76	14.76	0	0	0
1993	7 ACP BT 16	(EX 05 P018) SERVICES TO LIVESTOCK OWNERS PHASE 2 SLOCA	167,818.78	167,818.78	167,818.78	0.00	0.00	0.00
1993	7 ACP BT 18	(EX 05 P020) FRANCISTOWN RURAL TRAINING CENTRE	2,275.72	2,275.72	2,275.72	0.00	0.00	0.00
1993	7 ACP BT 19	(EX 05 P023) WILDLIFE, TOURISM & ENVIRONMENT	48.09	48.09	48.09	0	0	0
1993	7 ACP BT 21	T.A. FOR IMPLEMENTATION OF IST MICROPROJECTS PROGRAMME	336,042.83	336,042.83	336,042.83	0.00	0.00	0.00
1993	7 ACP BT 22	BW WILDLIFE CONSERVATION & UTILISATION IN CENTRAL & SOUTHERN	6,207,644.24	6,207,644.24	6,207,644.24	0.00	0.00	0.00
1994	7 ACP BT 23	STUDY 3 YEAR TA DEPARTMENT OF TOURISM	47,907.00	47,907.00	47,907.00	0.00	0.00	0.00
1994	7 ACP BT 24	PARTICIPATION FOIRES 1994_(VOIR AUSSI 6.BT.46)	22,831.98	22,831.98	22,831.98	0.00	0.00	0.00
1994	7 ACP BT 25	TA/COORDINATION VOCATIONAL TRAINING	426,079.88	426,079.88	426,079.88	0.00	0.00	0.00
1994	7 ACP BT 26	CONFERENCE:IMPACT SUR L'AFRIQUE DE L'INTEGRATION ECON.EUROP.	13,920.61	13,920.61	13,920.61	0.00	0.00	0.00
1994	7 ACP BT 27	BOTSWANA TRADE DEVELOPMENT PROGRAMME SHORT TERM STUDY.	59,556.80	59,556.80	59,556.80	0.00	0.00	0.00
1994	7 ACP BT 28	BDC GL IV (17210).	502,994.75	502,994.75	502,994.75	0.00	0.00	0.00
1994	7 ACP BT 29	LOBATSE WATER SUPPLY. (1.7063).	802,187.80	802,187.80	802,187.80	0.00	0.00	0.00
1994	7 ACP BT 30	LOBATSE WATER SUPPLY. (70954)	2,263,632.00	2,263,632.00	2,263,632.00	0.00	0.00	0.00
1994	7 ACP BT 31	EXAMINATION ELIGIBILITY/PROJECTS PROPOSED FOR FINANCE A217.2	15,142.23	15,142.23	15,142.23	0.00	0.00	0.00

YR.	No.	TITLE	AMOUNT	CONTRACTED	PAID	RAC	RAP	RAL	
1994	7 ACP BT 32	BDC GLOBAL LOAN IV TRANCHE A (70948).	269,000.00	269,000.00	269,000.00	0.00	0.00	0.00	
1994	7 ACP BT 34	BW SUPPORT FOR HIV/AIDS PROGRAMME.	527,376.37	527,376.37	527,376.37	0.00	0.00	0.00	
1994	7 ACP BT 35	VOCATIONAL TRAINING PROGRAMME PROJECTS COORDINATOR	57,912.09	57,912.09	57,912.09	0.00	0.00	0.00	
1994	7 ACP BT 36	LOBATSE ABATTOIR (BEI: 17467)	0	0	0	0	0	0	
1995	7 ACP BT 37	PARTICIPATION AUX FOIRES 1995	112,184.50	112,184.50	112,184.50	0.00	0.00	0.00	
1995	7 ACP BT 38	AEROMAGNETIC GEOLOGICAL SURVEY OF WESTERN NGAMILAND	1,824,983.65	1,824,983.65	1,824,983.65	0.00	0.00	0.00	
1995	7 ACP BT 39	STRENGTHENING OF GOVERNMENT'S CAPACITY POLICY FORMULATION.	116,206.27	116,206.27	116,206.27	0.00	0.00	0.00	
1995	7 ACP BT 40	LOME IV VOCATIONAL TRAINING PROGRAMME.	58,511.95	58,511.95	58,511.95	0.00	0.00	0.00	
1996	7 ACP BT 41	NORTH SOUTH CARRIER WATER(18177)	12,259,630.97	12,259,630.97	12,259,630.97	0.00	0.00	0.00	
1996	7 ACP BT 42	FINANCIAL & ECONOMIC REVIEW OF THE LIVESTOCK SECTOR IN BT	51,009.34	51,009.34	51,009.34	0.00	0.00	0.00	
1996	7 ACP BT 44	BW ASSISTANCE TO THE BASE METAL MINING INDUSTRY (NI-CU-CO).	33,693,016.69	33,693,016.69	33,693,016.69	0.00	0.00	0.00	
1996	7 ACP BT 45	SYMPOSIUM OF THE QUALITY OF LIFE IN BT 15-18/10/1996	50,095.77	50,095.77	50,095.77	0.00	0.00	0.00	
1996	7 ACP BT 46	BOTSWANA TOURISM DEVELOPMENT PROGRAMME (+6BT44)	1,156,942.22	1,156,942.22	1,156,942.22	0.00	0.00	0.00	
1996	7 ACP BT 47	BOTSWANA POWER CORP.(BPC) V (1.8785)	1,425,607.92	1,425,607.92	1,425,607.92	0.00	0.00	0.00	
1996	7 ACP BT 48	BW VOCATIONAL TRAINING PROGRAMME (6/47+7/48+7/49).	12,651,370.00	12,651,370.00	12,651,370.00	0.00	0.00	0.00	
1996	7 ACP BT 49	BW VOCATIONAL TRAINING PROGRAMME (6/47+7/48+7/49).	634,285.01	634,285.01	634,285.01	0.00	0.00	0.00	
1996	7 ACP BT 51	BW SECOND MICROPROJECTS PROGRAMME	494,562.06	494,562.06	494,562.06	0.00	0.00	0.00	
1997	7 ACP BT 52	8TH EDF VOCATIONAL TRAINING PROGR. FRANCISTOWN VTTC/VTC	13,546.61	13,546.61	13,546.61	0.00	0.00	0.00	
1997	7 ACP BT 54	BOTSWANA TRADE DEVELOPMENT PROGRAMME (FOUNDATION PHASE)	267,568.28	267,568.28	267,568.28	0.00	0.00	0.00	
1997	7 ACP BT 55	FRANCISTOWN VOCATIONAL TEACHERS TRAINING CENTRE AND VTC	74,480.19	74,480.19	74,480.19	0.00	0.00	0.00	
1998	7 ACP BT 57	DEVELOPMT OF MGMT & ADMIN STRATEGY FOR MICROPROJECTS PROGRAM	13,410.69	13,410.69	13,410.69	0.00	0.00	0.00	
2000	7 ACP BT 56	WILDLIFE CONSERVATION AND UTILIZATION	6,006.92	6,006.92	6,006.92	0.00	0.00	0.00	
2000	7 ACP BT 58	WILDLIFE CONSERVATION & MANAGEMENT - REVISION DRAFT FIN.PROP	21,860.16	21,860.16	21,860.16	0.00	0.00	0.00	
2001	7 ACP BT 59	COUNTRY SUPPORT STRATEGY - NIP EDF 9	72,280.50	72,280.50	72,280.50	0.00	0.00	0.00	
2001	7 ACP BT 60	AUGMENTATION OF GVTC FACILITIES - VOCATIONAL TRAINING PROGR	74,500.02	74,500.02	74,500.02	0.00	0.00	0.00	
2001	7 ACP BT 61	ACTIVE CURRICULUM STUDY - VOCATIONAL TRAINING PROGRAMME	73,951.61	73,951.61	73,951.61	0.00	0.00	0.00	
2001	7 ACP BT 62	WILDLIFE CONSERVATION AND MANAGEMENT-INITIATION OF NEW 8TH EDF PROJECT	55,941.67	55,941.67	55,941.67	0.00	0.00	0.00	
TOTAL			12/02/2008	85,228,983.90	85,228,983.90	85,228,983.90	0.00	0.00	0.00

