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ASSESSMENT OF PROGRAM IMPACT

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Table of Contents

Acronyms	iii
Section I. Special Factors Affecting the USAID Program in Botswana	1
Economic Growth and Per Capita Income	1
Employment	1
Inflation and the Cost of Living	1
Exchange Rates and the Balance of Payments	2
Budget Deficits	3
1994 Botswana Elections	4
Developments in Southern Africa	4
General Agreement on Tariffs and Trade	5
Drought and Rural Development	6
Population and Development	6
Education and Training	6
Health and HIV/AIDS	7
Section II. Progress Towards Achievement of USAID/Botswana’s Program Goal ..	8
Program Logical Framework and Assessment of Program Impact	8
Impact of Mission Closure	9
Program Goal Indicators	9
Progress Towards Poverty Reduction	9
Progress Towards Reduced Fertility and Teenage Pregnancies	11
Progress Towards the Reduction of HIV/STD Transmission	11
Progress Towards Increased Competencies and Trainability of Botswana	
School Graduates	12
Progress Towards the Generation of Non-Mineral Private Sector	
Income and Employment Opportunities	12
Section III. Progress Towards Achievement of Strategic Objectives and Program	
Outcomes	16
Strategic Objective 1: Increase the level of relevance of what students	
learn, their receptivity to additional training, and their	
preparedness for further education	16

Program Outcome 1.A: Increased proportion of students who are offered the new curriculum and pedagogic materials, instructed by teachers trained to apply them	19
Program Outcome 1.B: System established to provide feedback on student learning achievement to pupils, teachers, parents, policy makers, and the private sector	20
Strategic Objective 2: Positively modify behaviors associated with effective family planning and STD/AIDS prevention	23
Program Outcome 2.A: FP/STD service delivery improved	24
Program Outcome 2.B: Demand for and accessibility of the BSMP condom increased	25
Program Outcome 2.C: Knowledge and attitudes regarding effective AIDS prevention improved	25
Section IV. Progress in Priority Areas	29
Target of Opportunity 1: Demonstrate the socioeconomic sustainability of community-based natural resources management	29
Program Outcome 1.A: Select and establish viable community-based natural resources management demonstration projects	29
Program Outcome 1.B: Conditions necessary for replicable demonstration projects in community-based natural resources management	30
Target of Opportunity 2: Enhance enabling environment for increased private investment and enterprise growth in non-mineral sectors of the economy	34
Program Outcome 2.A: Increased effectiveness of policy dialogue between public and private sectors in support of private sector-led economic growth	35
Program Outcome 2.B: Strengthened human capital resources to support private sector development	42

**Program Outcome 2.C: Strengthened local capacity to promote
domestic and foreign investment in the private sector 44**

Acronyms

AIDS	Acquired Immune Deficiency Syndrome
API	Assessment of Program Impact
BDC	Botswana Development Corporation
BDP	Botswana Democratic Party
BEC	Basic Education Consolidation
BFHS	Botswana Family Health Survey
BHC	Botswana Housing Corporation
BNF	Botswana National Front
BPC	Botswana Power Corporation
BOTSPA	Botswana Population Sector Assistance
BPED	Botswana Private Enterprise Development
BOB	Bank of Botswana
BOCCIM	Botswana Confederation of Commerce, Industry and Manpower
BSMP	Botswana Social Marketing Program
BWAST	Botswana Workforce and Skills Training
BWTI	Botswana Wildlife Training Institute
CA	Continuous Assessment
CECT	Chobe Enclave Conservation Trust
CIU	Collective Investment Undertakings
CPR	Contraceptive Prevalence Rate
CRT	Criterion Referenced Testing
CRTIC	Criterion Referenced Testing Implementation Committee
CSO	Central Statistics Office
CYP	Couple-Years of Protection
DPE	Department of Primary Education
DPSM	Department of Public Service Management
DTT&D	Department of Teacher Training and Development
DWNP	Department of Wildlife and National Parks
FAP	Financial Assistance Policy
FP	Family Planning
FP/MIS	Family Planning Management Information System
FP/STD	Family Planning/Sexually Transmitted Diseases
GATT	Generalized Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
GOB	Government of Botswana
HIES	Household Income and Expenditure Survey
HLCC	High Level Consultative Council
ICA	Interkiln Corporation of America
IMF	International Monetary Fund
JCE	Junior Certificate Exam
JSEIP	Junior Secondary Education Improvement Project

KAP	Knowledge, Attitudes and Practices
KDT	Kuru Development Trust
LCW	Lobatse Clay Works
LPS	Local Preference Scheme
MCI	Ministry of Commerce and Industry
MFDP	Ministry of Finance and Development Planning
MIS	Management Information System
MOE	Ministry of Education
MOH	Ministry of Health
MWMR	Ministry Of Water Affairs and Mineral Resources
NGO	Non-Governmental Organization
NRMP	Natural Resources Management Project
PAC	Problem Animal Control
PDL	Poverty Datum Line
PEIP	Primary Education Improvement Project
PRA	Participatory Rural Appraisal
PSLE	Primary School Leaving Exam
PTTC	Primary Teacher Training College
PVO	Private Voluntary Organization
RAD	Rural Area Dweller
RCSA	Regional Center for Southern Africa
SACU	Southern Africa Customs Union
SADC	Southern African Development Conference
SNV	The Dutch Volunteer Agency
STD	Sexually Transmitted Disease
UNDP	United Nations Development Program
UB	University of Botswana
WRA	Women of Reproductive Age

Section I. Special Factors Affecting the USAID Program in Botswana

Economic Growth and Per Capita Income

Following years of rapid economic growth and expansion in social services, fuelled by mineral revenues and sound economic and financial management, Botswana entered a period of reduced growth starting in 1991/92, as reported in the Fiscal Year 1993 Assessment of Program Impact (API). Although the economic slowdown continues, the situation has improved moderately over the past year, due to a combination of counter-cyclical policies adopted by the Government of Botswana (GOB) and moderate recovery in the world economy. Preliminary estimates from the Central Statistics Office (CSO) indicate that nominal Gross Domestic Product (GDP) increased from P8,491 million (\$3,142 million) in 1992/93 to P10,328 million (\$3,821 million) in 1993/94. Over the same period, per capita nominal GDP grew from P6,181 (\$2,287) to P7,267 (\$2,689). Measured in constant 1985/86 prices, GDP is estimated to have grown by 4.1% over the period. This growth rate is slightly above the 3.5% population growth rate and compares favorably to the decline of 0.3% estimated for 1992/93.

In terms of sectoral performance, most sectors recorded positive growth rates, with business services, utilities, and trade and hotel services recording the highest growth rates of 9.5%, 9.0%, and 5.0%, respectively, over the year. The manufacturing and construction sectors, however, remained depressed, although prospects for recovery have recently improved.

Employment

There has also been a modest recovery in the labor market since 1993. On a yearly basis to March 1994, formal sector employment increased by 2.2% as against a decline of 0.3% in the corresponding period in the previous year. Sectoral performance has been mixed. Formal employment in agriculture, manufacturing, construction, and transport and communications continued to decline. In contrast, sharp increases in employment were registered in commerce, Government, and community and personal services. Other sectors, such as finance and business services, recorded only minor increases in employment.

With the planned implementation of several major projects, such as the Botswana Housing Corporation (BHC) housing expansion program over the next two years, the construction and expansion of community Junior Secondary Schools under the 1994 Revised National Policy on Education, and the North-South Water Carrier Project, more employment opportunities will be created in the construction sector.

Recently announced reductions in the corporate tax rate, with special incentives to encourage investment in the manufacturing sector, should also result in the creation of employment opportunities. Therefore, in the medium term, the outlook is for some recovery in the labor market.

Inflation and the Cost of Living

The annual inflation rate declined from 11.4% in January 1994 to 9.8% in December 1994, the first time that single digit inflation rates have been recorded since October 1988, when the rate was also 9.8%. The declining rates of inflation reflect slow growth in total commercial bank credit to the private sector as well as prudent fiscal policies, particularly with respect to wage and salary restraints. The GOB has emphasized that any increase in wages and salaries that cannot be justified by corresponding increases in productivity may rekindle inflationary pressures and erode Botswana's capacity to compete for investment regionally and internationally.

Reductions in the inflation rate translate into increased purchasing power for the average Botswana household. However, since imports comprise close to fifty percent of Botswana's cost-of-living index, continued success in the fight against inflation will depend partly on inflation control measures undertaken by its major regional trading partners. While the rate of inflation in South Africa was around 9.9% in December 1994, Zimbabwe's inflation rate increased to 21.1% in that same period.

Exchange Rates and the Balance of Payments

The Pula continued to depreciate against most major currencies during the year. However, its performance against the two major regional trading currencies was mixed, depreciating against the South African Rand by 1.3%, while appreciating against the Zimbabwe Dollar by 13.4%. The latter movement was due primarily to the devaluation of the Zimbabwe Dollar, a consequence of structural adjustment in Zimbabwe.

The real exchange rate index between Botswana and South Africa decreased from 96.6 in December 1993 to 94.9 in December 1994, suggesting improved competitiveness for Botswana. However, Botswana lost some competitiveness against Zimbabwe as indicated by the rise in the index from 130.1 to 135.0 over the same period. In view of the current structural adjustment program in Zimbabwe, domestic exporters may continue to face stiff competition in that market for some time to come.

The total value of exports is estimated to have grown by 12.1% between 1993 and 1994, primarily as the result of the depreciation of the Pula against major currencies in which Botswana's exports are denominated, notably the U.S. Dollar. The sales quota imposed on Botswana's diamonds by the Central Selling Organization following the world economic recession in 1992 was subsequently relaxed in 1993 to 85%, but remains in place.

Total imports rose by 8.6% between 1993 and 1994, resulting in an increase in the trade surplus from 7.3% of GDP in 1993 to 8.1% in 1994.

The services account continued to register a deficit during the year, mainly due to outflows of investment income, particularly interest and dividend payments arising from diamond sales. Net transfers, though still positive, fell due to an increased outflow of private transfers and a slight increase in official inflows. The weaker performance of the services account and net transfers

offset the strong improvement in the trade balance, resulting in a 41.6% decline in the current account balance.

The capital account balance improved significantly between 1993 and 1994, mainly on account of increased private long-term capital inflow during the year. The overall balance of payments declined slightly by 2.3% between 1993 and 1994.

However, foreign exchange reserves grew by nearly 14.9%, reflecting, in part, valuation gains due to the depreciation of the Pula. At 1994 levels, Botswana's foreign exchange reserves are equivalent to 23.5 months of import cover of goods and services, up slightly from 22.1 months in the previous year.

Budget Deficits

The 1993/94 budget outturn shows an overall surplus of P878 million (\$325 million) compared to the deficit of P567 million (\$210 million) which was forecast at the time of the 1993/94 budget speech. Total revenues and grants stood at P5,359 million (\$1,983 million) in 1993/94, representing an increase of 15.2% over the previous year. Mineral revenues and Bank of Botswana (BOB) profits, which accounted for 42.5% and 20.7% of total revenues, respectively, continued to be the major sources of GOB revenue. During 1993/94, total expenditures and net lending amounted to P4,481 million (\$1,658 million).

Revised budget estimates for 1994/95 point to the possibility of a budget deficit of P237 million (\$88 million), mainly due to unfavorable developments on the revenue side. BOB profits declined dramatically by 40.6% from the original estimate, due primarily to increases in world interest rates during the first quarter of the year, which resulted in major declines in bond prices. In addition, the average rate of return on foreign exchange reserves invested abroad fell from its original forecast of 7.7% to 6.5%, while the amount paid by the BOB on discount charges for BOB Certificates increased from P108 million (\$40 million) in the original budget to P397 million (\$147 million), reflecting the effects of the reduction in tax rates beginning in July 1994 and the downturn in the economy. Revised total expenditure and net lending, in contrast, *decreased* by 3.2% from the original estimate, suggesting a prudent GOB response to negative developments on the revenue side.

Total revenues and grants for 1995/96 are estimated at P5,162 million (\$1,910 million), of which mineral revenues account for 47.6%; BOB profits for 18.9%; customs and excise revenue for 15.9%; and non-mineral income tax, indirect taxes, fees and charges for the remaining 17.6%. The mineral revenues, BOB profits, and customs and excise revenue figures represent increases of 2.3%, 58.5% and 16.1%, respectively, over the revised budget for 1994/95, mainly due to an improved outlook for the global economy in 1995. Estimated total expenditures and net lending for 1995/96 total P5,391 million (\$1,995 million), resulting in a projected budget deficit of P229 million (\$85 million).

Although GOB cash balances and foreign exchange reserves are more than sufficient to cover the anticipated deficit, the deficit is nevertheless a cause for concern given the modest outlook for Botswana's major sources of revenue. While commodity prices have recovered somewhat from the worldwide recession of the last few years, the global supply of diamonds has more than doubled since 1980, and new sources of supply are emerging. The likelihood is that Botswana will continue to face reduced mineral revenues and potential budget deficits. Since GOB spending from diamond-generated revenues has been the principal source of growth in non-mineral sectors of the economy, the emerging revenue problem poses a serious challenge to efforts by the Botswana government and USAID/Botswana to enhance the conditions necessary to support sustained improvement of the economic and social well-being of the average Botswana household.

Sustainable economic growth will depend more and more on the capacity of the private sector to identify and develop opportunities for diversification of the nation's economic base. The GOB is committed to increasing private sector participation in the economy to further its overall goals of economic diversification, increased international competitiveness, promotion of non-traditional exports, sustainable development, and employment creation. Evidence of the GOB commitment to private sector participation is amply demonstrated elsewhere in this report, particularly in the section which describes the impact of the USAID/Botswana's private sector development project.

1994 Botswana Elections

Botswana has maintained a functioning multi-party system since independence, with the ruling Botswana Democratic Party (BDP) winning all elections. However, in October 1994 the BDP won only 65.5% of all seats in the new Parliament, down from 91.2% in 1989, and its share of votes decreased from 65% in 1989 to 56% in 1994. The election was also characterized by widespread gains by the Botswana National Front (BNF), which won 32.5% of the seats in the new Parliament, as compared to 8.8% in 1989.

The election results signal that voters are becoming dissatisfied with the ruling party's performance. The level of unemployment in urban areas, lack of rural income opportunities and increasing income inequalities are among the factors which contributed to the decline in BDP support, and it is expected that the BNF will exert pressure in Parliament for significant changes in economic policy. However, the BDP has so far avoided adopting populist strategies to attract votes, and the 1995/96 Budget Speech indicates an unwavering commitment to the prudent management of Botswana's economic resources.