EDF 8

YR.	No.	TITLE	AMOUNT	CONTRACTED	PAID	RAC	RAP	RAL
1998	8 ACP BT 1	STRENGTHENING OF GOVERNMENT CAPACITY IN THE APPRAISAL AND IMPLEMENTATION OF EU FUNDED PROGRAMMES	361,014.52	361,014.52	361,014.52	0.00	0.00	0.00
1999	8 ACP BT 2	BW COMMUNITY FORESTRY DEVELOPMENT	924,293.51	924,293.51	924,293.51	0.00	0.00	0.00
1999	8 ACP BT 3	BW FRANCISTOWN CTVE/VTC VOCATIONAL TRAINING PROGRAMME	15,000,000.00	14,507,556.32	12,085,541.48	492,443.68	2,422,014.84	2,914,458.52
2000	8 ACP BT 4	BW 3RD MICROPROJECTS PROGRAMME	2,500,000.00	2,348,428.01	2,047,889.07	151,571.99	300,538.94	452,110.93
2000	8 ACP BT 6	BW ADVISER TO THE SECRETARY FOR FINANCIAL AFFAIRS, MINISTRY FINANCE AND DEVELOPMENT PLANNING	444,690.96	444,690.96	444,690.96	0.00	0.00	0.00
2000	8 ACP BT 7	APPRAISAL OF BOTSWANA'S REQUEST FOR FURTHER ASSISTANCE UNDER THE SYSMIN PROVISIONS OF THE LOME IV CONVENTION	108,090.60	108,090.60	108,090.60	0.00	0.00	0.00
2001	8 ACP BT 8	CONSULTANCY FACILITATE REFORM OF TAX ADMINISTRATION	60,230.81	60,230.81	60,230.81	0.00	0.00	0.00
2001	8 ACP BT 9	BW TECHNICAL ASSISTANCE TO NAO'S OFFICE	1,172,687.15	1,172,687.15	1,172,687.15	0.00	0.00	0.00
2001	8 ACP BT 10	BW WILDLIFE CONSERVATION AND MANAGEMENT PROGRAMME	13,273,400.00	12,677,861.98	11,118,022.13	595,538.02	1,559,839.85	2,155,377.87
2001	8 ACP BT 11	TECHNICAL ASSISTANCE - VAT ADMINISTRATION EXPERT	91,433.66	91,433.66	91,433.66	0.00	0.00	0.00
2002	8 ACP BT 12	BW 9TH EDF PREPARATORY ACTIVITIES-SUPPORT TO MIN OF FINANCE DEVELOPMENT PLANNING	1,114,360.40	1,114,360.40	1,011,016.54	0.00	103,343.86	103,343.86
2002	8 ACP BT 13	BW ECONOMIC DIVERSIFICATION OF THE MINING SECTOR	30,000,000.00	29,005,423.36	19,007,551.67	994,576.64	9,997,871.69	10,992,448.33
2002	8 ACP BT 14	BW AUGMENTATION OF GABS TECHNICAL COLLEGE AND AUTOMOTIV TRADES TECHNICAL COLLEGE	3,880,000.00	3,670,100.00	20,212.69	209,900.00	3,649,887.31	3,859,787.31
2003	8 ACP BT 15	Francistown water supply (21942)	2,100,000.00	2,100,000.00	853,492.35	0.00	1,246,507.65	1,246,507.65
TOTAL			71,030,201.61	68,586,171.28	49,306,167.14	2,444,030.33	19,280,004.14	21,724,034.47

EDF 9

YR.	No.	TITLE	AMOUNT	CONTRACTED	PAID	RAC	RAP	RAL
2003	9 ACP BT 2	BW GENERAL T.A. FOR SUPPORT TO TAX ADMINISTRATION REFORM	600,501.68	553,171.68	446,867.81	47,330.00	106,303.87	153,633.87
2004	9 ACP BT 3	BW TECHNICAL COOPERATION FACILITY (TCF)	1,385,000.00	1,373,252.58	1,026,839.35	11,747.42	346,413.23	358,160.65
2005	9 ACP BT 4	EDUCATION AND TRAINING SECTOR POLICY SUPPORT PROGRAMME	43,348,000.00	42,271,769.95	18,003,769.95	1,076,230.05	24,268,000.00	25,344,230.05
2005	9 ACP BT 5	EDUCATION AND TRAINING SECTOR POLICY SUPPORT PROGRAMME (*)	8,060,000.00	8,060,000.00	8,060,000.00	0.00	0.00	0.00
2006	9 ACP BT 6	STRANGTHENING CAPACITY FOR COMMUNITY DEV. IN MINISTRY OF LOCAL GOVERNMENT AND COUNCILS - ADONIS 8643	3,000,000.00	0	0	3,000,000.00	0	3000000
2006	9 ACP BT 7	NON-STATE ACTORS CAPACITY BUILDING PROGRAMME ADONIS 8643	6,000,000.00	2,030,000.00	0	3,970,000.00	2,030,000.00	6000000
2007	9 ACP BT 8	TCF II	2,500,000.00	169,570.00	95,742.00	2,330,430.00	73,828.00	2,404,258.00
	TOTAL	12/02/2008	64,893,501.68	54,457,764.21	27,633,219.11	10,435,737.47	26,824,545.10	37,260,282.57

(*) FLEX funds coming from the B-envelope

EDF 6 - EDF 9

<i>at 12/02/2008</i>	AMOUNT	CONTRACTED	PAID	RAC	RAP	RAL
EDF 6	9,891,692.19	9,891,692.19	9,891,692.19	0.00	0.00	0.00
EDF 7	85,228,983.90	85,228,983.90	85,228,983.90	0.00	0.00	0.00
EDF 8	71,030,201.61	68,586,171.28	49,306,167.14	2,444,030.33	19,280,004.14	21,724,034.47
EDF 9	64,893,501.68	54,457,764.21	27,633,219.11	10,435,737.47	26,824,545.10	37,260,282.57
TOTAL EDF	231,044,379.38	218,164,611.58	172,060,062.34	12,879,767.80	46,104,549.24	58,984,317.04

E. SECTOR CONCENTRATION OF THE ENGAGEMENTS UNDER THE 9TH EDF

STRATEGY FOR AFRICA	EUROPEAN CONSENSUS	SUB SECTOR AND PART SBS	total cumulative commitments 31.12.07 (in M€)
Human rights and governance	governance, human rights and support to economic and institutional reforms	governance	
		economic and institutional reforms	3.6
		Non State Actors	6
Peace and security	conflict prevention and fragile states	conflict prevention and fragile states	
Economic growth, regional integration and trade	trade and regional integration	European Partnership Agreements	
		regional economic integration	
		private sector development	
	infrastructure, communication and transport	infrastructure, communication and transport	
		water and energy	
investing in people	social cohesion and employment	social cohesion and employment	
	environment and sustainable management of natural resources	environment and sustainable management of natural resources	
	rural development, territorial planning, agriculture and food security	rural development and territorial planning agriculture food security health	
	human development	primary education education unspecified	51.408
other	TCF	TCF	3.885
	support to NAO	support to NAO	
	unspecified	unspecified	
Budget Support	GBS	General Budget Support	
TOTAL	TOTAL	TOTAL	
Level of sector concentration	percentage of 9th EDF commitments covered by largest sectors of concentration plus GBS	largest sector + GBS	51.408
		Two largest sectors + GBS	57.408
		Three largest sectors + GBS	61.293
		Four largest sectors + GBS	64.893
		Five largest sectors + GBS	
		nr of sectors + GBS to reach 85% of NIP	2
		sectors (NSA and GBS excluded)	58.893

Note:

1. The TCF (€3.885M) has been used to support among others the following sectors (approximate amounts):

'- good governance: €0.47M

'- support to the focal sector (education and training): €0.49M

'- support to the NAO: €0.2M

2. Out of the €51.408M of the Education and Training Sector Policy Support Programme, €8.06M were mobilised from envelope B through the FLEX mechanism and disbursed as general budget support.

F. EDF Non focal interventions (details)

2.5.12 Capacity building to Ministry of Local Government and NSAs

The Financing Agreement for Non-State Actors Capacity Building Programme (9ACP BT7) for an amount of €6M was signed in January. This programme together with the programme for support to the Ministry of Local Government for an amount of €3M (9BT6), although delayed due to lack of capacity in the NAO office during the first half of the year, advanced substantially in the 2nd half of 2007 and the Delegation could approve the award of the TA contract for NSA and identify the winning bid for TA to MLG in December. The two teams will be fielded in the first quarter of 2008.

2.5.13 Support to Fiscal Reforms in Botswana

Progress under this project has been satisfactory and the objective to support the improvement of the efficiency and effectiveness of the operations of the Botswana Unified Revenue Service (BURS) has been pursued effectively. BURS' tax collection results are continuously improving and are supporting Government's efforts to source alternative revenues to mining revenues.

The 2 year TA contract of the adviser to BURS was extended in late 2006 for a final year to ensure sustainability of the project as his main counterpart in BURS had still not been recruited. The General Manager – Transformation (GMT) was appointed in June 2007, which was a significant step forward. The GMT has the responsibility for developing and managing projects intended to realise outcomes envisaged in the strategic plan 2006-09. The TA has worked very closely with the GMT on the transformation agenda to ensure transfer of knowledge and provide for sustainability of skills in relation to establishment and reform of revenue administration, which in turn is expected to ensure project sustainability. The TA has brought significant support to BURS' activities and policies in 2007 in his focal areas of intervention: human resource development, information technology, finance & administration and communication. Two short-term experts were fielded in early 2007 through the EC framework contract to provide assistance to BURS into the areas of finance and administration and information technology. The recommendations are being reviewed by BURS for adoption in respect of harmonised administration procedures and ICT policies and procedures. Further short-term assistance to conduct a taxpayer satisfaction and education survey, a training assessment and a review of BURS' financing arrangements will be procured in early 2008 to further improve BURS' effectiveness in the area of human resources, financial procedures, and taxpayer education and services. A ROM mission took place in October 2007: it outlined that given the late recruitment of the TA, the TA advisory input in BURS launch and definition of strategic priorities has been much less than expected, and it stressed the need to quickly populate the Transformation Office so that training and transfer of knowledge can take place with all members of the office.

€149,498.32 were de-committed in 2007 from the project in order to release funds for the commitment of new projects proposed at the EDF9 End-of-Term Review, thereby reducing the project budget from €750,000 to €600,501.68. As of 31 December, €53,171 (out of €600,501.68), had been committed under two contracts (€494,250 for the long-term TA and €8,921 for the short-term TA) and €360,352 had been paid (resp. €301,431 and €8,921). The TA contract was closed on 24/10/2007. The project will be closed in the second half of 2008.

2.5.14 Technical Cooperation Facilities

All studies/short-term TA procured under the TCF in 2007 (see below) have so far been very successful and focused on supporting reform processes in key institutions (PPADB, DCEC, High Court, Tertiary Education Council, National Aids Coordinating Agency, MoE, MFDP and Ministry

of Labour). Outcomes have been very well received by the beneficiary institutions. The large number of TA/studies procured in such a short period in the first semester of 2007 resulted in an increasing awareness and interest by GoB to use the facility as an efficient tool to quickly respond to TA needs. Indeed as in many middle income countries, the availability of funds in Botswana is not the major obstacle but rather the timely availability of highly professional and specific expertise. It is thus believed that the TCF is now fully achieving its objectives. It is very much in line with the Paris Declaration as it allows channelling aid faster and better, in responding quickly and effectively to country needs for specific short-term interventions .

2007 saw a major shift in the use and appreciation of the TCF by GoB. Indeed during the first 2.5 years of the TCF, very little had been achieved be it in terms of studies, TA, training or seminars (only €0.28mn committed out of 1.38mn). The Delegation thus took active steps and worked very closely with the NAO Office and potential beneficiary institutions to quickly commit all remaining funds during the first semester 2007 on the following projects, all linked to the focal sector (HRD), good governance or capacity building:

- Feasibility Study on the establishment of a Labour Market Observatory (€54,653, rider: €60,000)
- Unit Cost Study for tertiary education institutions (€171,277, rider: €199,000)
- Tracer Study on graduates of technical/vocational education programme (€198,244)
- Programme Estimate 3 (€210,000) focusing on institutional strengthening and capacity building in the MFDP. Funds under PE3 financed a large number of visibility activities within the framework the EU 50th Anniversary, training of NAO Office Staff, NAO accounting officer, capacity building for NSAs, as well as support to the Botswana Football Association within the framework of the MoU signed between Commissioner Michel and FIFA
- TA/Trainer for the NAO Office (€139,000)
- Analysis of the management of the HIV/AIDS Global Fund Round 2 (€47,963)
- Adviser to the Botswana Public Procurement Board (€165,000)
- Drafting of an anti-corruption strategy and action plan (€97,935)

As of January 2008, €1.37mn out of €1.38mn had been committed, and €1mn paid.

The FA of TCF II (€2.5mn) was signed on 13/08/07 by the Commission and on 12/09/07 by GoB. Technical assistance (€159,570) has already been procured to support the High Court to implement its record Management System and two further TA contracts are expected to be procured in early 2008 to support BURS operations.

G. Other Instruments (details)

2.5.15 SYSMIN

Botswana's mineral sector as a whole is flourishing. Many exploration drilling programmes for a wide variety of minerals and several new mineral projects were launched or agreed to in 2007, pushed by increasing high world mineral prices. The new Activox hydrometallurgical technology installed at Tati mine, the first of its kind in the world, will process copper and nickel to finished copper and nickel cathodes (and process "waste" from BCL mine).

2007 was a milestone in the implementation of the economic diversification of the mining sector project (9 ACP BT 13) with a lot of new developments. The project has largely achieved its objective of economic diversification within the mining sector. Indeed the project (and previous Sysmin support under EDF6&7) has provided BCL mine with much needed cash at a very difficult time, when the mine suffered significant losses and could have closed, which could have had disastrous consequences on Selebi Phikwe (SP), a town which is highly dependant of the mine operations. Thanks to a major upturn of world prices for nickel and copper, as well as capital investment and exploration drilling, BCL has returned to profitability and the mine life horizon thus continued to increase. The equipment that has already been purchased by BCL under the BCL On-Lending Agreement project has led to improved mining and production capacities and to efficiencies of reduced cost of operation as the equipment is new and covered by warranties, and augmented production capacity. The large second exploration drilling programme under implementation is expected to increase the BCL mine's life even further. The exploration drilling in Tati Nickel mine has indicated, as expected, an increment to the ore reserve at the Selkirk Pit yet to be quantified, and has also identified Platinum Group Elements at Phoenix which will be the subject of future exploration drilling outside the EDMS programme. 13 tenders (works and supplies) have been launched under the project, which were expected to exhaust most of the funds on-lent to BCL and Tati (€26.8M); however six out of eight lots in the last two tenders are expected to be cancelled thereby leaving a significant amount of funds unallocated. It is proposed to issue a last tender for a large exploration drilling programme, as these programmes bear significant possibilities of further mine life extension.

Given BCL's return to profitability and following the recommendations of the Mid-Term Review, the focus has now been placed on supporting the economic diversification of SP and on environmental aspects, two cross-cutting issues in the project objective which had not been reflected in the foreseen project activities. Based on the results of the study on economic diversification of SP, the MTR indeed recommended a number of studies/technical assistance to be funded by the project in economic diversification and environment. In light of significant new activities to be undertaken in the last two years of the project and the additional tender for exploration drilling, the TA contract has been extended by 23 months to December 2009 and some of the recommended studies have been incorporated in this contract. The GoB approved the economic diversification study report, which has led to the establishment of the SP Economic Diversification Unit (EDU), which should be staffed in early 2008 with a Coordinator and Project Officers. A tender to provide TA to the SP EDU was launched in November and should be awarded in February 2008.

As of December, €9mn (out of €30mn) has been committed and €19 M was disbursed. The new SP EDU TA contract for about €0.75mn is expected to be committed in early 2008.

With regards to the Re-employment Account (REA), which is the depositary account for reimbursement of capital and interest by BCL and Tati under the three EDF projects, to be used to finance activities aimed at supporting the economic diversification of SP, the Delegation has taken active steps to clarify the situation of this complex account (the situation was made even more complex as BCL has issued "promissory notes" for capital repayment instead of repaying cash). Following the results of the Audit of the Re-Employment Account finalised in early 2007, which revealed the lack of control and poor management of the account, a review of the REA was

completed to provide a clear picture of disbursements made and to be received. A Forensic Audit is expected in early 2008 to complete this activity. Given BCL's return to profitability, all promissory notes issued to date should be repaid in 2008. It is thus expected that the situation of the account (which could end up with an amount of up to BWP450 million) should be fully clarified in 2008.

2.5.16 FLEX

In July the Delegation analysed the 2006 statistics presented by MFDP and concluded that Botswana did not qualify for the mobilisation of envelope B through the FLEX mechanism for either the loss of agricultural or mineral export earnings. Commission's HQ confirmed this analysis in December.

2.5.17 Regional Indicative Programme

The total EDF9 envelope was € 145 M including one infrastructure project (road upgrading) delegated to the NAO of Angola. A total of 15 projects have been signed under the 9th EDF RIP and another six intra-ACP projects under EDF9 are managed by the SADC Secretariat. Project implementation in the SADC Secretariat generally continues to be extremely slow and the 'D+3' deadline for the signature of contracts requirement has represented an enormous challenge. With the aim of moving towards a Contribution Agreement between the SADC Secretariat and the Commission, under which the Secretariat would manage EDF assistance according to its internal managerial and financial procedures, the Commission launched an institutional assessment of the Secretariat. The assessment identified capacity gaps in the Secretariat which would require support before moving to an agreement. The Secretariat has drafted a capacity building framework. A list of regional projects is presented in annexH.

2.5.18 Community budget lines

NGO co-financing (ONG-PVD/2006/132-160): The contract with Skillshare International (€90 181) became operational in 2007. The specific objective of the programme is to build capacity of partner organisations to improve their service delivery to the poorest and most marginalised people in West and North West Botswana. The project experienced initial problems contracting co-ordinators, but was finally launched in August with the Delegation's participation.

NGO co-financing (ONG-PVD/2007/134-813): A new contract was committed and signed in November with Skillshare International (€30 336) as coordinating NGO and WoMen Against Rape, Emang Basadi and Bana Ba Letsatsi as implementing partners. The objective of the project "Making the invisible visible" is to support survivors of gender based violence, including children, and raise awareness and advocate for political change.

Gender (GENRE/2006/117-222): a contract was committed and signed (€371 145) with WoMen against Rape on the budget line "Promoting Gender Equality in Development Cooperation" on 8/3/07 (Women's Day). The objective of the project "Silence is Violence" is to counter violence against women encouraging adolescents to strive for and live gender-equitable lifestyles. The project initially encountered high staff turn-over but was finally launched in December with the Delegation's participation.

Environment (ENV/199/054-131): Three addenda have been signed and one derogation granted to the Kalahari Conservation Society. The addenda concern the extension of the duration of the contract (and has no implication on the budget) which will now run to 26 May 2008, while the derogation is a waiver to the rule of origin. The original contract was signed 10 January 2000 and has been extended five times. The implementation of the contract has been delayed due to changes in the Commission Services and the organization's difficulties in procuring very specialized equipment from EU/ACP countries.

The thematic budget lines projects were committed to 100%. However, incomplete devolution of budget line projects to the Delegation, in particular in the case of the Kalahari Conservation Society,

led to great difficulties and delay in implementation. For the other projects, where the Delegation was involved from start, project cycle management proved itself easier and the community budget lines appear to be complementary to the bigger interventions as the SPSP and the policy dialogue in particular on governance issues.

2.5.19 European Investment Bank (EIB)

The situation of Lome III&IV loans from EIB own resources and risk capital resources as well as loans from the Investment Facility resources under the Cotonou Agreement are presented in annex I. The project "Fabulous Flowers" under the Investment Facility went into judicial administration owing BWP 40 million. A court order was issued authorising the appointment of a Judicial Manager followed by the contracting of KPMG South Africa to do a forensic audit of the accounts.

The representative from EIB (Pretoria office) participated in the Botswana Capital Resources Conference in Gaborone end of July.