The maintenance of a sound and stable macroeconomic environment remains the cornerstone of the GOB's policy to ensure that the balance between demand and productive capacity in the economy is maintained. The GOB has consistently resisted the temptation to dissipate the nation's mineral revenues through consumption rather than investing them in viable development projects, unlike many other mineral-rich developing countries. One consequence of this policy has been the accumulation of government cash balances and the associated foreign exchange reserves. These resources have given the GOB the flexibility and means to accommodate

increases in expenditures to cope with drought and other contingencies, and to stimulate economic recovery as it did when GDP declined dramatically in 1992/93.

Developments in Southern Africa

Botswana has a small domestic market and must depend on regional and international trade to diversify away from a dependence on diamond revenues. However, domestic producers must compete with goods produced in South Africa and Zimbabwe, which enjoy advantages in terms of access to raw materials, more sophisticated physical and financial infrastructure, highly skilled labor, a powerful and well-organized private sector, lower transport and capital costs, and substantial economies of scale.

Although Zimbabwe and Zambia have been undertaking structural adjustment programs as a way of liberalizing their economies and enhancing their competitiveness, the full impact of such policies is yet to be realized. However, there are signs of improvement in the areas of trade and investment, indicating that the programs are succeeding. In the short run, Botswana exporters have suffered from the resulting depreciation of the Zimbabwe Dollar, which has made Botswana goods relatively more expensive in Zimbabwe markets, but over the long run a stronger regional economy should enhance opportunities for trade. The challenge to Botswana is to improve its competitiveness vis-à-vis its neighbors.

The regional political situation has improved markedly following the demise of apartheid and the emergence of democracy in South Africa. South Africa has now joined the Southern Africa Development Community (SADC) and has thus become a partner rather than an antagonist in regional development.

In April 1991, the former government of South Africa announced that accommodation of the differing trade and industrial objectives of Southern African Customs Union (SACU) members was becoming increasingly difficult within the present SACU agreement, and that SACU was becoming financially unaffordable. The possibility that South Africa might withdraw from SACU was real. In contrast, the newly elected regime in South Africa has demonstrated a willingness to renegotiate the agreement with the other member countries.

Under the current SACU agreement, South Africa establishes a common external tariff for the SACU region, preventing other member countries from reducing selected tariffs or erecting trade barriers against their own imports. As a result, Botswana pays up to 30-40% more than world market prices for many consumer goods and industrial inputs, making its industries less competitive and reducing the standard of living of the average Botswana household. Botswana is lobbying for changes in the substantive provisions of the agreement which would encourage economic diversification and improve the competitiveness of its industries.

While the increasing acceptance of South Africa by the international community has resulted in the relocation of some operations from Botswana to South Africa, in the long run the developments in South Africa should result in a regional environment which provides

opportunities to support investment flows and more dynamic and diversified trade. The GOB recognizes that it is in its interest to take advantage of these opportunities and position itself to compete effectively on a regional basis.

General Agreement on Tariffs and Trade

One of the most significant economic events of 1994 has been the conclusion of the Uruguay Round of trade talks which culminated in the signing of the new General Agreement on Tariffs and Trade (GATT) in April 1994. The implementation of the agreement should enhance world economic prospects by deepening economic integration. While the benefits may not immediately accrue to many developing countries, including Botswana, the GOB recognizes that improved and transparent rules for trade will over time afford Botswana the opportunity to expand its non-traditional exports regionally and internationally.

In the shorter term, however, GATT introduces new pressures on Botswana to compete effectively both regionally and internationally. GATT also narrows the options for developing a package of export incentives, and the implications of GATT on the SACU renegotiations are currently being evaluated by the GOB.

Drought and Rural Development

Given the unfavorable physical and climatic conditions in Botswana, drought is endemic. The adverse impacts of the 1992 drought on the quality of life continue to be felt, particularly in rural areas, and the GOB is expected to declare 1994/95 a drought year as well. Fortunately, Botswana was well prepared for the drought and is utilizing its cash balances and foreign exchange reserves to implement a comprehensive drought relief program.

Rural development has remained a priority for the GOB. A wide range of GOB policies and programs has been developed and implemented over time to increase incomes and alleviate poverty, with the aim of improving the quality of life in rural areas. To assess current problems impeding effective rural development, the GOB has planned a National Rural Development Workshop which will review progress made so far, identify bottlenecks and analyze these with the aim of finding solutions. The workshop will provide input into the preparation of the next district and national development plans.

Population and Development

The GOB recognizes that one of the major challenges in its quest to achieve sustained economic growth is that of rapid population growth. At the current growth rate of 3.5% per annum, the population would double in 20 years. Unless the rate of population growth can be slowed down, GOB's ability to save, increase aggregate investment and enhance employment creation to improve the standard and quality of life of the average Botswana household may be compromised.

The recently reconstituted National Council on Population and Development has embarked upon the process of formulating a population policy. This process will culminate in a National Conference on Population Policy at the end of 1995 where the framework of the Policy will be discussed. It is expected that the Draft Policy will be submitted to Parliament for approval in 1996.

Education and Training

Botswana's competitiveness depends in large part upon the productivity and skills of its human resources. The 1994 Revised National Policy on Education outlines a strategy for the development of a more responsive education and training system that is in line with the dynamic nature of economic growth and development. Curriculum diversification through the introduction of some basic commercial and technical courses as core subjects will be emphasized as a way of preparing school leavers for the job market. The Ministry of Education (MOE) has already embarked upon the expansion of the existing vocational training centers and the brigades as a first step towards improving technical education. It is intended that commercial and technical education will increasingly be appreciated as a viable alternative to further formal academic education, given the problems of limited spaces at institutions of higher learning, unemployment among school leavers, and the persistent shortage of skilled artisans in the country. Commercial and technical education will also prepare school leavers for self-employment in the informal sector, given limited growth opportunities in the formal employment sector.

Health and HIV/AIDS

Human resources development through education and training is a necessary but not sufficient condition for improving the productivity of the nation. Equally important is a healthy labor force which can perform to the best of its ability. Over the past few years, great strides have been made in expanding the health care system throughout Botswana. The GOB continues to extend health services in recognition of the importance of a healthy nation to its own prosperity.

However, Botswana's achievements in the health sector have come under threat from the AIDS scourge. Recent HIV serosurveys indicate that the HIV epidemic has reached catastrophic proportions in Botswana, and according to the latest figures from the Ministry of Health (MOH), there were about 2,000 AIDS cases at the end of 1994. The health and socioeconomic impacts will be enormous over the next few years and threaten to seriously undermine efforts to improve the social and economic well-being of the average Botswana household.

To address this problem, the GOB has adopted a National AIDS Policy, which covers issues related to the care of orphans and the establishment of guidelines for home-based care of AIDS patients. The GOB is currently preparing a Second Medium Term Plan (1995-2000) as part of a multisectoral approach to the HIV/AIDS problem. Furthermore, a study on the cost implications of the HIV/AIDS epidemic in the medium to long-term period will be undertaken during the year.

Section II. Progress Towards Achievement of USAID/Botswana's Program Goal

Program Logical Framework and Assessment of Program Impact

In response to Agency efforts to become more results-oriented, USAID/Botswana initiated the development of a Program Logical Framework (logframe) in 1990. The logframe was further revised in October 1991 and reviewed by USAID/W in February 1993. In April 1993, a Monitoring, Evaluation and Reporting team assisted the Mission in incorporating USAID/W comments into the logframe and developing impact and progress indicators. On the basis of this work, the Mission is submitting its second API.

The logframe submitted to USAID/W in October 1991 articulated a meaningful and measurable program which was in accord with Botswana's development priorities as well as the United States foreign policy objective of fostering stable, long-term political and economic growth in Botswana. The logframe consisted of a program goal which sought the sustainable increased economic and social well-being of the average Botswana household through two strategic objectives, one focussed on the private sector and the other on human resources development. This program structure was supported by two targets of opportunity: i) natural resources management through sustainable community utilization of resources; and ii) family planning (FP) and AIDS prevention.

During the USAID/W review, considerations external to Botswana's development realities were introduced, resulting in a request from USAID/W to: i) elevate FP/AIDS to the level of a strategic objective; ii) modify the wording of the education strategic objective; and iii) reclassify the private sector development effort as a target of opportunity. To accommodate this change, USAID/Botswana rearticulated its program goal as *Enhance conditions necessary to support sustained improvement of the economic and social well-being of the average Botswana household*. The revised program structure is shown in Figure 1, on page 14.

The two strategic objectives are: i) *Increase the level and relevance of what students learn, their receptivity to additional training, and their preparedness for further education*; and ii) *Positively modify behaviors associated with effective family planning and STD/AIDS prevention*. The education strategic objective will contribute to the program goal by improving the quality of education and attitudes towards further education and the world of work. These are necessary *conditions* for further education or skills training or for exploring opportunities in the informal sector. The population strategic objective will improve the social well-being of the average Botswana household by creating *conditions* that should lead to lower population growth, reduced family size, fewer teenage pregnancies, improved maternal and child health, and a reduced rate of HIV transmission among the productive population. The experience of the past decade has made it clear that sexual behavior conducive to the spread of HIV infection is based on attitudes that place women and young people at greatest risk -- women because they are too often unable to influence the behavior of their partners, and young people, girls especially, because of pressure to engage in sexual activities. USAID/Botswana, through its population and health program, expects to influence and change these attitudes.

The two targets of opportunity are: i) *Demonstrate the socioeconomic sustainability of community-based natural resources management*; and ii) *Enhance the enabling environment for increased private investment and enterprise growth in non-mineral sectors of the economy*. The natural resources management target of opportunity directly contributes to the economic well-being of targeted rural communities by empowering them to manage their natural resources productively and profitably, on a sustainable basis. The private sector target of opportunity contributes to the program goal by creating an improved enabling environment for private sector development, thereby generating income and employment opportunities for the average Botswana household.

Impact of Mission Closure

USAID/Botswana will close on September 30, 1995, resulting in several changes to the portfolio. The Basic Education Consolidation (BEC) project will be closed out on September 30, 1995, about a year and a half early. As a result, some project activities have been accelerated, while others have been truncated. The Botswana Private Enterprise Development (BPED) project will continue through September 30, 1996, but it is being streamlined to focus primarily on: i) building an effective policy dialogue mechanism between the public and private sectors to improve the enabling environment for private sector growth; and ii) ensuring the sustainability of the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) as the private sector spokesorganization.

The Botswana Population Sector Assistance (BOTSPA) Project will continue to its original project completion date of September 30, 1996, while the Natural Resources Management Project (NRMP), already a regional project with a PACD of August 31, 1997, will be absorbed into the Regional Center for Southern Africa (RCSA) which is being established in Gaborone. The RCSA will also assume responsibility for the BPED and BOTSPA projects after September 30, 1995, and it is expected that 1995 and subsequent APIs will be reported by the RCSA.

Program Goal Indicators

Progress towards achievement of the Program Goal is evaluated in terms of the Mission's contributions to: i) reductions in poverty, total fertility, teenage pregnancy rates, and HIV/STD transmission; ii) increases in the competency levels and improved attitudes of school leavers; and iii) expansion in non-mineral private sector investment and employment. Specific performance indicators at the Program Goal level are summarized in Table 1. While the Mission has made significant progress in helping to create the conditions necessary for enhancing the economic and social well-being of the average Botswana household, it should be recognized that impacts at the Program Goal level often occur some time after the realization of project outputs.

Progress Towards Poverty Reduction

Progress towards poverty reduction is measured using two performance indicators, one relating to the percentage of households living below the poverty line, and the other measuring the

degree to which household incomes fall below the poverty level. The 1986 Household Income and Expenditure Survey (HIES) provided information on actual consumption patterns and estimates of household income against which the Poverty Datum Line (PDL) for a particular type of household could be compared. Incomes were inflated to 1989 levels, with the result that in 1989 55% of households in Botswana had incomes equal to or below their 1989 PDL. Around 30% of the 58,897 urban households had incomes equal to or below their 1989 PDL, as compared to 64% in the rural areas.

The second performance indicator, which measures the average amount by which households living below the Poverty Datum Line fall below the PDL, weighs the headcount index (defined as the number of households with income less than or equal to the PDL divided by the total number of households), by the poverty gap ratio (the difference between PDL and income, divided by PDL). In 1989, among those households which fell below the PDL, urban households were below the PDL by an average of 17%, while rural households were below the PDL by an average of 33%.

The PDL provides a benchmark against which to measure the well-being and progress of households. By tracking average index movements for each type of item in the cost-of-living index, one can update the PDL over time. The Mission had planned to use the results from the 1993 HIES to compute, in relative terms, whether more or fewer families are living in poverty. Unfortunately, due to a reorganization of CSO data processing functions and a shortage of skilled manpower, CSO has been unable to process and publish the 1993 HIES results within the anticipated time frame. However, most of the raw data has been entered, and CSO expects to tabulate and publish the results in early 1995.

In the interim, proxy indicators of poverty suggest that, despite impressive levels of overall economic growth, the benefits of development are not necessarily evenly distributed. In 1993, Botswana ranked 104th on a United Nations Development Programme (UNDP) Human Development Index scale of 173 developing countries, considerably below its Gross National Product (GNP) rank of 69. Furthermore, the lowest 40% of households earned 9% of total income.

Further evidence of a persistent poverty problem comes from a study of micro- and small-scale enterprises in Botswana, which revealed that in 1992 there were up to 48,000 informal sector enterprises employing 88,000 people, or 20% of the total national labor force. The researchers estimated that 54% of the entrepreneurs depended on the enterprises for over half of all household income, and that the incomes were well below what was needed to survive.

While USAID/Botswana cannot, with its limited resources, have a meaningful impact on poverty at a *global* level, its efforts through the community-based natural resource management project have helped to improve the situation of a limited number of rural Botswana households. NRMP has created income-generating activities that will benefit about 4,700 residents in the Chobe Enclave and about 230 families in the Ghanzi area, from a combination of community-based wildlife management and dye and veld production. The impact of such activities will be

significant in view of the CSO findings that 83% of households in Chobe and Ngamiland Districts fell below the PDL, as compared to 64% of households in rural areas as a whole. As living standards in rural communities targeted by NRMP improve, the values for both poverty indicators should decline, both in absolute terms and relative to national percentages.