2.5.20 Centre for Development of Enterprises (CDE)

CDE Regional Office for Southern Africa (RFO) was undergoing a transitional period after the departure of the Head in April (not yet replaced), Since the appointment of the Interim Head, strategies have been employed to normalize and improve performance in the current year. In June the CDE Director proposed the Botswana Export Development and Investment Authority (BEDIA) as Information and Promotion Centre (IPC) in Botswana for bridging the restructuring period and sent them a draft Protocol of Agreement for signature/comments. No agreement was reached with BEDIA's CEO. End 2007, Venture Partner Botswana (VPB) was appointed CDE Technical Intervention Officer for Botswana and Swaziland. This agreement means that would assess applications submitted by local enterprises, and recommend interventions to be funded by CDE. No new tables are presented in annexe as they are no major changes compared to JAR 2006 (only two feasibility studies in the tourism sector for a total amount of €10,000 were approved in 2007).

2.5.21 Beef Protocol

In 2007, the total amount exported to the EU amounted to 9 835 t. against the annual quota of 18 916 t. (4 655 to Germany and 4 680 to the UK and 500 to the Netherlands) which represents an increase compared to 2006 and 2005, when only 5 645.5 and 6 884.1 t. respectively had been exported to the EU. The increase²³ in exports is partially explained by the control of the Foot and Mouth Disease (FMD) outbreak of 2006 and the response to increased producer prices paid by the Botswana Meat Commission (BMC). During 2007 the socioeconomic importance of the Beef Protocol for Botswana became very clear during the EPA negotiations as the preferential access to the EU market would have been lost if no EPA had been concluded before the 31/12/2007. An interim EPA with SADC, including Botswana, was initialled on the 23/11/2007, which gives Botswana unlimited access to the EU market (quota free). The Government is now in the process of assessing how they can increase their beef meat production to take as much advantage as possible of this new partnership agreement. Obviously this implies a better control of FMD outbreaks in the country, higher productivity and adequate slaughter, cold storage and transport capacities as well as mitigations of possible negative environmental impacts e.g. conflicts with wildlife.

2.5.22 Facilities (water, energy, business climate, tradecom)

In the abovementioned Facilities no changes are reported in comparison to 2007.

²³ BMC killed 171 217 cattle in 2007 compared to 137 336 in 2006.

2.5.23 Global Fund for HIV/AIDS

Under Round 2 of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), the grant for Botswana of \$18.58m for HIV/AIDS (about \$9 M disbursed), was cancelled in January 2007. However, GFATM encouraged Botswana to address problems that hampered grant utilization and reapply for future funding. Problems related to the complicated, multi-level coordination, low levels of implementation, and inadequate monitoring and reporting were identified as major obstacles to overcome.

Two consultants were contracted by the European Commission within one month after request by the GoB to provide a detailed analysis of the overall management, in particular, financial management of the GFATM2 proposal in Botswana and, based on that analysis, make recommendations to strengthen management and implementation of future GFATM or other projects. The consultant's input ended in August and allowed Botswana to prepare a new proposal taking into account their recommendations. Global Fund (Round 2) \$9m represented only about 0.6% of total annual HIV and AIDS expenditure²⁴ between 2004 and 2007. Out of the \$5.52 m grant for Tuberculosis, awarded under Round 5 in Dec 2006, \$3.29 m had been disbursed on 24/10/2007.

The new proposal entitled, "Contributing To Scaling Up the National Response To HIV and AIDS Towards Universal Access" submitted by Botswana Network of AIDS Service Organisations (BONASO) in August/September was however classified in category 3 by the Global Fund's independent Technical Review Panel (TRP), which meant <not recommended for funding, but encouraged to resubmit following major revision²⁵>. The reasons (weaknesses) found by the TRP which gave rise to their final recommendation were an incomplete proposal, lack of strategy; weak M&E and a lack of budget breakdown.

2.5.24 Research

Under the 6th EU Framework Programme for Research and Technological Development (FP6), which is the European Union's main instrument for funding research in Europe, no changes are reported in comparison to JAR 2006. FP7, the successor to FP6, applies to the years 2007-2013 and is the result of years of consultation with the scientific community, research and policy making institutions, and other interested parties. Since their launch in 1984, the Framework Programmes have played a lead role in multidisciplinary research and cooperative activities in Europe and beyond. FP7 continues that task, and is both larger and more comprehensive than earlier Framework Programmes. Running from 2007 to 2013, the programme has a budget of 53.2 billion euro over its seven-year lifespan, the largest funding allocation yet for such programmes. For FP7, the Commission has received six proposals from Botswana requesting a total contribution of 7.88 million euro. The success rate was 66.7 % and the themes related to environment (including Climate Change), Food, Agriculture, and Biotechnology, Health and Information and Communication Technologies (ICT). Botswana's Energy, Environment, Computer and Geophysical Applications (EECG) proposal in energy was rejected and the University of Botswana failed in one proposal in ICT (see Annexe H for more details).

²⁴ It is estimated that in 2005, 80% of total expenditures were financed by the GoB and 20% by cooperation partners). These figures show the limited importance the GF has in Botswana.

²⁵ The next possible avenue for funding is the Round 8 call for proposals in March 2008.

H. REGIONAL PROJECTS

YEAR of Commit.	ACCOUNTING NUMBER of GC	TITLE GLOBAL COMMITMENT	END date of implementat ⁹	SITUATION END 2007			
				GLOBAL COMMIT.	INDIV. COMMIT	PAYMENTS	RAC
1999	8ACP RAU5	SADC REGIONAL STATISTICAL TRAINING PROJECT	20071231	3,850,000	3,751,522	1,433,541	98,478
1999	8ACP RAU9	SADC REGIONAL DRUG CONTROL PROGRAMME (SRDCP)	20050228	1,520,000	1,510,945	55,609	9,055
1999	8ACP RAU10	SADC ESIPP INVESTMENT PROMOTION PROGRAMME	20080630	14,000,000	12,637,277	4,736,034	1,362,723
2000	8ACP RAU13	SADC REGIONAL INTEGRATION & CAPACITY BUILDING	20090630	15,615,000	14,378,440	8,792,957	1,236,560
2000	8ACP RAU14	SADC HIV/AIDS - REGIONAL SUPPORT FOR AN EXPANDED MULTISECTOR	20080630	3,114,000	2,837,316	1,876,762	276,684
2002	8ACP RAU18	SADC LAND AND WATER MANAGEMENT APPLIED RESEARCH PROGRAM	20090630	4,100,000	3,948,014	2,022,846	151,986
2006	9ACP RPR53	PROGRAMME DE GESTION INTEGRE DES BASSINS TRANSFRONTALIERS AF	20131231	2,500,000	0	0	2,500,000
2006	9ACP RPR94	HEALTH & DEVELOPMENT INNOVATIVE CONSORTIUM (HDIC) - NETWORK	20150630	5,000,000	4,900,000	740,160	100,000
2007	9ACP RPR179	CAPACITY SUPPORT FOR SUSTAINABLE MANAGEMENT OF ENERGY RESOUR	20131231	2,500,000	0	0	2,500,000
2003	9ACP SAD1	SADC IMPLEMENTATION AND COORDINATION OF AGRICULTURAL RESEARCH	20121231	10,200,000	9,238,201	2,615,900	961,799
2004	9ACP SAD2	SADC PRINT PROMOTION OF REGIONAL INTEGRATION IN THE SADC L	20111231	7,900,000	7,299,963	2,644,647	600,037
2004	9ACP SAD4	SADC SUPPORT TO THE SADC REGIONAL INTEGRATION AND THE MULTIL	20091231	1,090,000	1,090,000	959,800	0
2005	9ACP SAD5	TECHNICAL CO-OPERATION FACILITY (TCF)	20101231	1,131,150	1,103,564	434,772	27,586
2005	9ACP SAD6	ECONOMIC PARTNERSHIP AGREEMENT (EPA) SUPPORT FACILITY	20120228	6,500,000	4,385,282	2,716,863	2,114,718
2005	9ACP SAD7	SUPPORT TO SADC MEMBER STATES IN STANDARDIZATION, QUALITY AS	20130331	14,200,000	3,293,446	315,963	10,906,554
2005	9ACP SAD9	SUPPORT TO SADC MEMBER STATES ON CUSTOMS MODERNISATION	20130228	18,000,000	4,204,300	632,340	13,795,700
2006	9ACP SAD10	SADC FOOT AND MOUTH DISEASE PROGRAMME (SFMDP)	20131231	12,600,000	2,268,047	372,916	10,331,953
2006	9ACP SAD11	COMMITMENT OF 9TH EDF FUNDS TO REPLACE DECOMMITMENT OF EX-6T	20101231	818,850	238,726	123,856	580,124
2007	9ACP SAD13	CAPACITY BUILDING IN MAXIMUM RESIDUE LEVELS IN THE SADC REGI	20141231	7,500,000	0	0	7,500,000
2007	9ACP SAD14	SUPPORT TO THE IMPLEMENTATION OF THE SADC FINANCE & INVESTME	20141231	13,000,000	0	0	13,000,000
2007	9ACP SAD15	CBRI-CAPACITY BUILDING FOR REGIONAL INTEGRATION	20141231	12,500,000	0	0	12,500,000
2007	9ACP SAD16	ICART II - COMPLEMENTARY PHASE - IMPLEMENTATION AND COORDINA	20121231	3,700,000	0	0	3,700,000
2007	9ACP SAD17	TCF 3 - SADC REQUEST OF 18/04/2007 - REF: SADC/11/014/2		3,700,000	0	0	3,700,000

The last projects under the EDF9 have been signed during 2007. These are:

- The *Food safety - capacity in residue control* project (9 ACP SAD 13 - €7.5M), signed in June 2007, aims at harmonising food safety control regulations, guidelines and procedures through institutional strengthening in the SADC region in order to increase exports. The TA is planned to be in place in March 2008.