Progress Towards Reduced Fertility and Teenage Pregnancies

Progress in this area is measured using two performance indicators, one relating to total fertility rate, and the other relating to teenage pregnancies. In 1993, the Mission established baseline data using the 1988 Botswana Family Health Survey (BFHS). According to that survey, the total fertility rate declined from 7.1 in 1981 to 5.0 in 1988. The fertility of urban women (4.1) was lower than that of rural women (5.4). The largest differences in fertility were by level of education: a woman with secondary or higher education could expect to have a total of 3.3 births during her childbearing years, while a woman with no formal education would have, on average, six births. The 1991 Census estimated that total fertility was 5.3, while couple-years of protection data indicate that for 1994 the total fertility rate should be roughly 5.1. The dramatic changes in total fertility between 1981 and 1988-94 have been questioned by several researchers, who cite overestimation during the 1981 Census and differences in sample characteristics. Therefore, meaningful conclusions will require independent confirmation of the data through a follow-up demographic and health survey, which is currently under discussion by the GOB.

In 1993 the Mission established baseline data for teenage pregnancies on the basis of the 1988 BFHS. According to that survey, nearly one-quarter of teenagers were already mothers and an additional 4.9% were pregnant with their first child. Among teenagers who became pregnant, the average age at first pregnancy was 16 years. Four in 10 teenagers with no education had had at least one birth compared with fewer than 2 in 10 teenagers with secondary or higher education. One-third of the teenagers who became pregnant (9% of all teenage mothers) left school because of pregnancy, and only one-fifth of those who left school were later readmitted. The percent of teenage mothers has remained unchanged since 1988. However, the percentage of teenage women who left school because of pregnancy dropped to 3.1% in 1994.

Progress Towards the Reduction of HIV/STD Transmission

In 1994, 27.8% of all pregnant women in Gaborone and 29% in Francistown were infected with HIV as compared to 19.2% and 34.2% in 1993, for Gaborone and Francistown, respectively. Based on this data, the GOB estimates that 125,000, or 9% of the total population, is infected with HIV. The GOB is hopeful that the data indicate a levelling-off in Francistown, which has seen an extremely rapid increase in HIV levels. However, due to the momentum behind the epidemic, when coupled with behavioral factors which are described under Strategic Objective 2 in Section III, rural HIV levels are likely to continue to increase significantly.

More positive is the decreased incidence of STDs. A Knowledge, Attitudes and Practices (KAP) survey conducted in 1993 revealed that the prevalence of STDs among 18 to 25-year-old males

was very high, affecting between 21.1 % and 40.7% of sexually active young male respondents. In 1994, the prevalence of STDs among the same age group ranged between 11% and 33%.

Progress Towards Increased Competencies and Trainability of Botswana School Graduates

It is too early to tell whether or not student competencies or attitudes to further education and training have improved. Improvement of competencies due to curriculum changes, improved teacher training procedures, and new forms of testing occur over a long period of time. The training of classroom teachers in criterion-referenced testing started with a pilot group of 41 schools in 1993. The training of primary school teachers across the nation in criterion referenced testing (CRT) started in late 1994 using lessons learned from the pilot schools. Assessment of competencies and attitudes at the national level will be conducted in 1995 for comparison with the results of the first criterion-referenced primary school leaving examinations (PSLE) to be administered at the national level in 1997.

Analyses of pilot CRT tests have shown an overall improvement in the subject studies observed. For example, as shown in Table 1, between 1993 and 1994, the mean composite score on Mathematics, Social Studies and Setswana tests increased by 6.5%, from 49.2% in 1993 to 52.4% in 1994. Student receptivity to additional training, as evidenced by the number of qualified applicants who applied for and received career training, and/or continued with further education, is on the increase. As shown in Table 1, the number of qualified applicants to Botswana's academic and technical institutions between 1993 and 1994 increased by 31%, from 9,970 in 1993 to 13,137 in 1994.

In addition, classroom observations in the pilot schools suggest that teachers have positive attitudes towards the new criterion-referenced testing system. Data gathered from classroom observations, conducted in 1993 and 1994 in the pilot schools, suggest that CRT training improves teachers' sensitivity to curriculum objectives. These observations show that teachers who have had CRT training accord their students more individualized attention. In addition, the questioning and the test construction skills of CRT-trained teachers have improved dramatically. Students in classrooms of CRT-trained teachers have also been observed to display high levels of activity and engagement during lessons.

Progress Towards the Generation of Non-Mineral Private Sector Income and Employment Opportunities

Through the efforts of NRMP, incomes were generated by hunting concessions in the Chobe Enclave in both 1993 and 1994. Though insignificant at this early stage, local per capita annual incomes are currently projected to treble between 1995 and 1997 (from \$5 per person each year to \$15 per person each year) and will likely increase even more dramatically in subsequent lease periods.

While these results are impressive, the redesigned BPED project will place less emphasis in the future on *directly* stimulating employment and investment. Resources will be directed more to strengthening the capacity of BOCCIM and the private sector to advocate effectively with the GOB for policies which will improve the enabling environment for private sector development. By ensuring the sustainability of BOCCIM as the voice of the private sector and institutionalizing the private/public sector dialogue process, BPED will have more *ultimate* impact on job creation and the development of citizen entrepreneurs than it might by continuing to focus on activities with more immediately visible effects on jobs and investment. Hence, while BPED will continue to report on investment and employment creation in future APIs, the increases directly attributable to BPED may not be as dramatic as in the past.

Figure 1. USAID/Botswana Program Objective Tree

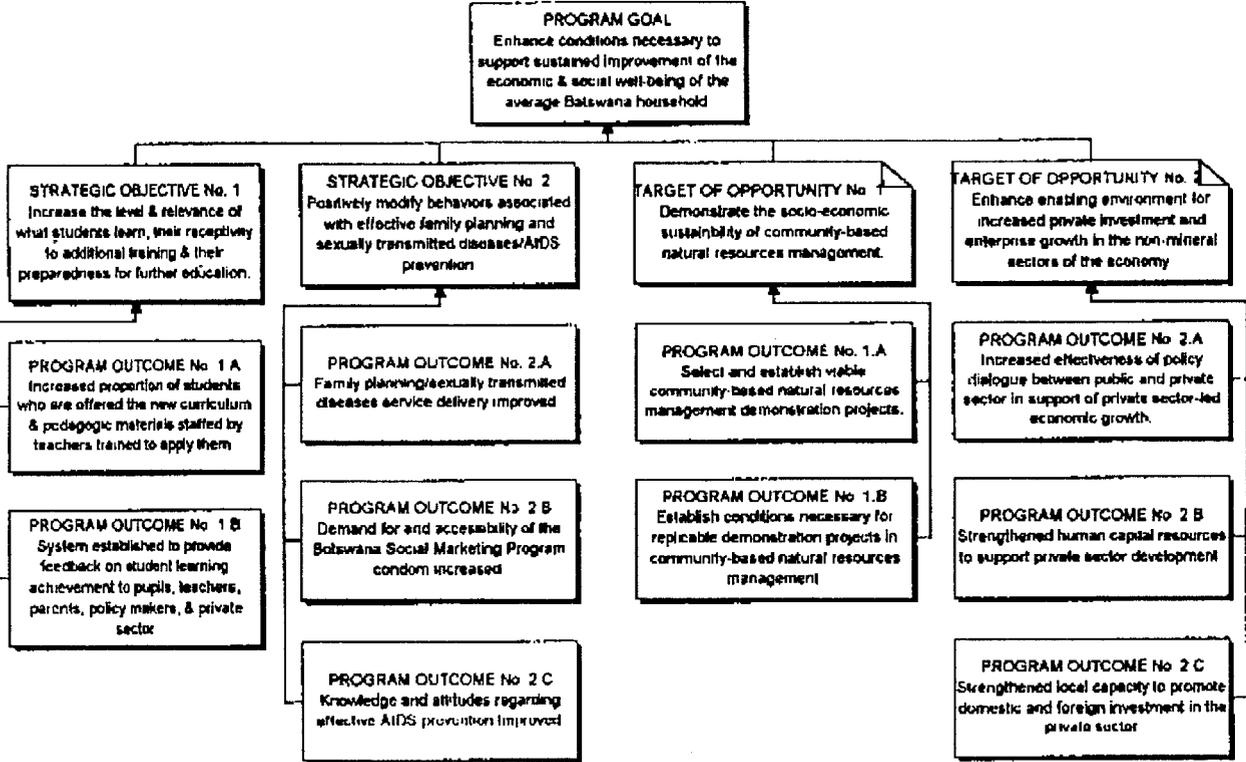


Table 1. Assessment of Progress Towards Achievement of USAID/Botswana's Program Goal

Performance Indicators	Data Sources	Baseline			Actual Data & Performance Targets					
		Year	Units	Value	Actual Data		Performance Targets			
					FY 1993	FY 1994	FY 1994	FY 1995	FY 1996	FY 1997
Program Goal: Enhance conditions necessary to support sustained improvement of the economic and social well-being of the average Botswana household										
1. Decreased percentage of households living below the PDL	1989 PDL, 1986 HIES, 1993 HIES, cost-of-living index, average wages as proxy for income, project-funded household survey	1989	- % of urban households - % of rural households - % of all households	30 64 55	Although the 1993 HIES Survey has been fielded, CSO has experienced delays in processing and publishing the results due to a reorganization of data processing functions and a shortage of skilled manpower. Results expected in 1995.					
2. Decreased average amounts by which households living below the Poverty Datum Line fall below the PDL: [(households with income <= PDL)/(total households)] x [(PDL - Income)/PDL]		1989	% amount by which households fall below PDL: - urban households - rural households - all households	17 33 29						
3. Decreased total fertility rate	1988 BFHS, 1991 Census & CSO projections, 1995/96 BFHS	1988	total fertility rates	5.0	n/a	5.1	4.9	4.8	4.7	4.6
4. Decreased rates of pregnancies among teenagers	1988 BFHS, 1991 Census, 1995/96 BFHS, MOE statistics on dropouts due to pregnancies	1988	% of teenage women (15-19) who: - are mothers - are pregnant with first child - left school because of pregnancy	23.5 4.9 9.3	23.5 4.9 3.1	23.5 4.9 3.1	23.5 4.9 3.1	23.5 4.9 3.0	21.0 4.0 2.9	21.0 4.0 2.8
5. Decreased rates of HIV transmission	Annual HIV Sentinel Surveillance	1992	HIV seropositivity rate (% of pregnant women infected): - Gaborone - Francistown - overall	14.9 23.7 18.1	19.2 34.2 22.5	27.8 29.3 --	28.0 30.0 23.0	28.0 30.0 23.0	28.0 30.0 23.0	26.0 38.0 20.0
6. Decreased incidences of STDs	KAP surveys, MOH	1991	% of sexually active population (out-patient STD attendance/total out-patient attendance)	3.9	3.6	3.5	3.5	3.4	3.3	3.2
7. Decrease in self-reported STD symptoms (last 12 months)	KAP surveys	1994	- % of sexually active male respondents - % of all male respondents	24 19	26 21	25 21	25 21	25 21	23 18	20 16
8. Increased student achievement and competencies as measured by CRTs	CRTs, pilot school data	1993	composite mean scores on CRT tests	49.2%	49.2%	52.4%	51%	53%	55%	55%
9. Improved student preparedness for additional training and further education	data from Botswana colleges and training institutions	1993	# of qualified applicants for further training in Botswana colleges	9,970	9,970	13,137	13,000	13,500	14,500	15,000
10. Increased private sector investment in non-mineral sectors of the economy attributable to BPED activities	BPED data collection and monitoring systems & BDC spreadsheets	1991	\$ million	21.0	43.6	29.8	1.5	1.5	1.5	1.5
11. Increased private sector employment in non-mineral sectors of the economy attributable to BPED activities		1991	# of citizen employees: male female total	719 1,420 2,139	1,412 2,474 3,886	754 1,909 2,663	400 400 800	400 400 800	400 400 800	400 400 800

Section III. Progress Towards Achievement of Strategic Objectives and Program Outcomes

Strategic Objective 1: Increase the level of relevance of what students learn, their receptivity to additional training, and their preparedness for further education

The BEC project consolidates the achievements of two previous USAID-funded projects - the Primary Education Improvement Project (PEIP, 1981-1992) and the Junior Secondary Education Improvement Project (JSEIP, 1985-1991) - which helped bring about major advances in the access to and delivery of quality basic education programs in Botswana.

PEIP strengthened the capacity of the MOE and the University of Botswana (UB) to plan, develop and implement an effective pre-service and in-service curriculum for primary teacher education. Major accomplishments include: i) the formation of a fully functioning Department of Primary Education (DPE) at UB that offers undergraduate and graduate level programs in primary education; ii) the reorganization of the teacher training programs at the Primary Teacher Training Colleges (PTTCs), resulting in completely revised and approved syllabi for all subjects offered in the colleges; and iii) the development of an in-service education network which included construction of eight new education centers and the training of educators to plan, organize and implement in-service education programs.

Under its human resources development component, PEIP also provided training to approximately 80% of the PTTC lecturers, 100% of the primary education field officers, and 75% of the professional staff of the education centers. The professional staff of the DPE are nearly all Batswana, a large number of whom received degree training in the United States through USAID funding. In addition, two staff members from the Education Foundations Department of UB were supported under PEIP for Ph.D. degrees. Beneficiaries of PEIP long- and short-term training now hold key positions across different levels of the primary education system and continue to contribute to efforts to improve primary education in Botswana.

Exhibit 1 shows that in 1982, a year after PEIP began, there were 468 primary schools with a combined enrollment of 188,218. By 1993, there were 660 primary schools with a total enrollment of 305,479. More than 50% of enrolled students were female. During this period, Botswana achieved near-universal access to primary education, with net enrollment ratios increasing to 90% in 1993. The quality of the teaching staff also improved significantly, as the percent of trained primary school teachers increased from 65% in 1982 to 91% in 1993.

In 1983, the GOB decided to extend the duration of universal basic education to include the first two years of junior secondary school. The JSEIP project helped to increase the quality and efficiency of the expanding junior secondary education system and played a significant role in curriculum development and implementation of a mechanism for structuring the curriculum at the junior secondary teacher training colleges. Since 1987, these colleges have trained and graduated approximately 1,500 junior secondary school teachers. The percent of trained junior secondary school teachers increased from 56% in 1982 to 79% in 1993.

Through JSEIP, scholarships for study in the United States were awarded to 34 Botswana, including junior secondary school principals, lecturers at the colleges of education, and education officers and curriculum development officers at the MOE. Twenty-seven of these individuals earned Master's degrees in education, and seven of them studied at a post-Master's degree level.

Between 1982 and 1993, enrollments in Forms 1 and 2 increased from 12,687 to 68,966, as shown in Exhibit 1. In 1982, only 27% of primary school leavers could progress to junior secondary school, in contrast to 81% in 1993. There is currently sufficient capacity for 100% progression from Standard 7 to Form 1.

Exhibit 1. Basic Education Performance Indicators			
Indicators	1982	1992	1993
Primary School Enrollment	188,218	301,482	305,479
% Male	46%	49%	49%
% Female	54%	51%	51%
Gross Enrollment Ratio (GER)	100.3	108.2	102.9
Net Enrollment Ratio (NER)	84.8	90.2	91.0
Primary School Repetition Rate (%)*	5.9%	3.4%	2.6%
Standard 4	12.4%	10.8%	9.4%
Standard 7	26.2%	8.1%	4.8%
Primary School Teachers	5,998	10,409	9,772
% Trained/Retrained	64.7%	84.9%	91.0%
% Female	80.9%	76.9%	74.0%
% Botswana Citizens	60%	82%	79.9%
Primary School Pupil to Teacher Ratio	32.4	28.9	31.2
Number of Primary Schools	468	643	660

Junior Secondary School Enrollment (Form 1 & 2)	12,687	54,976	68,966
% Male	42.3%	44.5%	45.7%
% Female	57.7%	55.5%	54.3%
Progression Rates from Standard 7 to Form 1 (%)**	26.9%	77.5%	81.0%
Dropout Rates (%)			
Form 1 & 2	na	3.2%	3.8%
Due to Pregnancy	2.1%	1.7%	1.6%
Due to other reasons	na	1.5%	2.2%
Junior Secondary School Teachers	425	2,832	3,387
% Trained/Retrained	56.0%	74.9%	78.7%
% Botswana Citizens	26.6%	50.4%	56.0%
% Female	40.0%	41.1%	42.9%
Number of Junior Secondary Schools	42	157	166
* Current repeaters as a % of previous year enrollment			
** Current Form 1 enrollment as a % of previous year Standard 7 enrollment adjusted for repeaters and dropouts			

The BEC project is designed to consolidate the educational gains of the previous decade by assisting the MOE to further strengthen its curriculum development and implementation process to prepare primary and junior secondary students with competencies that are relevant to a modernizing Botswana. These competencies include language, math and science skills, as well as problem-solving and analytical skills, with a program of studies that places emphasis on the world of work, family life and population issues, AIDS awareness, gender sensitivity, and the environment. Increased competence in these areas will lay the foundation for school leavers to effectively participate in the labor force and enhance their quality of life.

The 1994 Revised National Policy on Education extended the duration of basic education from nine to ten years, starting in January 1996, and BEC is now assisting the MOE to plan, implement and evaluate an integrated, consolidated and coordinated basic education program which covers the first ten years of public education. BEC is helping to establish a process which integrates curriculum development, teacher training and student assessment.

During the first year of the BEC project the BEC technical advisors collaborated with MOE colleagues to complete a Needs Assessment for Basic Education Consolidation in Botswana. The final report, issued in September 1993, was the prerequisite to further implementation of the BEC project and included detailed workplans specifying outputs, actions, time lines, and assignments of responsibility which specifically relate to API sub-targets established by the Mission in April 1993. While significant progress has since been made at the output level, one cannot realistically expect significant impact at the strategic objective level after only 14 months of workplan implementation. Furthermore, the premature truncation of the BEC project in September 1995 has necessitated an acceleration of training of MOE personnel in the United States, thereby reducing in-house capacity to collect and assess project impact data.

Data from national and international exams will demonstrate an improvement in student achievement and comparability. Currently, the internally-set PSLE and Junior Certificate Exam (JCE) are norm-referenced: their main purpose is to rank pupils in order of merit, and the proportions of high and low grades are approximately determined in advance. Such exams do not measure students' mastery of the curricula, nor can comparisons of year-to-year results measure whether overall performance has improved.

When the CRT system currently being introduced and tested under the BEC project comes on line in 1997, they will measure student achievement and competencies under Botswana's new integrated ten-year curriculum. The number of students meeting established criteria on these assessments is expected to increase as more students are in classrooms that incorporate the new curricula and have teachers trained to teach it, and as program evaluation becomes increasingly linked to these competencies.

To provide proxy data for this indicator prior to 1997, a pre-test will be administered to two national samples of Standard V and VII students in 1995. The Standard V students will have had approximately six months of instruction under the CRT system by the time the test is administered, and their scores will be compared to those of Standard VII students who would have completed nearly three years of instruction under the system. In the longer run, the MOE will use the scores obtained by the Standard V students as baseline data against which to compare the results from the first national CRT PSLE in 1997.

As the quality of education improves, student attitudes to additional training and preparedness for further education should improve. The number of qualified applicants to local training institutions was used as proxy data for this indicator. Between 1993 and 1994, the total number of qualified applicants desiring additional training increased by 30%. A retrospective study for the past five years will be conducted in 1995 to verify whether the number of qualified applicants has been increasing over that period.

BEC is assisting the MOE to establish a continuous assessment (CA) program in order to track and document students' performance more thoroughly than is possible with standardized examinations. A study of the effectiveness of primary school teachers in using CRT and CA, as well as the receptivity of students to these assessment systems, will be undertaken in April 1995. Ethnographies and classroom observation studies scheduled for July 1995 will be used to document qualitative features of school environments as baseline data against which to assess an increase in student levels of competencies as the basic education system evolves.

Program Outcome 1.A: Increased proportion of students who are offered the new curriculum and pedagogic materials, instructed by teachers trained to apply them

Attainment of Outcome 1.A would assure that the necessary quality inputs for increased learning are evident in the classroom. This requires efficient curriculum and teacher training systems, as well as the supporting logistic and supervisory systems. The indicators for this outcome are

the percent of students who have new curricular materials and the percent of teachers trained to utilize them.

With the support of PEIP, curriculum at the primary level was revised in Agriculture, English, Mathematics, Religious Education, Science, Setswana, and Social Studies. The BEC project has assisted the MOE in training teachers in the use of the new syllabi which were supplied to all primary schools in January 1993.

At the junior secondary level, Design and Technology is a new subject with a recent syllabus. Mathematics, English, Science and Agriculture have already been developed as a continuum from Standard 1 through Form 2. In line with the recommendations of the 1994 Revised National Policy on Education, recent efforts have been focused on refining procedures for developing the proposed three-year Junior Certificate curriculum. Curriculum materials are currently being revised for Social Studies, Agriculture, Science, English and Setswana. By January 1996, when the three-year Junior Certificate program commences, all Form 1 students will have the revised curriculum materials in the classroom.

BEC is helping to strengthen the existing curriculum development system to ensure that the MOE has the capacity to continue to plan, produce, disseminate and evaluate a relevant, improved quality basic education curriculum on a sustainable basis beyond September 1995. BEC advisors have helped to develop the Basic Education Framework as well as strategies and procedures for developing and implementing the basic education curriculum over a ten-year period. They have also been supporting MOE efforts to revise the curriculum to: i) emphasize foundation skills (decision making, problem solving, teamwork, computing) applicable to work situations; ii) relate academic subjects to the world of work; iii) increase the number of practical subjects offered; iv) increase awareness and understanding of the world of work; and v) integrate topics such as environmental education, family planning, population, HIV/AIDS, and gender sensitivity into the overall basic education program.

On-the-job training for Department of Curriculum Development and Evaluation staff has been provided in curriculum materials design and production. The investment in staff training has resulted in a noticeable improvement in the relevance of instructional materials, coupled with a decrease in the lead time and costs associated with the development, production, testing and distribution of materials. Currently many of the primary and junior secondary school instructional materials are locally developed and produced, and therefore more relevant for students in Botswana.

Program Outcome 1.B: System established to provide feedback on student learning achievement to pupils, teachers, parents, policy makers, and the private sector

The BEC project is assisting the MOE to develop and implement CRT and CA systems which will provide feedback on student learning achievement to pupils, teachers, parents, policy makers, and potential private sector employers or training providers. Such feedback will enable

educators to evaluate the performance of the education system against specific curriculum objectives, leading to improvements which will better prepare students for further education and training, or for the world of work.

CRT teacher training programs have been organized by the Criterion Referenced Testing Implementation Committee (CRTIC), in cooperation with the Department of Teacher Training and Development (DTT&D) and BEC advisors. The effectiveness of the CRT training plan was tested in 41 pilot schools across the country, starting in 1993. Reports from the pilot schools reveal that teachers trained in CRT have developed positive attitudes towards the CRT system of instruction and assessment. CRT-trained teachers also demonstrate improved course presentation and test preparation skills, as well as increased sensitivity to curriculum objectives. Classroom observations in pilot schools suggest that teachers trained in CRT use activity-oriented teaching strategies, and their students show high levels of engagement in the classroom.

Based on the positive results from the pilot school program, the MOE has recently undertaken CRT training at the national level. Adopting a "multiplier effect" approach, DTT&D has trained 80 trainers who will in turn train approximately 700 resource persons to undertake the training of all primary school teachers in the use of CRT and CA in the classroom. BEC advisors have helped to organize this training and developed a CRT and CA handbook which is distributed to teachers upon completion of the training.

By the middle of December 1994, the 80 trainers had directly trained 1,846 Standard V teachers and school principals, or approximately 19 percent of all primary school teachers. As a result, approximately 15% of all primary school students are currently receiving instruction under CRT procedures, and, as shown in Table 2, 20% of all primary school classrooms are currently using CRT procedures for assessment and instruction.

The training of resource persons will commence in May 1995, and approximately 5,000 primary school teachers will have been trained by the end of the year. There will be at least one CRT-trained resource person in each primary school by the end of 1996, and 80% of all primary school teachers will have been trained by the end of 1997. The training of junior secondary school teachers will also proceed by the multiplier effect approach. A core of trainers will be selected and trained by October 1995 to undertake the national training of all 4000 junior secondary school teachers.

In addition to assisting with in-service CRT training, BEC has revised course programs in educational measurement for the primary and junior secondary teacher training colleges to ensure that future teachers receive adequate pre-service training in CRT and CA. The CRTIC will organize training for lecturers in these colleges in 1995, and the revised courses will be introduced into the teacher training curriculum in 1996.

The current norm-referenced primary and junior secondary school leaving examinations do not provide adequate feedback on student learning achievement. For this reason, the MOE has

decided to replace these examinations with a criterion-referenced examination system at the national level to provide educators with a basis for diagnosing student learning problems and improving educational system performance. BEC advisors have developed a "Guide for the Structure, Organization, and Implementation of National Examinations" to help the MOE implement the new national certificate examinations. Starting in 1997, examination certificates will provide information on the strengths and weaknesses of each student in relation to the learning dimensions assessed in the examinations.

Although the BEC project is terminating, BEC advisors are trying to ensure that sustainable systems are in place prior to their departure to enable the MOE to continue to pursue the objectives of the project after September 1995. The full impact of BEC may not be realized for some years, but once all the required inputs are in place and new CRT and CA systems are fully functioning in Botswana classrooms, USAID/Washington might consider conducting an impact assessment to draw from Botswana's experiences in designing future education sector projects.

Table 2. Assessment of USAID/Botswana's Basic Education Project Impact

Performance Indicators	Data Sources	Baseline			Actual Data & Performance Targets					
					Actual Data		Performance Targets			
		Year	Units	Value	FY 1993	FY 1994	FY 1994	FY 1995	FY 1996	FY 1997
Strategic Objective 1: Increase the level and relevance of what students learn, their receptivity to additional training, and their preparedness for further education										
1. Data from criterion-referenced PSLE and JCE will demonstrate an improvement in student achievement and comparability	criterion-referenced PSLE & JCE test results	1993	composite mean CRT score on subjects tested	49.2%	49.2%	52.4%	51%	53%	55%	55%
2. Qualitative documentation will demonstrate an improvement in levels of student and teacher attitudes and competencies	BEC-operated classroom surveys, classroom ethnographies, checklists of skills & competencies	1994	% improvement in attitudes ¹ : - student attitudes - teacher attitudes	-- --	-- --	-- --	75% 80%	80% 85%	85% 90%	85% 90%
3. Surveys will demonstrate an improvement in student preparedness for additional training and further education	data from Botswana colleges and training institutions	1993	number of qualified applicants	9,970	9,970	13,137	13,000	13,500	14,500	15,000
Program Outcome 1.A: Increased proportion of students in classrooms who are offered the new curriculum and pedagogic materials, instructed by teachers trained to apply them										
1. Percent of students who have new curricular materials	BEC-operated classroom surveys, classroom ethnographies, training reports, random surveys of first-year teachers, surveys before and after workshops, teacher evaluations	1993	% of students	1.3%	1.3%	15%	5%	45%	60%	80%
2. Percent of teachers trained to utilize new curricular materials		1993	% of primary school teachers	1.3%	1.3%	19%	5%	45%	60%	80%
Program Outcome 1.B: System established to provide feedback on student learning achievement to pupils, teachers, parents, policy-makers, and the private sector										
1. Percent of primary & junior secondary school classrooms in which criterion-referenced assessment and instructional systems are used	semiannual progress reports, checklists, classroom surveys	1993	% of classrooms - primary	1.3%	1.3%	20%	5%	40%	60%	80%
		1994	- junior secondary	0%	0%	0%	0%	5%	40%	80%
2. Documentation to demonstrate progressive implementation towards continuous student assessment evaluation and feedback systems ²		1993	% progress towards implementation	0%	0%	17%	15%	30%	45%	60%

¹ Baseline data for this indicator will be collected in April 1995 as part of the study of teacher effectiveness in using CRT and CA and student receptivity to these assessment systems.

² On September 24, 1994, the MOE decided to defer the CA activities to a later date when CRT would have been sufficiently implemented throughout the school system.

Strategic Objective 2: Positively modify behaviors associated with effective family planning and STD/AIDS prevention

Progress towards achievement of the population and health strategic objective is intended to be evaluated in terms of the degree of change in FP and STD/AIDS prevention practices as measured by: i) contraceptive prevalence rates; ii) couple-years of protection; iii) frequency of condom use; iv) number of sexual partners; and v) STD treatment-seeking behavior. As the data summarized in Table 3 show, Botswana has achieved significant progress in narrowing the gap between knowledge and practice, particularly regarding condom use.