- The *Support to the Implementation of the SADC Finance and Investment Protocol* (9 ACP SAD 13 - €13M), signed in December 2007, will support SADC Member States achieve closer regional economic integration and harmonisation of the finance and investment sectors.

- The FA of the *Implementation and Coordination of Agricultural Research and training (ICART-2) in the SADC region* (9 ACP SAD 16 - €3.7M) – complementary phase, was signed in December 2007. Indeed, through its regional component, the Commission continues to support agricultural research. The purpose of this project is to enable National Agricultural Research Systems in the SADC Member States to enhance their capacity to research common regional constraints and opportunities in agriculture through regional initiative. The complementary phase should allow keeping the momentum of an already enhanced process in order to get sustainable results.

- Finally, two horizontal projects were signed in December 2007. The *Technical Cooperation Facility* (9 ACP SAD 17 - €3.7M) and the *Capacity Building for regional Integration* project (9 ACP SAD 15 - €12.5M) which intends to increase SADC institution's capacities to drive and coordinate the regional integration agenda.

As regards on-going projects, some key developments occurred in the following projects:

- *SQAM* (Standardization, Quality assurance, Accreditation and Metrology; 9 ACP SAD 7 - €14.2M): After a significant delay at the beginning of this project, the long term TAs have taken up their post in November 2007. A SADC SQAM extraordinary meeting, gathering all the regional SQAM experts, should be organised in January in Gaborone and would officially launch the project.

- *Customs* (9 ACP SAD 9 - €18M): A team of six long term TAs arrived in mid September 2007 and took up work at the SADC Secretariat to assist in the implementation of the SADC Customs Union in 2010. Unfortunately the team leader resigned almost immediately and a replacement leader could not be appointed before end of the year. A €5.8M Programme Estimate covering the period February 2008 was submitted in December 2007; all funds under this PE have to be contracted at the latest 18 December 2008. The activities planned under the PE rely greatly on input from all SADC Member States national experts. Full participation both in the decision making processes as well as in the timely implementation by Member States of all action points arising from the various activities will ensure that SADC can make significant progress towards the project's objectives.

- *The Regional Statistical Training Project* (8 ACP RAU 15 -€3.8M): A final evaluation of the project, which ended on 31 December 2007, was undertaken in October-November and concluded that despite the very slow start to the RSTP, its results have been valuable (e.g. the regional Model Syllabus for a Basic Course in Statistics) and it is important to continue project activities to ensure that benefits can be drawn from the investment already made and that training materials can be improved and updated. Some post-project activities are planned to be co-funded from the TCF with funding also made available through the SADC Statistics Fund.

- *ESIPP* (EU-SADC Investment Promotion Programme; 8 ACP RAU 10 - € 14M): The final evaluation of the ESIPP took place as planned in May 2007. It resulted in extremely useful lessons and recommendations for a successor programme to ESIPP to be prepared for the 10th EDF RIP in order to keep the momentum. The last Sector Partnership Meeting under the current programme on Agro-Industry will take place in Dar-Es-Salaam, Tanzania, in May 2008. A regional diagnostic study for recommendations for the successor project will take place Q2 2008.

- *UNCTAD Trade in Services project*: The current SADC project came to an end on 31 December 2007 and a final evaluation of the project is currently being carried out. The evaluation report together with recommendations for future support is expected in February 2008. Some delays have been experienced in the finalisation of the stand alone SADC Protocol on Trade in Services and an approval of the Protocol is only expected at the SADC Summit in August 2008. Some specific post project activities, including funding of a Regional Expert in Trade in Services at the SADC Secretariat, will be considered for funding under the 9th EDF TCF.

- *HIV/AIDS (8 ACP RAU 14 - €3.1M)*: The Regional HIV and AIDS project is scheduled to close in mid 2008. The publication of *Evaluating and Drawing Lessons Learnt in Piloting an Initiative on HIV and AIDS in the SADC Region* (Oct 2007) adds to the already extensive list of guidelines and best practice documents produced. The final phase of the project will help improve the website and undertake a final evaluation.

Under the ACP Water Facility, the TA for the *Orange-Senqu river basin* project (9 ACP RPR 53 - part of the African Transboundary River Basin Support intra-ACP Programme funded) should start in February/March 2008 to implement project activities. A coordination group under the leadership of the ORASECOM Secretariat has been established to ensure close coordination with other ICPs supporting the Orange-Senqu River Basin, including GTZ, UNDP and FGEF.

I. EIB PROJECTS

3

EDF

Number	Name	Status	Signature Date	Financial Agreement	First Reimbursement Date	Last Reimbursement Date	Contract Amount (EUR)	Disbursed exposure (EUR)	Amount Disbursed (EUR)	Amount Reimbursed (EUR)	To be disbursed (EUR)
22712	FABULOUS FLOWERS	Disbursed	10/04/2004	Cotonou agreement	08/25/2014	02/25/2007	2,000,000	2,000,000	2,000,000	0	0
70679	FRANCISTOWN ABATTOIR	Disbursed	09/15/1987	Lome - Convention 3	09/10/2012	09/10/2003	2,000,000	585,633	1,550,909	965,275	0
70699	BDC GLOBAL LOAN II	Disbursed	11/26/1987	Lome - Convention 3	06/15/2012	06/15/1993	3,000,000	931,000	991,000	8,000	0
70893	BDC GLOBAL LOAN III	Disbursed	12/04/1992	Lome - Convention 3	11/30/2017	11/30/2013	1,500,000	1,500,000	1,500,000	0	0
70948	BDC GL IV	Disbursed	04/14/1994	Lome - Convention 4	04/10/2009	04/10/2000	1,500,000	141,800	269,000	127,200	0
70954	LOBATSE WATER SUPPLY	Disbursed	04/28/1994	Lome - Convention 4	04/20/2014	04/20/1999	3,000,000	1,035,159	2,263,632	1,228,473	0
24140	MARTIN S DRIFT KIMBERLITE PROJECT	Signed	10/24/2007	Cotonou agreement			5,000,000	0	0	0	5,000,000

EIB own resources

Number	Name	Status	Signature Date	Financial Agreement	First Reimbursement Date	Last Reimbursement Date	Contract Amount (EUR)	Disbursed exposure (EUR)	Amount Disbursed (EUR)	Amount Reimbursed (EUR)	To be disbursed (EUR)
16705	BOTSWANA POWER CORPORATION IV	Disbursed	07/09/1993	Lome - Convention 4	06/30/2008	12/31/1996	7,000,000	284,529	3,823,644	3,684,940	0
17063	BOTSWANA LOBATSE WATER SUPPLY	Disbursed	12/20/1993	Lome - Convention 4	12/05/2013	06/05/1998	7,400,000	1,140,953	2,927,256	1,984,294	0
18177	NORTH SOUTH CARRIER WATER	Disbursed	10/23/1995	Lome - Convention 4	10/20/2015	04/20/2001	40,000,000	20,998,790	40,000,000	16,079,007	0
18785	BOTSWANA POWER CORPORATION V	Disbursed	06/17/1996	Lome - Convention 4	05/20/2011	05/20/2000	6,600,000	2,868,500	6,176,272	1,899,996	0
21942	FRANCISTOWN WATER SUPPLY	Disbursed	02/14/2003	Lome - Convention 4 - prot.2	03/15/2023	09/15/2008	12,500,000	11,917,140	12,500,000	0	0

MANDAT

Number	Name	Status	Signature Date	Financial Agreement	First Reimbursement Date	Last Reimbursement Date	Contract Amount (EUR)	Disbursed exposure (EUR)	Amount Disbursed (EUR)	Amount Reimbursed (EUR)	To be disbursed (EUR)
80248	PALAPYE WATER SUPPLY	Disbursed	07/10/1987	Lome - Convention 2	06/15/2027	12/15/1997	1,875,000	1,266,000	1,875,000	609,000	0
80249	GEOPHYSICAL EXPLORATION	Disbursed	07/10/1987	Lome - Convention 2	06/15/2027	12/15/1997	1,600,000	964,387	1,428,298	463,911	0
80321	WATER DEVELOPMENT PROGRAMME	Disbursed	08/13/1990	Lome - Convention 3	07/01/2030	01/01/2001	2,000,000	1,143,184	1,496,510	353,326	0
80345	NICKEL MINING INDUSTRY - S.P.	Disbursed	12/13/1991	Lome - Convention 3	10/01/2031	04/01/2002	21,650,000	17,575,470	21,650,000	4,074,530	0
80374	WILDLIFE CONSER.-BOTSWANA	Disbursed	04/23/1993	Lome - Convention 3	06/01/2032	12/01/2002	4,000,000	3,164,384	3,823,105	658,721	0

J. DG RESEARCH PROJECTS

	MAINLIST						REJECTED						Sum of Applicant requested Contribution:	Sum of Applicant total Cost:	Sum of Number of Applicants:	Sum of Number of Proposals:	Sum of Proposal Requested Contribution:	Sum of Proposal Total Cost:	Success rate (based in mainlisted proposals)
	Applicant Requested Contribution	Applicant Total Cost	Number of Applicants	Number of Proposals	Proposals Requested Contribution	Proposal Total Cost	Applicant Requested Contribution	Applicant Total Cost	Number of Applicants	Number of Proposals	Proposals Requested Contribution	Proposal Total Cost							
Energy							65,530	65,530	1	1	668,218	642,210	65,530	65,530	1	1	668,218	642,210	0.00 %
Environment (including Climate Change)	50,000	50,000	1	1	1,852,546	1,852,546							50,000	50,000	1	1	1,852,546	1,852,546	100.00 %
Food, Agriculture, and Health	62,996	62,996	1	1	999,854	999,854							62,996	62,996	1	1	999,854	999,854	100.00 %
Information and Communication	7,763	10,350	1	1	2,999,988	3,823,902							7,763	10,350	1	1	2,999,988	3,823,902	100.00 %
Sum:	169,909	221,646	4	4	6,720,844	7,967,484	136,425	136,425	2	2	1,167,408	1,141,400	306,334	358,071	6	6	7,889,252	9,109,884	66.67%

K. USE OF BUDGET SUPPORT

Botswana benefits from sectoral budget support within the 9th EDF Focal Sector of Human Resource Development through the 9th EDF Education and Training Sector Policy Support Programme. The Financing Agreement was signed in February 2006 for an amount of €50.26M, including €8.06M from FLEX (See Section 2.1 of the Report).