Condom use has increased significantly. The data in Table 3 differentiate between casual and serious partners based on the respondents' own perceptions. Condom use data were also collected in 1992, but the data were not disaggregated between casual and serious partners. The proportion of males and females who reported that they almost always use condoms increased by at least 30% from 1993 to 1994. Likewise, the proportion which reported infrequent condom use has decreased sharply, particularly when taken from 1992, when 39.5% of males and 60.8% of females reported hardly ever using condoms with any partner. The Botswana Social Marketing Program (BSMP), presented in more detail below, has been instrumental in achieving these changes in reported behavior.

Increases in condom use with serious partners have been exceptional, which is critical because the data indicate that numbers of partners have not declined. This is consistent with the decrease in respondents who named partner reduction as a strategy for AIDS prevention, discussed further below. USAID's social marketing activity identified this trend and responded early with a broad package of promotional messages. Design of a pilot program under the BSMP which will specifically target youth emphasizes the value of such preventive strategies as delaying the initiation of sexual activity, abstinence and partner reduction. Continued emphasis is required within communications interventions to link other behavioral changes to condom use.

USAID's current estimate of the contraceptive prevalence rate (CPR) indicates no significant change from previous levels: 29.3% in 1994, versus 28.9% in the baseline year of 1988. Whether in the absence of increased condom use we would see a decline in the CPR is not clear. Although the GOB promotes the use of condoms with other family planning methods, discussions with service providers indicate that contraceptive users are changing methods, e.g. from IUDs to condoms. Situation analysis activities which are planned in 1995 will attempt to assess the extent to which family planning clients rely on condoms to regulate fertility.

Notably, the 1994 estimate of contraceptive prevalence is derived from the estimated total couple-years of protection (CYP) which were distributed to clients from public and private sector sources, including condoms, while the baseline figure is based on the 1988 BFHS. 1994 is the first year for which reliable data are available regarding distribution of contraceptives to the public, rather than distribution to facilities from Central Medical Stores. Estimates of contraceptive prevalence will continue to be derived in this fashion, until confirmation through

an independent BFHS is attained. Plans to conduct a BFHS in 1996 are currently under discussion by the GOB.

The apparently insignificant increase in the CPR, in conjunction with a substantial increase in distributed CYP, may be attributable to rapid growth in the number of women of reproductive age. While CYP grew at an average annual rate of 4.5% between 1988 and 1994, the estimated number of women of reproductive age grew by 4.6%. Furthermore, CPR estimates which are based on CYP assume continuous use of family planning through a calendar year, while the BFHS reported current users. Thus, if discontinuation is high -- estimated at 45-50% in Botswana -- then similar levels of CYP would support higher levels of CPR as defined by current use.

In response to comments which AFR provided in 94 STATE 142507, USAID/Botswana has revised the indicators for Strategic Objective 2 by eliminating continuation rates and new acceptors from Table 3. In accordance with 91 STATE 162644, the CPR is retained as the primary indicator of impact regarding use of FP services. CYP distributed to clients is retained as this is the indicator for which the most reliable data will be available annually, and is the basis for interim estimates of the CPR. Finally, a planned indicator of treatment-seeking behavior for STDs has been eliminated because collection of such data has proven to be unpracticable with the GOB's annual KAP surveys.

Achievement of Strategic Objective 2 relies on three program outcomes. Program Outcome 2.A relates to the improvement of the quality of FP services and the treatment of STDs through the establishment of an inservice training program for service providers and their managers, with additional activities to provide educational materials and to strengthen and decentralize the management information system for family planning services. Design of the training program is expected to facilitate the integration of family planning and STD services. Program Outcome 2.B, which relates to condom social marketing, is working through the private sector to improve the demand for and availability of condoms. Program Outcome 2.C, which relates to knowledge and attitudes regarding effective AIDS prevention, is in its final stage of design and is expected to strengthen the capacity of the local non-governmental organization (NGO) community to design, implement and evaluate reproductive health communications and awareness programs.

Program Outcome 2.A: FP/STD service delivery improved

Progress towards achievement of this program outcome is evaluated in terms of changes in indicators of service quality, as measured by independent assessments. However, these assessments have not been performed and are awaiting the implementation, by the Population Council and the MOH, of the final proposal for operations research to assess the quality of FP/STD services, beginning in May 1995. The operations research proposal is a set of situation analyses and related activities which ultimately will lead to a system of routine monitoring by the MOH. The initial situation analysis had been planned for September 1994, but was postponed to May 1995 due to the unavailability of midwives and enumerators to undertake the

fieldwork. The completed situation analysis will provide the baseline data for the quality indicators under this target and will be provided in the 1995 API report.

As a step towards the improvement of FP/STD service quality, two recent project-sponsored Leadership Conferences targeted managers of district-level primary health care and hospital systems to initiate a formal process of consultation in support of this program outcome. Recommendations from the Leadership Conferences hold significant potential to improve the quality of FP/STD services by removing unnecessary medical barriers related to age and parity, and providing supervisory support for increased service integration.

In addition to supervisory support, effective implementation of the planned revisions to service guidelines, based on the Leadership Conference recommendations, will require commitment from service providers. The Central Training Service has adopted competency-based learning as a model for its training program. Because competency-based learning emphasizes skills development through participatory training, rather than didactic teaching of theory, it has the best potential to improve skills and attitudes to support improvements in service quality. Training will commence in February 1995, and carry through the life of the project.

Service providers' and program managers' ability to monitor project outcomes is enhanced with: i) the publication of a handbook for an FP Management Information System (FP/MIS), which provides the basis for decentralizing the generation of useful indicators of program performance; and ii) agreement on the final proposal for operations research to assess the quality of FP/STD services, to be implemented by the Population Council and the MOH in May 1995.

Program Outcome 2.B: Demand for and accessibility of the BSMP condom increased

Progress towards achievement of this program outcome is evaluated in terms of the demand for and the supply of social marketing condoms. As indicated by Table 3, the USAID-funded BSMP continues to perform well. Sales and distribution targets have been exceeded or met. The increased cost per CYP more truly reflects the cost of full-scale operations and intensified sales efforts to expand outlets in more rural areas.

As Botswana's general business downturn continues, stock-outs among distributors have become an increasing problem. To address this, the BSMP has strengthened its promotional efforts to maintain better continuity of stocks. The BSMP is placing greater emphasis on youth and women within its advertising and distribution campaigns, and continues its research to ensure the relevance of its promotional and distribution strategies. A particular strength of the BSMP is the involvement of its primary target group, youth, in the design and implementation of its activities. Currently a staff of 16 recent secondary school leavers, now performing national service under the Tirelo Sechaba program, conducts research, develops materials and communications strategies, and acts as peer educators. An evaluation is currently underway to provide recommendations regarding future directions and related resource requirements, to

enable negotiations with the GOB and other donors to support the continuance of the BSMP after termination of its cooperative agreement with USAID.

Program Outcome 2.C: Knowledge and attitudes regarding effective AIDS prevention improved

Progress towards achievement of this program outcome was planned to be measured in terms of changes in public knowledge, awareness and attitudes with regard to HIV/AIDS. However, USAID received no responsive proposals for implementation of the activities which were originally designed to achieve this outcome. The activities have been redesigned from a broad-based program which was intended to provide assistance to a wide range of community-based organizations, to focus assistance on a smaller group of local NGOs which are most active in reproductive health communications, and are anticipated to start in March. Training and technical assistance will be provided to strengthen the capacity of NGOs to design, implement and evaluate their activities. Concurrent operations research will provide baseline and endline data regarding specific interventions, although these will be implemented on a narrower scale than the program logframe originally anticipated.

Therefore, the data in Table 3 are primarily an indication of progress as a result of the GOB's continuing mass media and other communications campaigns. The apparent decrease in indicators of knowledge is attributed to two trends in the data: i) while knowledge of how HIV is transmitted is consistently high, myths and misinformation seem to have become more prevalent; and ii) although condom indicators have gained considerably, the proportion of respondents who identify partner reduction as an effective strategy for HIV prevention has decreased sharply. Based on similar evidence a year ago, the BSMP has designed its reproductive health communications for adolescents to emphasize a broad range of preventive strategies, including abstinence, and to devote more attention to social pressures and the maintenance of healthy relationships. The BSMP also has contributed to the increase in positive attitudes towards condom use.

Table 3. Assessment of USAID/Botswana's Population and Social Marketing Project Impact

Performance Indicators	Data Sources	Baseline			Actual Data & Performance Targets												
		Year	Units	Value	Actual Data		Performance Targets										
					FY 1993	FY 1994	FY 1994	FY 1995	FY 1996	FY 1997							
Strategic Objective 2: Positively modify behaviors associated with effective family planning and STD/AIDS prevention																	
1. CPR: percentage of women of reproductive age (WRA) currently using any modern family planning method	National demographic and health surveys (1988, 1996); FP/MIS	1988	% of WRA	28.9%	n/a	29.3%	32.4%	33.7%	35.3%	37.0%							
2. CYP	FP/MIS	1988	CYP	68,363	n/a	89,028	106,950	115,546	125,716	136,845							
3. Frequency of condom use: percentage of respondents using condoms with serious/casual partners, by gender	KAP surveys	1993	with serious partners(%):	M	F	M	F	M	F	M	F	M	F				
			- always/always	33	29	33	29	43	35	33	24	35	25	36	36	38	28
			- about half the time	28	20	28	20	42	49	22	20	23	21	24	24	25	23
			- hardly ever/never	39	51	39	51	16	15	45	56	42	54	40	40	37	49
			with casual partners (%):	M	F	M	F	M	F	M	F	M	F	M	F	M	F
			- always/always	60	54	60	54	80	69	33	24	35	25	36	36	38	28
			- about half the time	23	15	23	15	17	26	22	20	23	21	24	24	25	23
			- hardly ever/never	17	31	17	31	3	5	45	56	42	54	40	40	37	49
4. Number of partners reported by sexually active respondents, by gender	KAP surveys	1992	% reporting:	M	F	M	F	M	F	M	F	M	F	M	F	M	F
			- 1 partner	46	74	45	77	45	76	48	77	49	79	50	80	51	82
			- 2 to 3 partners	30	24	37	20	31	21	33	21	35	19	36	18	38	16
			- 4 or more partners	24	2	18	3	24	4	19	2	16	2	14	2	11	2

Performance Indicators	Data Sources	Baseline			Actual Data & Performance Targets					
		Year	Units	Value	Actual Data		Performance Targets			
					FY 1993	FY 1994	FY 1994	FY 1995	FY 1996	FY 1997
Program Outcome 2.A: FP/STD service delivery improved										
1. Family planning service & STD/AIDS diagnoses and treatment provided per clinical norms	periodic situation analysis	1994			Implementation, by the Population Council and the MOH of the final proposal for operations research to assess the quality of FP/STD services, beginning in May 1995, will provide the baseline data for these quality indicators.					
2. Family planning & STD/AIDS counseling using information, education, and communication materials adequately provided		1994								
3. Client satisfaction increased: percentage of clients interviewed who score better than minimum satisfaction index		1994								
4. Commodities for family planning and STD/AIDS prevention available in facilities		1994								
Program Outcome 2.B: Demand for and accessibility of the BSMP condom increased										
1. Product sales performance	BSMP MIS	1993	condoms sold (10/31) # of outlets	871,000 345	871,000 345	2,076,6797 01	2,000,0005 95	2,000,0007 00	2,300,0007 30	2,500,000 750
2. Cost per CYP		1993	\$/CYP (9/30)	13.45	13.45	28.49	39.09	40.68	35.00	30.00
Program Outcome 2.C: Knowledge and attitude regarding effective AIDS prevention improved										
1. Knowledge of STD/AIDS: percentage of correct responses to questions testing general knowledge of AIDS, by gender	KAP surveys	1992	% of correct responses	<u>M</u> 79 <u>F</u> 74	<u>M</u> 67 <u>F</u> 66	<u>M</u> 67 <u>F</u> 69	<u>M</u> 84 <u>F</u> 74	<u>M</u> 86 <u>F</u> 76	<u>M</u> 89 <u>F</u> 79	<u>M</u> 92 <u>F</u> 81
2. Knowledge of effective HIV/AIDS and other STD behavior: percentage of respondents who give 2 or more correct responses to how people can protect themselves against the AIDS virus, by gender		1992	% of respondents giving 2 or more correct responses	<u>M</u> 82 <u>F</u> 73	<u>M</u> 85 <u>F</u> 85	<u>M</u> 75 <u>F</u> 82	<u>M</u> 85 <u>F</u> 77	<u>M</u> 87 <u>F</u> 80	<u>M</u> 90 <u>F</u> 82	<u>M</u> 93 <u>F</u> 85
3. Attitudes regarding condoms, AIDS and other STDs: mean values for attitudinal indices (most positive response = 4), by gender		1992	mean values for: - condom use - concern about AIDS	<u>M</u> 2.9 <u>F</u> 2.8 3.0 3.1 2.8 2.8	<u>M</u> 3.0 <u>F</u> 3.1 3.0 3.0 2.8 2.8	<u>M</u> 3.0 <u>F</u> 3.0 3.1 3.5 3.1 3.5	<u>M</u> 3.1 <u>F</u> 3.0 3.2 3.1 3.0 3.0	<u>M</u> 3.2 <u>F</u> 3.1 3.2 3.1 3.1 3.1	<u>M</u> 3.3 <u>F</u> 3.2 3.3 3.2 3.3 3.5	<u>M</u> 3.4 <u>F</u> 3.33 3.4 3.2 3.4 .5

Section IV. Progress in Priority Areas

Target of Opportunity 1: Demonstrate the socioeconomic sustainability of community-based natural resources management

The Natural Resources Management Project aims to improve the social and economic well-being of residents of targeted rural communities by implementing sustainable community-based wildlife and other natural resource conservation and utilization programs. It therefore contributes to the goal of encouraging broad-based economic growth by improving the economic opportunities of poorer segments of society, while protecting the environment by encouraging *sustainable* use of natural resources.

Progress towards achievement of this target of opportunity is evaluated in terms of the increase in the number of communities and hectares, outside of NRMP areas, in which community-based natural resources management has been initiated.

As summarized in Table 4, the number of communities outside of NRMP areas in which community-based natural resources management has been initiated increased by two in 1994 (Xai Xai, Pandamatenga) bringing the total to seven communities. At the same time, the number of hectares outside of NRMP areas in which community-based natural resources management has been initiated increased by 900,000 hectares, bringing the total to 907,000 hectares.