Since no other donors are involved in the education sector, the policy dialogue is exclusively between the Government and the European Commission. The use of the budget support approach is fostering a dialogue much more focused on policy issues rather than implementation aspects like in the past operations. Human Resource Development has again been identified as the single focal sector under 10th EDF and support will be delivered through sectoral budget support but more emphasis will be placed on the responsiveness of the sector to market needs to tackle unemployment.

Tranches were expected to be disbursed as follows:

	Original amount (M€)	Rider N°1 (M€)	Fixed (% tot)	Variable (% tot)
FLEX funds (2005/06)	<u>8.06</u>	<u>8.060</u>	100	-
Sectoral budgetary support - Tranches	<u>41.26</u>	<u>42.208</u>		
<i>1st, financial year 2005/2006</i>	<i>8.26</i>	<i>8.260</i>	<i>100</i>	<i>-</i>
<i>2nd, financial year 2006/2007</i>	<i>11.00</i>	<i>11.000</i>	<i>-</i>	<i>100</i>
<i>3rd, financial year 2007/2008</i>	<i>11.00</i>	<i>11.200</i>	<i>-</i>	<i>100</i>
<i>4th, financial year 2008/2009</i>	<i>11.00</i>	<i>11.748</i>	<i>-</i>	<i>100</i>
Studies, analyses, monitoring	<u>0.30</u>	<u>0.500</u>	N/a	N/a
Evaluation	<u>0.10</u>	<u>0.100</u>	N/a	N/a
Audit	<u>0.54</u>	<u>0.540</u>	N/a	N/a
TOTAL	<u>50.26</u>	<u>51.408</u>		

However the programme is one year behind schedule and the first tranche was only disbursed in November 2006, half way through the 2006/07 financial year, due to delays in the Commission's approval process. The payment of the second tranche also experienced delays and was only paid in June 2007. The payment of the third tranche is foreseen to be disbursed in the first semester 2008.

L. BUDGET LINES

Contract nr	Status	Contracted	Paid	2008 S1						2008 S2					
				Forecast		Realised				Forecast		Realised			
				Contracted	%	Paid	%	Contracted	%	Paid	%				
ENV/1999/054-131	Ongoing	1,509,600	1,167,104	0	0	N/A	342,496	0	0 %	0	0	N/A	0	0	N/A
GENRE/2007/117-222	Ongoing	371,145	151,791	0	0	N/A	48,375	0	0 %	0	0	N/A	0	0	N/A
ONG-PVD/2006/132-160	Ongoing	890,182	213,328	0	0	N/A	250,000	0	0 %	0	0	N/A	248,817	0	0 %
ONG-PVD/2007/134-813	Ongoing	530,336	150,016	0	0	N/A	0	0	N/A	0	0	N/A	163,643	0	0 %

Contract nr	Status	Contracted	Paid	2009 S1						2009 S2					
				Forecast		Realised				Forecast		Realised			
				Contracted	%	Paid	%	Contracted	%	Paid	%				
ENV/1999/054-131	Ongoing	1,509,600	1,167,104	0	0	N/A	0	0	N/A	0	0	N/A	0	0	N/A
GENRE/2007/117-222	Ongoing	371,145	151,791	0	0	N/A	48,375	0	0 %	0	0	N/A	0	0	N/A
ONG-PVD/2006/132-160	Ongoing	890,182	213,328	0	0	N/A	178,037	0	0 %	0	0	N/A	0	0	N/A
ONG-PVD/2007/134-813	Ongoing	530,336	150,016	0	0	N/A	0	0	0 %	0	0	N/A	163,643	0	0 %

Notes:

- This report contains contracts and invoices in status ongoing which have received a definitive visa.
- Contracts in this report without a budget line mentioned have no forecast registered.
- Contracts without the analytical breakdown entered in CRIS will not appear in this report.
- Data in this report will have been refreshed the day before the 'Last Report Refresh' date mentioned at the bottom of the report

M. OTHER COMMISSION FINANCED PROJECTS

- (i) EC COOPENER programme, which is a DG ENV initiative to promote renewable energy sources and energy efficiency in developing countries, as well as sustainable energy services for poverty alleviation (Botswana is benefiting from 3 projects which started in 2004:Insaba;TIE-ENERGIA&DEA: They are all regional, with Europeans working in a consortia with African partners).
- (ii) Instituting effective monitoring of protected areas (IBA) as a contribution to reducing biodiversity loss in Africa, which is a multi-country project, financed from the NGO-co-financing budget line, managed centrally by HQ.
- (iii) Selemogo is one of the 126 students selected under the African Caribbean and Pacific Window for the scholarship in the framework of Action 2 of the Erasmus Mundus programme for Masters Courses starting in the academic year 2007- 2008.
- iv) The intra ACP Health and Development Innovative Consortium (HDIC) project commenced August 2007 and will run for four years until 2011. The grant contract (€6.44m) is with University of Botswana. Dr Brian Mokopakgosi (MOKOPABT@mopipi.ub.bw) is the lead contact. .

N. INDICATIVE TIME TABLE FOR DISBURSEMENTS OF 9TH EDF AND PREVIOUS EDFs (FROM 2008 ONWARDS) – IN EUROS

			FORECASTS on PAYMENTS 1st SEM 2008	FORECASTS on PAYMENTS 2nd SEM 2008	FORECAST PAYMENTS 1st SEM 2009	FORECAST PAYMENTS 2nd SEM 2009
2000	8ACP BT3	0	BW FRANCISTOWN CTVE/VTC VOCATIONAL TRAINING PROGRAMME			
2000	8ACP BT3	2		881,347.00		
2000	8ACP BT3	3	370,000.00	290,000.00	552,000.00	
2000	8ACP BT3	3		200,000.00	292,000.00	
2001	8ACP BT10	0	BW WILDLIFE CONSERVATION AND MANAGEMENT PROGRAMME			
2001	8ACP BT10	13	643,493.00			
2002	8ACP BT13	0	BW ECONOMIC DIVERSIFICATION OF THE MINING SECTOR			
2002	8ACP BT13	1	152,750.00	195,750.00	283,595.00	
2002	8ACP BT13	2	2,000,000.00	3,000,000.00	3,309,531.00	
2002	8ACP BT13	7			106,905.00	138,000.00
2002	8 ACP BT 13	8	150,000.00	210,720.00	274,040.00	63,900.00
2002	8 ACP BT 13	9	120,000.00	80,000.00		
2002	8 ACP BT 13	10			120,000.00	80,000.00
2002	8 ACP BT 13	11				12,000.00
2002	8 ACP BT 13	12				60,000.00
2003	8ACP BT14	0	BW AUGMENTATION OF GABS TECHNICAL COLLEGE AND AUTOMOTIV			
2003	8ACP BT14	2	735,131.00	809,586.00	887,394.00	107,426.00
2003	8 ACP BT 14	3	39,000.00	26,000.00		

			FORECASTS on PAYMENTS 1st SEM 2008	FORECASTS on PAYMENTS 2nd SEM 2008	FORECAST PAYMENTS 1st SEM 2009	FORECAST PAYMENTS 2nd SEM 2009
2003	9ACP BT2	0	BW GENERAL T.A. FOR SUPPORT TO TAX ADMINISTRATION REFORM			
2003	9ACP BT2	1	135,000.00	40,000.00		
2004	9ACP BT3	0	BW TECHNICAL COOPERATION FACILITY (TCF)			
2004	9ACP BT3	7	28,035.00			
2004	9ACP BT3	8	46,944.00			
2004	9ACP BT3	11	96,666.00			
2004	9ACP BT3	12		66,000.00		
2004	9ACP BT3	13	44,149.00			
2004	9ACP BT3	15		55,600.00		
2004	9ACP BT3	16		29,000.00		
2005	9ACP BT4	0	EDUCATION AND TRAINING SECTOR POLICY SUPPORT PROGRAMME			
2005	9ACP BT4	1	7,920,000.00		8,000,000.00	
2005	9 ACP BT 4			120,000.00	80,000.00	
2006	9ACP BT6	0	STRENGTHENING CAPACITY FOR COMMUNITY DEV. IN MINISTRY OF LOCAL GOVT			
2006	9 ACP BT 6	1	260,222.00	130,192.00	138,377.00	172,833.00
2006	9 ACP BT 6	1	130,000.00			
2006	9 ACP BT 6	3		360,000.00		70,000.00
2006	9ACP BT7	0	NON-STATE ACTORS CAPACITY BUILDING PROGRAMME			
2006	9ACP BT7	1	437,869.00	176,000.00	217,853.00	176,000.00
	9ACP BT 7	2	130,000.00			
	9ACP BT 7	3		1,080,000.00	270,000.00	
2007	9ACP BT8	0	TCF II			
2007	9ACP BT8	1		63,828.00		
2007	9ACP BT8	2	1,500.00			
2007	9 ACP BT 8	6		30,000.00	20,000.00	
2007	9 ACP BT 8	5	30,000.00			
2007	9 ACP BT 8	3	69,000.00	46,000.00		
2007	9 ACP BT 8	4	69,000.00	46,000.00		
2007	9 ACP BT 8	7		160,000.00		40,000.00
2007	9 ACP BT 8	9		50,000.00		
2007	9 ACP BT 8	8	48,000.00	32,000.00		
2007	9 ACP BT 8	10		45,000.00	30,000.00	
2007	9 ACP BT 8	12			160,000.00	
2007	9 ACP BT 8	11			120,000.00	80,000.00