Achievement of the NRMP objective is buttressed by two program outcomes, one relating to the selection and establishment of viable community-based natural resources management demonstration projects, and the other focussed on the establishment of conditions for the replication of demonstration projects in community-based natural resources management.

Program Outcome 1.A: Select and establish viable community-based natural resources management demonstration projects

Achievement of this program outcome is assessed in terms of: i) the increase in the number of financially viable community-based natural resources management demonstration projects, in NRMP areas, which provide income for participants; and ii) the increase in the number of hectares, in NRMP areas, devoted to community-based natural resources management demonstration projects. New activities initiated in 1994 did not generate revenues during the course of the year. However, the five Chobe Enclave villages have successfully managed the country's first community wildlife quota for a second year in a row. Although the funds have not yet been distributed in the communities, the revenues generated by the activity for community use increased by 300%. Final revenues include: i) P65,000 (\$24,050) in concession fees; ii) P4,200 (\$1,554) for the sale of craft items; and iii) P840 ((\$178) from the sale of meat. In addition to revenues accruing to the Trust, 10 villagers were employed as community hunting escorts and seasonal workers in the hunting camp. In addition, the Land Board received P3,225 (\$1,193) in lease fees and the District Council received P11,260 (\$4,166) in game license fees.

Total revenue received in the District was P84,525 (\$31,274). New agreements in Chobe will generate a total revenue of P600,000 (\$222,000) over the next three years, or P200,000 (\$74,000) per year.

Perhaps even more important than the income generated was the fact that the Chobe Enclave Conservation Trust (CECT) signed its constitution on October 22, 1994, opening the way for the distribution of revenues generated from the first two hunting seasons. This development will benefit some 4,700 Enclave residents.

Other communities are following the lead of the CECT. Four locations, Beetsha, Khwai, Sankuyo, and Xai Xai, are likely to become the next areas in the north scheduled for the development of community quotas.

The Kuru Development Trust (KDT) in Ghanzi received a project grant to support a cochineal dye production project based on Opuntia cacti for local remote area dweller (RAD) settlements. The activity, designed to directly benefit 230 families, is on schedule. In this same area a proposal is under development for veld products (naturally occurring desert plants) involving planting with a syndicate of 17 families at Molongwane, near the Khutse Game reserve.

A community-based Environmental Education School and small scale tourism demonstration were carried out in the Sherobe communities to determine the community's long-term interest in these activities as income-generating programs. Interest is high and the demonstration period has been extended for a further six months at the request of the community.

In 1993, 4,000 hectares in the Chobe area and 600 hectares in the Kuru area were devoted to community-based natural resource management demonstration projects. In 1994 an area of 1,000 hectares in the Sherobe area has been devoted to natural resource management demonstration projects. Project implementors expect to increase the area devoted to demonstration projects to 1,250,000 hectares by the end of 1995, as new projects come on line.

Program Outcome 1.B: Conditions necessary for replicable demonstration projects in community-based natural resources management

Progress towards achievement of this program outcome is measured in terms of the nature and significance of GOB support for community-based natural resources management. The GOB, through the Department of Wildlife and National Parks (DWNP), has been very active in supporting and promoting community-based natural resources management. As summarized in Table 4, the GOB in 1994 increased the number of staff devoted to natural resource management and Problem Animal Control (PAC) by 10%. Currently 59 staff members have received training and are working on community-based natural resource management related activities in one capacity or another. Ten staff members have received training and are working on PAC. One environmental education establishment post has been created and staffed to facilitate curriculum development. For 1993, the GOB's budgetary contribution for natural

resource management related activities was about \$490,000 and for 1994 it increased to \$510,000.

With NRMP assistance, the GOB has put in place policies, laws and regulations which empower communities to manage their natural resources. With the right policies in place, NRMP has concentrated on the processes necessary for involving communities in the identification, analysis and implementation of natural resource use projects. The basis for the effort has been through the development of a participatory approach with GOB officers, DWNP counterparts and NGO collaborators, all focussing on the beneficiaries at the village level. Both formal instruction and actual community-based activities have been used in the educational program. The project has had the flexibility to accommodate both the time and resource requirements of the approach. Specific outputs and accomplishments towards building the *conditions* necessary during this reporting period are summarized below.

Three pamphlets outlining the role and importance of Controlled Hunting Areas, Wildlife Management Areas and Community Wildlife Quotas have been published and the first print of 2,000 copies has been distributed nationally. The accompanying instructional posters have been printed and a consultant recruited to train 56 DWNP staff members in the use of these communication materials. Until the District Officers and individual communities fully understand their rights and responsibilities, little can be done to empower communities to effectively benefit from their natural resources. DWNP has taken on this obligation as a major outreach program of its newly formed extension unit.

Participatory Rural Appraisal (PRA) seminars for district extension officers have been held in Ghanzi and Kgalagadi. A similar seminar was held in Gaborone for policy makers, and PRAs have been carried out in three villages of the Chobe Enclave. The Botswana Orientation Center is being supported to establish itself as the national secretariat for PRA under the guidance of a committee chaired by the Ministry of Finance and Development Planning (MFDP). The guidelines for joint venture activities (communities teamed with private sector safari operators), and for the management of community quotas, are being finalized for distribution.

The economic office of DWNP is upgrading and strengthening its analytical and modeling capacities through the provision of new computer software packages and in-service training.

Other donor groups, such as the Dutch volunteer agency SNV, are lining up with NRMP to develop community-based wildlife proposals for both western Ngamiland and northern Kgalagadi. An interim Natural Resources Management Committee has been formed at Gweta and a Natural Resources profile of the issues and options available to the communities has been prepared.

The curriculum at the Botswana Wildlife Training Institute (BWTI) now contains specific courses on community empowerment, development of the resource base to "village owners", and PRA instruction for all students attending basic training and the certificate courses. The project is

completing its formal environmental education work with the MOE. Environmental Education is being incorporated into all courses being taught at the junior secondary level. Six environmental education videos have been completed and are being prepared for distribution. In the coming months the project will initiate Environmental Education at an informal level using NGOs, Private Voluntary Organizations (PVOs) and GOB institutions in order to reach as many people as possible.

It can therefore be argued that the necessary conditions for replicable demonstration projects in community-based natural resources management are in place and will improve significantly as the knowledge and awareness by communities, GOB officials and the general public increase through project training and public relations programs.

Table 4. Assessment of USAID/Botswana's Natural Resources Management Project Impact

Performance Indicators	Data Sources	Baseline			Actual Data & Performance Targets					
		Year	Units	Value	Actual Data		Performance Targets			
					FY 1993	FY 1994	FY 1994	FY 1995	FY 1996	FY 1997
Target of Opportunity No. 1: Demonstrate the socioeconomic sustainability of community-based natural resources management										
1. Increased number of communities, outside of NRMP areas, in which community-based natural resources management has been initiated	contractor reports, DWNP records, field visits, aerial photos	1991	# of communities	0	5 (Nata Sanctuary)	2 (Xai Xai, Pandamatenga)	1	3	6	7
2. Increased number of hectares, outside of NRMP areas, in which community-based natural resources management has been initiated		1991	# of hectares	0	7,000	900,000	2,500	5,000	10,000	15,000
Program Outcome No. 1.A: Select and establish viable community-based natural resources management demonstration projects										
1. Increased number of financially viable, community-based natural resources management demonstration projects, in NRMP areas, which provide income for participants	contractor reports, demonstration project spreadsheets, survey data on household income and expenditures, aerial photos	1991	# of demonstration projects	0	2 (Chobe I, Kuru)	1 (Sherobe)	4	3 (Khwai, Sankuyo, Ukwil)	4	4
2. Increased number of hectares in NRMP areas devoted to community-based natural resources management demonstration projects		1991	# of hectares	0	4,000 (Chobe) 600 (Kuru)	1,000	750,000	1,250,000	1,300,000	1,500,000
Program Outcome No. 1.B: Conditions necessary for replicable demonstration projects in community-based natural resources management										
1. Increased GOB financial resources allocated to natural resources management	GOB reports	1992	\$ million		4.1	4.6	4.6	4.2	3.4	2.3
2. Increased GOB staff resources allocated to natural resources management		1992	person-years		4	69	69	73	73	79
3. Increased GOB financial resources allocated to environmental education		1992	\$		306,000	408,000	408,000	476,000	578,000	306,000
4. Increased GOB staff resources allocated to environmental education		1992	person-years		1	1	1	1	1	3

Target of Opportunity 2: Enhance enabling environment for increased private investment and enterprise growth in non-mineral sectors of the economy

The BPED project encourages broad-based economic growth through efforts directed at: i) increasing the effectiveness of policy dialogue between the private and public sectors to improve the enabling environment affecting private sector expansion; ii) broadening economic opportunities for citizen entrepreneurs; and iii) increasing domestic and foreign private investment in non-mineral sectors of the economy.

The project builds on the Botswana Workforce and Skills Training Project (BWAST I, 1982-89 and BWAST II, 1987-92) which aimed, in part, to expand employment opportunities for Botswana in non-mining and off-farm sectors of the economy. Between 1989 and 1992, USAID-supported activities at the BOCCIM under BWAST II created or saved 4,510 jobs through 1,347 outreach interventions with businesses, while USAID-supported activities at the Botswana Development Corporation (BDC) over the same period created or saved 14,000 jobs with a total investment of \$268 million. The principal contribution to both investment and employment growth at BDC was through the programs of the Property Development Division, which was managed by a BWAST-funded advisor. Between 1989 and 1992, this division managed projects which created 596 new hotel rooms, 19,000 square meters of shopping center space, 1,250 hectares of serviced plots, 133,500 square meters of factory space, three new office buildings, a new private hospital, and residential housing for BDC staff.

While BPED expects to contribute to an improved *overall* business and investment climate from which all potential foreign and domestic investors will benefit, project monitoring and impact reporting focus only on investment and employment impacts that can be *directly* attributed to BPED activities. Table 5 indicates that BPED assistance and promotion activities contributed to the generation of new and expanded private investment totalling \$43.6 million in 1993 and \$29.8 million in 1994, and to the creation and/or salvaging of 3,886 jobs (2,474 held by women) in 1993 and 2,663 jobs (1,909 held by women) in 1994.

Improvement in the enabling environment is the key to the creation of jobs and investment opportunities for citizen entrepreneurs. The BWAST project contributed to improving the overall policy environment in support of private sector development by providing technical support to MFDP and other GOB Ministries. BPED places more emphasis on strengthening the capacity of BOCCIM and the private sector to identify, prioritize and analyze policy issues and advocate effectively with the GOB for necessary changes to the policy environment. By presenting well-researched and well-written position papers, BOCCIM has gained the credibility needed to influence public policy.

As a result of recommendations made at the Third Francistown Private Sector Conference in 1994, which was organized by BOCCIM with BPED support, President Masire has now agreed to chair a High Level Consultative Council (HLCC) which will provide a forum through which the private sector can contribute meaningfully to the formulation of national development policies

and strategies on a continuing basis. In addition to the President and the Vice President, all Cabinet members and their advisors will attend meetings of the HLCC. The GOB has requested BOCCIM to identify private sector representatives and formulate an agenda for the first meeting. The formation of the HLCC represents a major breakthrough in the policy dialogue process since the GOB rejected this recommendation following the first two Francistown Private Sector Conferences in 1988 and 1991.

Following the recent elections in Botswana, the President of BOCCIM was appointed as Minister of Commerce and Industry, and the appointment was interpreted in the press as "a clear indication of the confidence which the President has in the private sector". The new Minister, who has so far demonstrated a commitment to issues of importance to the private sector, is expected to play a key role in the HLCC.

The ongoing transition of the Ministry of Commerce and Industry (MCI) from a regulatory to a supporting role with respect to the private sector is another indication of an improved enabling environment for private sector development. A BPED Policy Advisor at MCI worked closely with his counterpart to develop a policy agenda and build internal capacity for conducting policy analysis. By engaging staff in policy studies, demonstrating the utility of company level databases, and coordinating training in computers and analytical techniques, the Advisor gradually stimulated interest in policy analysis. As a result, MCI has recently reorganized its Policy and Programs Division, headed by the Policy Advisor's counterpart, to focus more on policy research aimed at improving the enabling environment for private sector growth. While previously there was no formal consultation at the working level between the public and private sectors with respect to policy, MCI now routinely establishes public/private sector task forces to guide policy studies which fall within its areas of technical expertise.

Program Outcome 2.A: Increased effectiveness of policy dialogue between public and private sectors in support of private sector-led economic growth

Progress toward achievement of this program outcome is evaluated using two performance indicators, one assessing the nature and significance of policy recommendations and reforms, and the other measuring policy-specific impacts on output, investment, employment and output. With regard to the first performance indicator, USAID/Botswana has influenced policy reforms in many significant areas affecting the private sector, first through BWAST-funded advisors to the GOB and currently through BPED activities related to policy development and implementation. Exhibit 2 highlights some of the policy reforms achieved to date.

A BWAST advisor played a major role in the development, coordination and promotion of the Revised Incomes Policy, which was approved by the National Assembly in 1990. As a result, i) private sector employers and employees can now freely negotiate terms and conditions of employment without undue interference by the GOB; ii) an Industrial Court was established in September 1994 to arbitrate disputes between employers and trade unions; iii) starting in April 1995, the present bursary system will be re-organized into a student grant/loan system, with

students following more technical, science-based and professional studies receiving more generous support; iv) the Trade and Liquor Act and Industrial Development Act were amended to permit almost automatic issue of commercial and manufacturing licenses, so that applications are no longer open to objection by commercial competitors; and v) work permit procedures have been streamlined, resulting in a reduction of the average processing period from two years in 1992 to six months in 1994.

In response to the recommendations of a BPED-funded Foreign Exchange Control Liberalization study, the Vice President and Minister of Finance and Development Planning announced during his 1994 Budget Speech that Botswana proposed to accede to IMF Article VIII status. Subsequently, the study and its recommendations were the subject of a detailed review by MFDP and the BOB, in consultation with the International Monetary Fund (IMF) and local financial institutions. On December 13, 1994, the Vice President announced a package of major exchange control reforms which will greatly enhance Botswana's economic competitiveness in the region and encourage the development of Botswana's financial services sector. The press release accompanying the announcement specifically credited BOCCIM and the Foreign Exchange Control Liberalization study with providing the impetus for these reforms.

Under the Collective Investment Undertakings (CIU) project, BPED consultants have produced draft legislation which would establish Botswana as a jurisdiction for collective investment undertakings. A systematic program of working luncheons, dinners and meetings with high level GOB and private sector officials to lobby for the adoption of the legislation resulted in expressions of a cautious willingness on the part of the GOB to accept the proposed legislative framework. In August 1994, the Deputy Governor of the BOB announced that GOB plans for establishing an umbrella regulatory structure for capital markets in Botswana are advancing, further increasing the likelihood that the CIU legislation will be passed. Senior MFDP officials, BDC staff and a BPED consultant are currently responding to specific technical questions raised by the Vice President, and the draft CIU Bill was mentioned in the 1995/96 budget speech as being under preparation.

The development of Botswana as an international financial services center is increasingly seen as an attractive option for diversification of the economy away from a dependence on diamonds. In recognition of the complexity of the issues involved, and in response to lobbying efforts undertaken in conjunction with the CIU project and the Foreign Exchange Control Liberalization study, MFDP requested BDC to spearhead a study under the BPED project to develop a proposal for the establishment of Botswana as an international financial services center. The Vice President recently announced that the GOB "has decided to position Botswana centrally in the financial services activity in the region" and said that the BDC study would "examine the relevant issues toward the creation of a financial services center".

USAID/Botswana, through the BPED project, is influencing Botswana's trade policy in a fundamental way. For example, a strategy of promoting niche markets in goods and services, stemming from a BPED-sponsored policy seminar on Botswana's competitive advantage and

addressed in BOCCIM's response to the draft 1994 Budget Speech, has become the foundation for the GOB's position with respect to the renegotiation of the SACU agreement. Through BPED, BOCCIM commissioned a study to develop a private sector position paper with specific recommendations for GOB consideration. BOCCIM has presented these recommendations to the SACU negotiating team, and the Permanent Secretary of MCI has formally indicated that the team will continue to consult with BOCCIM on issues pertaining to the negotiations.

BOCCIM has consistently argued for lower corporate tax rates in order to encourage investment and improve Botswana's competitiveness in the region, and in July 1994 the GOB reduced the effective company tax rate to 35%. Various BPED studies, including the Export Incentives study, the CIU project, and the Foreign Exchange Control Liberalization study, have argued for a further reduction in corporate tax rates. In December 1994, the GOB requested BOCCIM to submit a private sector position paper on tax reform, and, in response, the Vice President notified BOCCIM that the effective company tax rate would be further reduced to 25% in July 1995. Furthermore, the effective rate for manufacturing entities (excluding companies engaged only in packaging, blending, bottling and assembling) has been reduced to 15%.

A Botswana Power Commission (BPC) study argued for construction of a new power plant, which could lead to higher rates for industrial users and therefore discourage investment. Using databases developed under the BPED project, and guided by the BPED Policy Advisor, MCI criticized the methodology of the study and lobbied vigorously with BPC and the Ministry of Water and Mineral Resources (MWMR) to reject the findings and conclusions of the study, and to defer any decision to build a new plant until it is clear that such action is warranted due to the inability of neighboring countries to supply power reliably and less expensively. The BPC Board of Directors consequently did defer the decision, and MCI and BOCCIM are now engaged in a dialogue with MWMR as to how power tariffs for industrial users could be reduced.

Several BPED studies have argued for better implementation of the Local Preference Scheme (LPS) which was intended to improve the competitiveness of local manufacturers vis-à-vis foreign firms. A comprehensive review of the LPS has been completed, and, in accordance with its recommendations, a public-private sector task force is designing a Set Aside Scheme to replace the current bid discounting feature of the LPS.

Exhibit 2. Policy Reforms	
Policy Area	Achievements
Incomes Policy	<ul style="list-style-type: none"> • Revised Incomes Policy approved • Public/private sector wages delinked
Labor Market Policy	<ul style="list-style-type: none"> • Industrial Court established • Automatic issue of temporary work permits for six months • Relaxation of work/residence permits requirements
Licensing	<ul style="list-style-type: none"> • Automatic issue of commercial and manufacturing licenses
Policy Dialogue	<ul style="list-style-type: none"> • Standing committee of Permanent Secretaries to be established to monitor implementation of development projects • HLCC established
Financial Sector Policy	<ul style="list-style-type: none"> • Application to IMF for Article VIII status made in early 1994/current transactions virtually liberalized • Resident businesses permitted to open foreign currency accounts • Individuals and companies permitted to use foreign currency for investment outside of Botswana, subject to indicative limits • Capital Markets Authority approved in principle • Draft legislation & regulatory framework for CIUs being reviewed by the Vice President and Minister of Finance and Development Planning
Government Procurement Policy	<ul style="list-style-type: none"> • Elimination of trade names in tender documents • Large contracts to be broken up to allow smaller contractors to participate • Reduction in bonds required for small citizen contractors • Bureau of Standards being established • Set Aside Program being designed to replace LPS
Industrial Policy	<ul style="list-style-type: none"> • Industrial Policy White Paper, which incorporates many recommendations from BPED studies, being finalized • Cabinet Note on Industrial Policy was sent to Cabinet • Financial Assistance Policy to encourage citizen employment being restructured
Trade Policy	<ul style="list-style-type: none"> • GOB stood firmly against South African efforts to impose penalty excise taxes on Botswana truck assembly companies • GOB SACU negotiating position reflects niche manufacturing and service development strategy as recommended by BOCCIM • GOB SACU negotiating team reviewing BOCCIM position paper reflecting private sector views on SACU renegotiations
Income Tax Policy	<ul style="list-style-type: none"> • Effective company tax rate reduced to 35% in July 1994 • Effective company tax rate to be further reduced to 25% in July 1995 • Tax rate for manufacturing entities to be reduced to 15% in July 1995 • GOB indicated that it will renegotiate existing double taxation agreements to introduce withholding tax on management & technical fees
Privatization	<ul style="list-style-type: none"> • BDC adopted and is implementing divestiture strategy recommended by BPED • GOB and parastatals hiving off and contracting out some activities • Partial privatization of Botswana Telecommunication Corporation approved in principle • GOB exploring possibility of BDC ultimately floating its own development bonds in an enhanced capital market
Skills Training	<ul style="list-style-type: none"> • 1994 Revised National Policy on Education adopted BOCCIM recommendation that GOB should promote competency-based, modular and open-ended vocational training

Exhibit 2. Policy Reforms	
Policy Area	Achievements
Parastatals	<ul style="list-style-type: none"> • Public Enterprises Monitoring Unit established to ensure that parastatals provide services efficiently and in response to social demand • Decision to build major power plant which might have increased utilities for large industrial users was deferred
Environment Policy	<ul style="list-style-type: none"> • Container deposit & control legislation has been drafted to improve collection of returnable bottles for beverages

The second indicator of increased effectiveness of policy dialogue between the public and private sectors is policy-specific impact analyses to measure effects on output, exports, employment created/saved, and investment, by citizenship and gender. Botswana's local building materials manufacturers have encountered resistance in their efforts to penetrate local markets and have complained that they cannot compete with foreign companies within the SACU region. BOCCIM undertook a major study to examine issues affecting the construction sector as a basis for outlining a strategy that makes more effective use of local resources and expertise. The study, accompanied by intensive lobbying by BDC on behalf of its affected portfolio companies, resulted in the virtual elimination of the previous practice of specifying foreign construction materials in GOB tender documents, thereby increasing business volume for local materials manufacturers. The case studies presented in Exhibits 3 and 4 summarize the impact of the BPED Construction Sector study and related policy interventions such as the Buy Botswana campaign on specific construction materials producers in Botswana. In both case studies, companies which might otherwise have shut down are today demonstrating improved performance in terms of output, employment and investment.

A considerable portion of BHC housing development and delivery is now being undertaken by citizen-owned companies. During 1993/94, of the more than 1,400 housing units under construction or due to be built in three major urban centers, 85% were contracted to 40 different citizen contractors, for a total value of more than \$18.5 million. Comparable figures for 1994/95 are expected to total approximately 5,000 units. In addition, BHC is starting to contract much of the routine maintenance of its housing stock to citizen-owned companies.

The BOCCIM Policy Unit is currently collecting and analyzing data on GOB tendering practices to address the complaint by the BOCCIM Construction Sector that Chinese companies are receiving a disproportionate share of GOB construction tenders for major projects. In addition, the Policy Unit is analyzing the results of BOCCIM's recent Industrial Sector Survey to develop economic indicators and relevant impact data for the construction sector.

Exhibit 3. Case Study - Lobatse Clay Works

Background: In mid-1988, Botswana was in the midst of a construction boom, but did not at that time have a local source of high quality clay face bricks. All bricks were being imported from South Africa, despite the existence of large, high quality clay deposits in Lobatse. Following marketing and engineering studies which pointed to the feasibility of establishing a modern clay brick and tile plant, BDC entered into a joint venture with Interkiln Corporation of America (ICA) to develop Lobatse Clay Works (LCW). The LCW plant was commissioned in early 1992 and had the capacity to produce 2 million units per month of face brick, floor tiles, and roof tiles.

Problem: Just three months after LCW began operations, a massive scandal was uncovered in the BHC, the major engine of growth in Botswana's construction industry. The Managing Director of BHC allegedly had taken payoffs from construction companies and materials suppliers to award them BHC contracts. The GOB practice of directly specifying South African materials by product brand name in major tenders was also revealed. During the ensuing investigation of the BHC scandal, GOB construction activity was suspended, resulting in a drop in construction starts of at least 60% and threatening the survival of LCW and other local suppliers of construction materials. LCW had 3 million bricks in its inventory that it could not sell due to the construction slowdown and lack of support from the GOB, and was forced to lay off 120 persons. By mid-1992, an estimated 5-10,000 persons formerly employed in construction related activities in Gaborone were out of work. As business closures and unemployment mounted, demands for action were heard from the private sector.

Actions Taken by BPED:

- 1) Through BPED, BOCCIM commissioned a major study to examine issues affecting the construction sector as a basis for outlining a strategy that would make more effective use of local contractors and building materials manufacturers. The study revealed that total construction in 1992 was valued at \$370 million and dominated by foreign contractors. Construction material costs represented 45-55% of total construction costs, and approximately \$100-125 million of this was sourced from abroad at the expense of local suppliers. The study recommended that the GOB implement a Set Aside program to reserve 25-30% of construction material procurement for local suppliers, thereby generating 1,000 to 1,800 new jobs and increasing GDP. The study also recommended that the GOB should establish a Bureau of Standards to ensure the quality of domestic construction materials.
- 2) BOCCIM mounted a Buy Botswana campaign utilizing the media, seminars and other public fora to argue the need for policy change in GOB procurement practices. The campaign has been used as a basic tool to expose practices which would otherwise have been subject to little if any public scrutiny.
- 3) In the context of proposals to resolve the financial crises suffered by LCW and other construction materials suppliers in which BDC had invested, a BPED Advisor made a presentation to the BDC Board of Directors, whose members include the Permanent Secretaries of four Ministries involved with GOB construction. Copies of two GOB project tenders which required the usage of South African clay face bricks by directly specifying the manufacturer and product brand name were distributed to the Board members. The Advisor argued that these tenders had been published despite months of product testing and marketing efforts by LCW which had demonstrated that the LCW face bricks were satisfactory in quality and 33 percent cheaper than the South African equivalents. The additional cost to the GOB for using South African bricks for these two tenders would have been \$110,000 at a time when LCW was being recapitalized at a cost of \$1,110,000 to the GOB (through BDC), and when the construction industry as a whole was suffering massive unemployment.

Results to Date:

- following the above actions, BHC announced that it required the tendering parties for a major housing project to utilize a list of locally manufactured and approved products in submitting offers
- the GOB passed legislation in December 1992 requiring all GOB agencies to give preference to local suppliers in all future tenders
- there have been few repetitions of specifications of products by name and brand in GOB and parastatal tenders - the practice now is to utilize generic descriptions and professional standards in compiling tender documents
- clay and concrete brick imports have dropped dramatically, partly due to continued slow construction starts, but also due to changes in GOB procurement patterns
- imported steel sectional pipe has largely been replaced by superior and less costly concrete and steel reinforced pipe which is made locally
- improvements in sales have been noted by manufacturers of paint, roof trusses, and door and window framing
- the GOB has decided to establish a Bureau of Standards to address the quality issue
- the LPS, which has not been effectively utilized due to its price raising effects, is currently being supplanted by a Set Aside program designed to benefit local firms
- today LCW is running at 110 percent of capacity and employs 250 workers, the majority of whom are women
- the Boipele school building program has specified the use of LCW clay face bricks in the construction of 11 new community junior secondary schools in Botswana

Exhibit 4. Case Study - Kwena Rocla

Background: The rising market in Botswana for steel reinforced concrete pipe for roadway drainage systems, sewer systems and other applications where water must be channeled under gravitational flow or low pressure attracted the attention of BDC in 1991. Initial market surveys disclosed that the Botswana Department of Roads used mostly sectional steel pipe imported from Europe and South Africa. Kwena Concrete Products was supplying substantial amounts of sewer pipe to BHC, municipalities and private contractors. Market predictions and plant feasibility studies more than a ten year period indicated that Botswana could support a medium sized plant with a capital investment of approximately \$5,550,000, and a joint venture was negotiated between Kwena Concrete Products and Rocla of South Africa to construct a steel reinforced concrete pipe plant in Phakalane Industrial Estates.

Problem: The market surveys, while recognizing the entrenched competition, failed to recognize the need for an extended process of education which would be required for both consulting engineers and engineers of the major end users to learn how to specify and use the Kwena Rocla type of pipe. Furthermore, the BHC scandal in 1992 greatly slowed construction in Botswana, with severe effects on the demand for pipe as well as other building materials. Despite these two problems, the forecasts for future orders by the Sales Manager were quite optimistic, resulting in overproduction to build up inventory to support the anticipated demand. By late 1992, the cumulative effect of months of under-budget performance had exhausted the working capital of the company, and the Directors were forced to consider either closure or an equity injection.