O. PLANNED EDF COMMITMENTS IN 2008 INCLUDING ACTIVITIES RELATED TO AFRICA-EU PARTNERSHIPS AND PRIORITY ACTIONS

<i>In Euro</i>			1st SEM 2008	2nd SEM 2008
YEAR GLOB. COMMIT.	ACCOUNTING NUMBER	TITLE INDIVIDUAL COMMITMENT	INDIVID. COMMIT.	INDIVID. COMMIT.
TOTALS on <u>NEW INDIVIDUAL</u> Commitments				
2000	8 ACP BT 3	Rider to Proman Contract	492,000	
2002	8 ACP BT 13	TA to SP Diversification Unit	750,000	
2002	8 ACP BT 13	Environmental studies (ES3-4)	200,000	
2002	8 ACP BT 13	Mine Closure Plan (ES5)		
2002	8 ACP BT 13	Audit		
2002	8 ACP BT 13	Evaluation		
2003	8 ACP BT 14	MTR	65,000	
	9 ACP BT 3	Rider to TA to the NAO	29,000	
2005	9 ACP BT 4	Language and Special need Policies		200,000
2006	9 ACP BT 6	MLG TA	1,338,900	
2006	9 ACP BT 6	MLG Start up	130,000	
2006	9 ACP BT 6	MLG PE 1		500,000
	9ACP BT 7	NSA Start up	130,000	
	9ACP BT 7	NSA PE1		1,350,000
	9 ACP BT 8	Final Evaluation WCMP		50,000
	9 ACP BT 8	Technical Audit ICC WCMP	30,000	
2007	9 ACP BT 8	BURS taxpayer survey and financing	115,000	
2007	9 ACP BT 8	BURS Training Needs assessment	115,000	
	9 ACP BT 8	TCF II PE1	200,000	
	9 ACP BT 8	Identification of EDF10 HRD SBS		50,000
	9 ACP BT 8	Phase II Performance Audit DWNP	80,000	
	9 ACP BT 8	Audit WCMP PE3&4, TCF PE1,2&3		75,000
	9 ACP BT 8	TCF II PE2		
	9 ACP BT 8	Short-Term study		
TOTAL PER SEMESTER			3,674,900	2,225,000
TOTAL PER YEAR (2008)			5,899,900	

P. AID EFFECTIVENESS QUESTIONNAIRE

1. EU Target No 1		
Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements		
3. Questions and definitions		
Question	Definition – OECD Ref	Response EUR
How much ODA did you disburse at country level for the government sector in FY 2007 (EUR)?	Qd2	24,189,443.02
How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	Qd5	9,680,000.00
How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	Qd6	9,680,000.00
How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	Qd7	9,680,000.00
How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)?	Qd9	9,680,000.00
4. Definition of Indicator		
[(Qd5 + Qd6 + Qd7 + Qd9) ÷ 4] ÷ [Qd2] (please calculate and enter as response %)		Response 40 %
5. Additional information		
Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)		
Considering GoB's good governance records including PFM, the Commission's support to Botswana working through national procedures has increased since the 9 th EDF and is expected to increase further in the 10 th EDF. Furthermore, the Commission provides specific assistance to reinforce the national systems.		

1. EU target 2		
Provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements ²⁶		
3. Questions and definitions		
1	How much technical cooperation did you disburse in 2007 (Total TC in EUR)? <i>OECD question reference in the Paris survey : Q^{d3}</i>	Euro 2 600 000 ²⁷
2	How much technical cooperation did you disburse through co-ordinated programmes in support of capacity development in 2007 (EUR)? <i>OECD question reference in the Paris survey : Q^{d4}</i>	Euro 233 208.69
4. Definition of Indicator		
3	$Q^d 4 / Q^d 3$ (please calculate this and enter in the next column as %)	% 8.9
5 Additional Information		

²⁶ Despite the different wording the target is interpreted to correspond to Paris Declaration indicator 4. Please pay particular attention to the definition for the question Q^{d4}.

²⁷ This is an estimation as the Delegation does not keep an exact record of capacity building related disbursements.

4	<p>Qualitative information²⁸ :</p> <p>Are there any significant initiatives to promote coordinated technical cooperation in your country? Yes, but none linked to the Code of Conduct / Division of Labour process as the latter do not exist in Botswana considering the decrease in development partners the past years and as there are few initiatives by GoB to coordinate among the remaining partners. Although one donor forum was organised by GoB on the 17/9/07 (financed by the EC Delegation) there was no further follow up until end 07. GoB explained this lack of follow up by an internal restructuring of the MFDP (in the MFDP at present donor coordination falls under the SADC section in the Ministry).</p> <p><u>On-going:</u></p> <ul style="list-style-type: none"> - Labour Market Observatory: with UN (ILO) ILO provided inputs during the preparation of the study and on the final report (additional ILO is expected once GoB will set up the Observatory) - Anti corruption strategy: with UN GoB initially requested EC support to finance UN expertise. As this was not feasible at a procedural level (the EDF procedures do not allow to make direct agreements with experts above 5 000 Euro), the Delegation used the FWC successfully. A stakeholder workshop was organised to present the new plan. - MDG achieving cost needs assessment: GoB initially requested EC support to finance UN expertise. As this was not feasible at a procedural level (the EDF procedures do not allow to make direct agreements with experts above 5 000 Euro), UNDP financed this intervention on their own. It is unclear at present if GoB (UNDP) will still contact the EC Delegation for further support. In addition to procedural aspects, the Delegation did not fully agree with UNDP on the usefulness of this rather superficial approach to costing in comparison with full sector public expenditure reviews undertaken in 2007 in the main MDG related sectors (education & training²⁹, HIV AIDS). - National Aids Council (NACA) This very important study was requested by the GoB following their failure in the Global Fund project proposals (round 6) and the EC Delegation reacted very quickly to finance a study to identify what went wrong and how matters could improve for round 7. The complementarities were with the UN which used this input to assist NACA in their new proposal for round 7 and with the World Bank who used the study to prepare their new programme on HIV Aids. <p><u>Planned:</u></p> <ul style="list-style-type: none"> - PEFA: This exercise envisaged for first half 08 aims at involving the World Bank, IMF, Af. DB and the UN. - Fight against AIDS: In 2008 it will be assessed to what extent the Commission's EDF 10 SPSP (budget support) can be complementary with the new World Bank programme envisaged to be approved in 2008. <p>If not, highlight key constraints delaying joint work on TC and capacity development. Na.</p> <p>Please note any other comments you have on these issues</p>
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1. EU target 3		
Avoid establishment of new project implementation units (PIUs).		
3. Questions and Definitions		
1	How many parallel project implementation units funded by EC were in operation in December 2007? <i>OECD question reference in the Paris survey : Q^d10</i>	0
2	Out of these, how many <u>new</u> parallel project implementation units were established during 2007?	0
4. Additional Information		

²⁸ These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

²⁹ With Commission's support

3	<p>Qualitative information³⁰:</p> <p>Are there any significant initiatives to avoid the establishment of parallel PIUs in your country? PIUs are basically established internally by GoB to speed up project implementation behind schedule in the National Development Plan (NDP) 9. The only one which will be established in the EC cooperation context is the one to implement the Non State Actors Programme. As this programme does not fall directly under a Ministry's responsibility it was mutually agreed to implement the programme through externalised direct labour, which obviously means a new PIU.</p> <p>What in your opinion should be done to increase domestic ownership and quality of project implementation arrangements? In the case of Botswana it is a problem of capacity.</p> <p>If so, please provide a short description. If not, highlight key constraints. Na.</p> <p>Please note any other comments you have on these issues Na.</p>
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1. EU Target No 4		
Reduce the number of uncoordinated missions by 50%.		
3. Questions and definitions		
OECD ref: Q ^d 15	How many HQ missions to the field were undertaken in FY 2007? ³¹	4
Q ^d 16	How many of these were coordinated?	1
Please provide a breakdown of missions the Commission and its services have undertaken to your country in FY 2007 in the table below:		
Missions by:	Coordinated	Uncoordinated ³²
Members of Commission		
AIDCO		1
DEV	1	2
RELEX		
TRADE		(1) together with DEV
ECHO		
FISH		
OTHER DGs		
Consultants contracted by the Commission		
Total	1	3
4. Definition of Indicator		
Q ^d 16 / Q ^d 15	2006	2007
Please calculate and enter in the column for 2007 and also include the figure for this indicator for 2006 ;	0%	25%
5. Additional Information		
Delegations are invited to list the dates for main HQ missions already planned for the March 2008 to August 2008, indicating whether they are, or not, to be coordinated with other donors;		

³⁰ These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

³¹ This question applies to the missions from the HQ

³² On this occasion, the Delegation wishes to rectify an error in EAMR 02/2007 where the baseline figure shows 100% coordinated missions. Obviously the Delegation meant the contrary, i.e. 0% coordinated missions.