Actions Taken by BPED:

- 1) Working closely with the management of Kwena Rocla, a BPED advisor planned and directed a new marketing survey which showed that a gradual increase in the needs of the Botswana Department of Roads, combined with BHC and commercial markets, could permit achievement of the plant's break-even point by mid-1994.
- 2) However, the achievement of this break-even tonnage would be dependent upon the effectiveness of the BPED-sponsored Buy Botswana campaign to discourage the long-held practice within the Botswana Department of Roads of specifying imported sectional steel pipe. The Buy Botswana campaign utilizes the media, seminars and other public fora to argue the need for policy change in GOB procurement practices.
- 3) The BPED construction sector study further reinforced the importance of influencing GOB procurement practices in favor of local building materials suppliers.
- 4) With support from the BPED advisor, Kwena Rocla embarked upon a campaign to educate engineers of the Botswana Department of Roads, consulting engineers and contractors on the advantages and benefits of steel reinforced concrete pipes in comparison to steel sectional pipes. The company compiled and published a complete technical manual which incorporated the reference data required for an engineer to properly specify the Kwena Rocla type of pipe. Seminars targeted at educating engineers in the specification and installation of steel reinforced concrete pipe have been well attended, and even the Commissioner of Roads and most of the engineers from his department have participated in the seminars. The concluding session of each seminar is held at the plant site, where a demonstration of excavation and laying of pipe is staged.

Results to Date:

- in late 1993, the Botswana Department of Roads announced that steel reinforced concrete pipes would be used exclusively in its road construction projects
- following this announcement, consistently increasing quantities of construction pipes have been supplied by Kwena Rocla to the Department of Roads
- there has been a notable increase in usage by BHC of Kwena Rocla pipe
- in July 1994, Kwena Rocla achieved and has since maintained a positive cash flow
- in September 1994, Kwena Rocla experienced its first month of profitable operations
- Kwena Rocla is now expanding its product line to include curbing, kilometer markers, precast fencing, precast fence posts, and precast lighting and transmission poles
- more than 70 jobs have been salvaged, and the planned expansion will increase employment in the near future

Program Outcome 2.B: Strengthened human capital resources to support private sector development

The scarcity of appropriately trained human resources in Botswana has been a serious constraint to the development of citizen-owned enterprises and citizen participation in the private sector. A major focus of BWAST was to provide training for Botswana in skills which foster employment generation. A total of 179 individuals were trained outside Botswana under BWAST II, and another 2,937 persons received in-country training. Nearly half of the international and two-thirds of the in-country training participants were from the private sector, and approximately 30% of the international training participants were women.

A follow-on questionnaire mailed to participants who completed long-term training under BWAST II indicated that 46% of them had received a promotion and 29% had localized a position upon their return to Botswana. A significant number of them were involved in activities related to sustaining economic growth: 27 were providing training to others, 21 were assisting new entrepreneurs in starting businesses, 19 were providing management assistance to businesses, 15 were providing marketing assistance, and 14 were drafting policy recommendations and/or regulations. A Training Quality Survey revealed that employers generally felt that training objectives had been met.

BWAST also contributed significantly to the development of a Management of Training system under the leadership of the Department of Public Service Management (DPSM). All members of the DPSM Training Department, and all but two of the GOB Training Officers, are Botswana, most of whom received specialized training under BWAST. Under BWAST II, monthly Training Officers' meetings chaired by DPSM were broadened to include representatives from BOCCIM and other private sector institutions, thus improving communication between the public and private sectors with respect to training issues.

With BWAST and BPED assistance, BOCCIM has become an effective coordinating body for managing training within the private sector, and the BOCCIM Training Officer, after returning from long-term training in the U.S. under BWAST, has assumed full responsibility for the BOCCIM Training Department. Currently BOCCIM is responsible for the management of BPED training funds which are intended to address the needs of small and medium businesses. BOCCIM has coordinated local training for more than 2,000 participants with BPED funds through July 1994. Nearly 1,200 of these participated in BOCCIM contracted training programs which emphasized technical, vocational and management training. More than 50% of BPED-sponsored participants were women. Roughly 20% of the participants came from enterprises with fewer than 10 employees and another 38% were from firms with between 11 and 100 employees. BOCCIM has commissioned a consultancy to assess the impact of its training programs on the efficiency and profitability of the participating businesses.

The BPED project awarded fourteen scholarships for long-term Master's Degree candidates (50% of them women) to pursue programs in policy analysis, business administration, finance,

economics, investment, marketing and related subjects. Thirteen participants have returned to Botswana, having successfully completed their degrees, and the one remaining candidate will complete her studies by September 1995. Twelve of the scholarships were awarded to GOB officials or BDC employees who work in areas directly related to economic policy analysis or entrepreneurial development. The degree training has therefore contributed to a larger pool of skilled human resources capable of advancing policy dialogue and supporting economic and entrepreneurial development in Botswana. BPED advisors have also strengthened local capacity to influence policy dialogue and entrepreneurial development by working closely with their designated counterparts, the majority of whom are women.

One of BPED's major accomplishments in the area of strengthening human capital resources to support private sector development has been to focus BOCCIM's Training Department on the need to link training with economic growth. A national training needs assessment was carried out and published in 1994 under the title "Training Needs for Business Growth" and formed the basis for developing BOCCIM's 1994 training calendar. The report has been well received by private training contractors and GOB training institutions, and local training institutions are starting to offer more appropriate courses for entrepreneurs. The training needs assessment formed the basis for revising BOCCIM training scholarship application procedures to strengthen internal controls and reinforce BPED objectives. As an indication of BOCCIM's increasing regional impact, the Namibia MOE requested BOCCIM to assist with the design of scholarship application procedures for its own educational loans and grants using BOCCIM procedures as a model.

BOCCIM's submission to the National Commission on Education advocated greater emphasis on competency based technical and vocational education. The recommendation was adopted, and BOCCIM's Training Department is now pioneering the development of competency based technical and vocational education by working with the Accounting, Business and Commerce Committee of the Directorate of Apprenticeship and Industrial Training to develop national curricula which will be accredited by the Madirelo Training and Testing Centre.

BOCCIM has been active in promoting AIDS awareness in the private sector by cooperating with the Occupational Health Unit of the MOH to incorporate "AIDS Awareness" modules into BOCCIM contracted training courses. BOCCIM completed a pilot study on the managerial and financial impacts of AIDS in the workplace, and the Training Department has been charged with assembling a strategy paper on the options open to BOCCIM to address these impacts. As part of its continuing advocacy role, BOCCIM presented a paper on "Aids and Employment" at an MOH National Conference and another paper on the "Impact of AIDS on the Private Sector" at the 1994 graduation ceremonies of the Botswana Institute of Administration and Commerce.

BWAST was instrumental in creating the capacity within BOCCIM to provide management assistance and business counselling services to citizen entrepreneurs, and resources from the BPED project continue to strengthen BOCCIM's service delivery capacity. Progress toward achievement of Program Outcome 2.B is measured in terms of the impact of the human

resources development effort on: i) the number of new business startups; ii) new business investments; iii) new jobs created; and iv) the performance of assisted firms. Preliminary data for 1994 indicate that BOCCIM management assistance efforts have so far resulted in 8 new citizen-owned business startups. New investment in new businesses totals \$46,250, while increased investment among firms receiving assistance totals \$112,850. New citizen employment in new businesses sums to 32, and increased employment among firms receiving assistance to 62. A total of 26 firms receiving assistance have demonstrated improved performance or profitability. However, the response rate to follow-up questionnaires to assisted businesses has been poor, and these results therefore probably understate the impact of BOCCIM's management assistance programs on citizen entrepreneurs.

Perhaps more significantly, BPED is strengthening the capacity of BOCCIM sector groups and volunteer committees to develop and promote opportunities for entrepreneurial development. For example, the Business Management Advisor is currently assisting BOCCIM's Outreach staff to establish a network of regional Business Councils throughout Botswana to provide opportunities for groups of business people to discuss issues of concern to local communities and formulate strategies for addressing these issues. The Advisor has also worked closely with a task force comprised of female entrepreneurs to strengthen their ability to lobby for interests of particular concern to women in business.

BOCCIM's recently revitalized Small Business Division is demonstrating a commitment to mobilizing and strengthening the small business sector through a range of activities and services: i) a small business insurance scheme which provides basic business insurance at a discount to members; ii) a debt collection handbook which guides small businesses in collecting debts, both through their own efforts and through the use of third parties; iii) a pre-financing handbook which assists small businesses in developing business plans as a basis for obtaining financing; iv) a weekly BOCCIM Flea Market which provides small businesses with additional marketing opportunities for their products; and v) a BOCCIM Small Business Division Week which featured a series of business skills workshops for citizen entrepreneurs.

The first Francistown Northern Trade Fair, organized by BOCCIM with BPED support, provided the opportunity for businesses to display their products and services to potential commercial and retail customers in the region. The fair drew 61 exhibitors, 80% of whom indicated they planned to participate again next year. A survey of exhibitors three months after the fair revealed that many of them experienced increased sales and customer contacts which they attributed to the fair. The fair is being institutionalized as an annual event and has the potential to generate income in support of BOCCIM's Outreach services to small businesses.

Program Outcome 2.C: Strengthened local capacity to promote domestic and foreign investment in the private sector

Progress toward achievement of this Program Outcome is evaluated in terms of the impact of institutional capacity building on: i) the formation of new enterprises and/or joint ventures; ii)

new private sector investment, and iii) new citizen employment in ventures successfully promoted with BPED assistance. Table 5 indicates that in 1994, 18 new enterprises/joint ventures were formed with BPED-related assistance, representing \$19.9 million in new private investment and creating 1,431 new jobs for citizens (80% female). Significant new areas of investment included wood furniture manufacturing, outdoor gear manufacturing for export, and artificial flower manufacturing for export. Since January 1991, BPED assistance and promotion activities have resulted a total of 52 new enterprises/joint ventures, \$129.6 million in new investment, and 6,314 new jobs (70% female). BPED advisors have assisted BDC staff in the development of these companies by: i) reviewing business plans; ii) advising on marketing, financial, production and management assumptions; and iii) evaluating financial projections based on the assumptions.

In addition, in 1994 BPED assisted in reorganizing and refinancing six BDC portfolio companies to save 1,232 jobs (61% held by females). Among the industries which have been hardest hit by the continuing recession are those engaged in construction and construction materials manufacturing.

Early in 1994, BDC commissioned a consultancy through BPED to develop a framework for accelerating the divestiture of its Industrial Division holdings to ensure that adequate funds are available for investment in future BDC development projects. In May 1994, the BDC Board incorporated the BPED Divestiture Study into its Corporate Strategic Plan. Subsequently, a Corporate Finance and Divestiture Manager was appointed from among BDC's citizen staff, and he is currently engaged in organizing the new unit and negotiating several divestitures. A BPED Divestiture Consultant has been advising him in implementing the divestiture strategy, and other BPED advisors to BDC have also been engaged in advising staff on divestiture strategies.

In accordance with the divestiture strategy, three divestitures were completed in 1994, including one major public issue. BDC sold its shares in the Kgalagadi and Botswana Breweries to the Sechaba Investment Trust Company, which has been restructured as a brewery and beverage holding company to provide the opportunity for citizens to invest in one of Botswana's most profitable industries. Between December 16, 1994 and January 13, 1995, more than 15.5 million shares with a value of \$13.0 million were sold in an exclusive offer to Botswana citizens and residents. Approximately 30 million additional brewery shares released by BDC are now trading on the Botswana Share Market for subscription by foreign as well as domestic investors. Divestitures for another ten companies are currently under study or negotiation, and it is highly probable that at least one additional major public issue and three private treaty sales will be featured in 1995.

Table 5. Assessment of USAID/Botswana's Private Enterprise Development Project Impact

Performance Indicators		Data Sources		Year	Units	Value	Actual Data				Performance Targets						
							Actual Data				Performance Targets						
Baseline							Actual Data				Performance Targets						
							FY 1993	FY 1994	FY 1994	FY 1995	FY 1996	FY 1993	FY 1994	FY 1994	FY 1995	FY 1996	
Target of Opportunity 2: Enhance enabling environment for increased private investment and enterprise growth in non-mineral sectors of the economy																	
1.	Increased private investment in non-mineral sectors of the economy attributable to BPED activities (including new and expansion investment)		computerized BPED data base developed for BOCCIM and MCI; BDC spreadsheets maintained by BPED personnel	1991	\$ million	21.0	43.6	29.8	1.5	1.5	1.5	400	400	400	400	800	
2.	Increased private sector employment in non-mineral sectors attributable to BPED, by citizenship and gender (employment targets are based on company forecasts and will include jobs saved)			1991	# of employees	719	1,412	754	400	400	400	400	1,909	2,474	3,886	2,663	800
Program Outcome 2.A: Increased effectiveness of policy dialogue between public and private sectors in support of private sector-led economic growth																	
1.	Qualitative assessment of the nature and significance of policy recommendations and reforms		policy and position papers generated and GOR responses; Policy-specific impact data collected by BPED personnel	1991	See Exhibit 2 and narrative section under Program Outcome 2.A												
2.	Policy-specific impact analysis to measure effects on outputs, exports, employment created/saved, investment			1991	See Exhibits 3 & 4 and narrative section under Program Outcome 2.A												
Program Outcome 2.B: Strengthened human capital resources to support private sector development³																	
1.	New citizen-owned business startups		computerized BPED databases developed for BOCCIM and MCI	1993	# of enterprises	9	9	8	10	10	10	100,000	100,000	100,000	100,000	100,000	
2.	New investment in new businesses and increased investment among firms receiving assistance			1993	\$	269,000	269,000	159,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
3.	New citizen employment in new businesses and increased employment among firms receiving assistance			1993	# of citizen employees	87	87	94	150	150	150	150	150	150	150	150	150
4.	Improved performance of firms receiving assistance: number of firms demonstrating improved performance, profitability, output, revenue growth			1993	# of firms	29	29	29	34	10	10	10	10	10	10	10	10
Program Outcome 2.C: Strengthened local capacity to promote domestic and foreign investment in the private sector																	
1.	New enterprises/joint ventures formed with BPED-related assistance		BDC spreadsheets maintained by BPED personnel	1991	# of new enterprises/joint ventures	13	15	18	4	4	4	4	4	4	4	4	
2.	New private investment attributable to BPED promotion activities			1991	\$ million	12.5	10.0	19.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
3.	New citizen employment in ventures successfully promoted with BPED assistance			1991	# of citizen employees: - male - female - total	545 894 1,439	815 2,120 2,935	278 1,153 1,431	125 125 250	125 125 250	125 125 250	125 125 250	125 125 250	125 125 250	125 125 250	125 125 250	

³ The baseline for Program Outcome 2.B has been changed from 1991 to 1993. Although BWAST contributed to the creation of approximately 4,500 jobs between 1989 and 1992, BOCCIM records do not permit the disaggregation of the data by year or by type of assistance rendered. Furthermore, the BOCCIM Business Management Advisor arrived only in April 1993, and systems for collecting impact data were only established in 1993.