HQ DG	Date planned	Purpose/Sector	Coordinated (Yes/No)
Member of Commission	4-5/03/2008	Trade	Yes
AIDCO C5	30/3 – 9/4/08	NAO/RAO	No
AIDCO Director General	16/4/08	RAO	No

Delegations are suggested to indicate higher priority requests for HQ missions needed from September 2008 to February 2009, but not yet agreed with HQs, that the Delegation estimates serve better the coordination arrangements at local level and can yield more added value for the policy dialogue.

HQ DG	Date planned	Purpose/Sector	Donor(s) involved
Aidco E3	3 rd Q	HRD (10 th EDF)	World Bank, Germany

Delegations are asked to briefly inform if there are significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.

Reduced number of development partners and poor coordination between GoB and partners.

Finally, Delegations are asked to assess the likelihood of meeting, by 2010, the twin targets for missions, i.e. the OECD target of 40% and the EU target of halving the number of un-coordinated missions.

- OECD target of 40% likely to be met: Yes (*)/

- EU target of halving the number of un-coordinated missions: Yes (*)/

(*) Concerning coordination at EU level

Delegations are asked to briefly indicate what additional steps HQ should be prepared to consider to help in achieving those targets at the level of the beneficiary country concerned:

Coordination of missions at HQ

Other aid effectiveness related information

On 4 July 2007 our Counsellors Louis Michel and Benita Ferrero-Waldner wrote to all Heads of Delegations requesting implementation of the Code of Conduct for Division of Labour. Several Delegations have responded and have attached their progress reports on aid effectiveness. We need information on the specific points below:

1. Paragraph 5 of the Council conclusion on Division of Labour notes:

"Simultaneously with the implementation of the Code of Conduct, the Member States and the Commission **will promote wide discussions with partner countries and other donors on complementarity and division of labour**, based on the EU code of Conduct which will be complemented by first experiences in the field. **The outcome of these discussions would constitute an input to the OECD/DAC partnership and the High Level Forum on Aid Effectiveness III that will take place in Accra, Ghana in 2008.** The Council invites the **incoming Presidencies to actively support such a process**, in close cooperation with the Member States and the Commission." (Highlights by AIDCO 01)

1.1 Have the discussions with partner countries and other donors been held?

(a) **If yes**, when and what was the result? Please describe in brief how these talks are progressing.

The Commission has lobbied strongly with UNDP for a forum for all donors and a first meeting was held in September 2007 with Commission funding. We continue to advocate a forum which will attract those partners not based in Gaborone and to deepen the dialogue by focussing on the national development plan due to start in 2009, NDP 10.

Considering the low number of donors and the limited cooperation programmes by member states in Botswana the only serious discussions at present are held with the World Bank to look into synergies between their Aids Combat programme and the Commission's next sector budget support in the HRD sector.

(b) **If no**, are there plans to hold them? If yes, please describe briefly what the plans are.

1.2 What input on division of labour is planned by the partner country towards HLF III? If none, then leave blank.

2 In paragraph 14 the Council invites the Commission to outline Community implementation of the Code of Conduct in its annual report on development cooperation, including: '**a self-assessment in its potential areas of comparative advantage** as referred to in the joint Development Policy Statement'. (highlights by AIDCO 01)

2.1 What action has been taken towards this self assessment of comparative advantage?

(a) If yes, please describe the process in brief and the results.

Na.

(b) If no, do you have any plans for initiating such a process? What are the plans?

There no plans at present

3 In country that have already initiated some form of division of labour:

3.1 Please describe the process. (e.g., when did it start; partner country leadership; donors involved; results on the ground, etc).

Na.

3.2 As a result of this process, did the Delegation:

- Reduce or expand the sectors in which it remains active?
- Exit from any sectors? Specify
 - Enter any new sectors? Specify
 - Become lead donor in any sectors? Specify
 - Enter into delegated cooperation partnerships? Please specify.

Na.

(The Commission remains the only donor with a sector wide approach and budget support (sector budget support in education & training) and there is no indication that this will change in the near future)

Additional comments on the 10 guiding principles of the Code of Conduct:

i) Concentrate on a limited number of sectors in-country

The Commission is the only donor giving sector budget support to Botswana. The Memorandum of Understanding signed with the GoB in the context of the 9th EDF SPSP foresees that any development partner which may want to contribute to the Education and Training Sector will have to sign the MoU after an agreement of all parties involved. The comparative advantage of the Commission in that sector is recognised by GoB and other partners taking into account the Commission's long history and experience in this strategic sector.

ii) Redeployment for other in-country activities

No redeployment is foreseen in the future.

iii) Lead donor arrangement

The Commission is the lead donor in Education and Training. There is no other lead donor in Botswana except the US which has a leading role in the fight against HIV AIDS.

iv) Delegated cooperation/partnership

No delegated cooperation/partnership is foreseen at present.

v) Ensure an adequate donor support
See pt. iii)

vi) Replicate practices at regional level
Refer to regional JAR

vii) Establish priority countries
Refers to vi)

viii) Address the "orphans" gap
Refers to vi)

ix) Analyse and expand areas of strength
See pt. iii)

x) Pursue progress on other dimensions of complementarity
See pt. iii)

xi) Deepen the reforms
See pt. iii)

Q. DONOR MATRIX (CURRENT AND FUTURE FINANCIAL SUPPORT)

a) Current

donor disbursements in Botswana as per 31/12/07

in Euro

donor	sector														
	Education	Health	HIV/AIDS	Government: general capacity building (planning/statistics/poverty)	CS/NGO/CBO /Small grant's cheme/sustainable livelihood	Transport /storage	Communication	Banking/financial services/Business/Private sector	Agriculture/Forestry/Fishing	Trade/Tourism	Env/energy	Rule of law/DHR (Governance)	Gender	Emergency/human. Aid	Others
EC (excl EIB)	13,000,000			160,000							7,500,000		300,000		3,000,000
Germany	400,000		150,000						100,000		100,000				
UK				27,188	164,472						12,250	6,928			80,000
France	182,538											2,887			
Sweden			2,290,000				39,000								2,670,000
total EU	13,582,538		2,440,000	187,188	164,472		39,000		100,000		7,612,250	9,815	300,000		5,855,908
UNDP			500,000	1,226,000							2,560,000	650,000			
UNFPA			693,297	207,350											465,902
UNICEF	300,000		1,400,000	300,000											
U.S.			50,000,000		345,000							20,000			445,000
WB			0												
others															
total others	300,000		52,593,297	1,733,350	345,000							670,000			910,902
total all donors	13,882,538		55,033,297	1,920,538	509,472		39,000		100,000		10,172,250	679,815	300,000		6,766,810

b) Future

planned donor disbursements in Botswana for 2008

in Euro

donor	sector														
	Education	Health	HIV/AIDS	Government: general capacity building (planning /statistics /poverty)	CS/NGO/ CBO/Small grant's scheme/sustainable livelihood	Transport / storage	Communication	Banking/financial services/ Business/ Private sector	Agriculture/Forestry/Fishing	Trade/ Tourism	Env/energy	Rule of law	Gender	Emergency/human . Aid	Others
EC (excl EIB)	11,400,000			1,300,000	1,800,000					643,000			50,000		6,880,000
Germany	600,000		200,000			200,000					100,000				
UK															
France	173,790														63,210
Sweden			2,993,000	3,200,000			160,000								214,000
total EU	12,173,790		3,193,000	4,500,000	1,800,000	200,000	160,000			643,000	100,000		50,000		7,157,210
UNDP			980,000	780,000											
UNFPA		743,866	66,000												490,134
UNICEF	400,000	200,000	1,200,000	300,000											
U.S.			62,000,000		280,000							20,000			430,000
WB			2,051,000												
others															
total others	400,000	943,866	66,297,000	1,080,000	280,000							20,000			920,134
total all donors	12,573,790	943,866	69,490,000	5,580,000	2,080,000	200,000	160,000			643,000	100,000	20,000	50,000		8,077,344

R. DONOR MATRIX (CURRENT AND FUTURE DONOR ROLES)

current/prospective donor presence in sectors in Botswana as per December 2007

donor	sector														
	Education	Health	HIV/AIDS	Government: general capacity building (planning/statistics/poverty)	CS/NGO/CBO/Small grant's scheme/sustainable livelihood	Transport / storage	Communication	Banking/financial services/Business/Private sector	Agriculture/Forestry/Fishing	Trade/Tourism	Env/energy	Rule of law/DHR (Governance)	Gender	Emergency/humanitarian Aid	Others
EC (excl EIB)	L			A							L		A		A
Germany	A		A							A	A				
UK				A	A						A	A			A
France	A											A			
Sweden			A				A								A
total EU															
UNDP			A	L							A	A	A		
UNFPA			A	A											A
UNICEF	A		A	A											
U.S.			L		A							A			A
WB															
total others															

The matrix is used to present donor roles per sector and per donor as follows:

L = Lead donor
A = Active donor
P = Passive (silent) donor
E = Exit strategy for this donor in this sector

For an explanation of donor roles see the EU Code of Conduct (Council Conclusions, May 2007, 9558/07)
Footnotes may be used to further specify any co-financing/delegated cooperation partnerships between donors