

39422

PD - HAR - 109

DOCUMENT CODE
3

PROJECT DATA SHEET

A = Add
C = Change
D = Delete

Amendment Number
one

2. COUNTRY/ENTITY
Botswana

3. PROJECT NUMBER
633-0077

No Authorization

4. BUREAU/OFFICE
Bureau for Africa

5. PROJECT TITLE (maximum 40 characters)
Rural Sector Grant

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)
MM DD YY
09 30 88

7. ESTIMATED DATE OF OBLIGATION
(Under 'B' below, enter 1, 2, 3, or 4)

A. Initial FY 80 B. Quarter 3 C. Final FY 86

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 80			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
Grants	(437)	(813)	(1250)	(3310)	(6039)	(9349)
Loans	()	()	()	()	()	()
Other: 1.						
U.S. 2.						
Host Country	296	1552	1848	466	7487	7953
Other Donor(s)						
TOTALS	733	2365	3098	3776	13526	17302

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
1) ESF	B263			3780		5569		9349	
2)									
3)									
4)									
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
200

11. SECONDARY PURPOSE CODE
B273

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code BR
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

to provide the rural population with increased access to productive employment opportunities.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
0 2 8 5 0 2 8 6 0 6 8 8

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 43 page PP Amendment.) plus annexes.

17. APPROVED BY

Signature Paul Guedet
Title Director, USAID/Botswana
Date Signed MM DD YY
0 7 0 5 8 3

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

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II. PROJECT AUTHORIZATION AMENDMENT

Name of Country: Botswana

Name of Project: Rural Sector Grant

Number of Project: 633-0077

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, the Rural Sector Grant Project for Botswana was authorized on June 11, 1980. That authorization is hereby amended as follows:

- a. The total planned obligations for the project shall not exceed Nine Million Three Hundred Forty Nine Thousand U.S. Dollars.
- b. Planned obligations will be made over a seven year period from date of authorization.
- c. The planned life of the Project is eight years from the date of initial obligation.
- d. Prior to disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for construction of the Chadibe Horticultural Estate, the Cooperating Country will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance acceptable to A.I.D., evidence of economic viability and detailed plans and firm cost estimates for such construction.
- e. The Cooperating Country shall further covenant:
 - (1) To sub-warrant monies in support of Agriculture Small Project Program activities in a timely manner; and
 - (2) that with respect to training of personnel under the District Institutional Development Sub-project, that the Directorate of Personnel shall ensure that there are no vacancies in District Commissioner, District Officer Development, and District Officer Lands positions while such personnel are on training.
- f. The following waivers to A.I.D. regulations are hereby approved, based upon the justification set forth in Annex G of the amended Project Paper and notwithstanding Paragraph 3 (A) of the Project Authorization:
 - (1) A procurement source waiver of the source and origin requirements of the Project Authorization to allow an additional dollars 382,000 in construction materials to have their source and origin in A.I.D. geographic code 935;
 - (2) A waiver of the shelf item rule requirements of the Project Authorization to allow an additional dollars 360,500 of shelf items of Botswana source and A.I.D. geographic code 935 origin to be purchased under the project.

I hereby certify that exclusion of procurement from free world countries other than the Cooperating Country and countries included in code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the Foreign Assistance Program.

14

2. The authorization cited above remains in force except as hereby amended.

Clearances:

- A.
- B.
- C.
- D.
- E.

Signature _____

Typed Name of Authorizing Officer

Date

✓

III. BACKGROUND

Botswana experienced rapid economic growth during the 1970s. This was primarily due to the development of the mineral sector and expansion of the livestock industry. However, the benefits of this growth were unevenly distributed among the population. Rural incomes continued to be outpaced by urban incomes and employment opportunities did not meet the growing demand.

The Lipton Report, commissioned by the Government of Botswana (GOB) in 1978 to examine the employment issues facing Botswana, revealed that nearly 27% of the nation's workforce were unemployed and many others were employed in activities which had low levels of productivity. The 1975 Rural Income Distribution Survey also illustrated that the median household income at that time was Pula 630¹, with 5% of rural households having a yearly income of less than Pula 182.2

The GOB addressed its growing employment problem in the 1979-1985 Fifth National Development Plan (NDP V). The NDP V established employment creation and rural development as its two major themes and called for rural employment projects in arable agriculture, small-scale industry and labor intensive public works. Donors were encouraged to direct assistance to these areas. USAID/Botswana was specifically requested to consider expanding its projects in rural Botswana and, to fund activities which would generate employment for the rural poor.

In recognition of the complexities associated with creating viable rural employment opportunities, USAID/Botswana commissioned a comprehensive Rural Sector Study. This study assessed the policies, projects and the planning and implementation capacity of the GOB in the rural employment sector. The study confirmed the findings of the Lipton Report with regard to the urgency of creating new employment opportunities in the rural areas. It also placed special emphasis on assisting the rural poor, whose plight was clearly illustrated in the Rural Income Distribution Survey. The Rural Sector Study recommended that projects which promote rural employment and increase the capacity of the GOB to design, implement and support such schemes, should be financed. This recommendation provided the framework for the discussions between the two governments on the design of a rural development project.

¹The currency of Botswana is the Pula (P). The rate of exchange between the Pula and the United States Dollar in 1978 was one U.S. Dollar equaled .73 Pula. As of June 1983 one U.S. Dollar equals 1.06 Pula. The exchange rate has varied around this latter figure and often it approaches parity. Therefore for purposes of this Project Paper, the Pula and the U.S. Dollar are considered equal in value.

²This latter figure included both cash incomes and subsistence activities.

In June of 1980, the Agency for International Development (AID) provided the GOB with a grant of 3.78 million dollars for the Rural Sector Grant Project. The goal of the project was to "stimulate rural development and a more equitable distribution of income in Botswana". In recognition that the GOB was in the process of defining its rural development policies and programs, the purpose of the Rural Sector Grant was to "assist the GOB in the development and implementation of strategies to provide the rural population with increased access to productive employment opportunities". The project was designed to address a wide array of inhibitors to increased employment and higher incomes in rural areas. The Project Paper set out three sub-purposes:

- (1) improving land use planning and management
- (2) increasing arable production and incomes of rural households
- (3) increasing non-farm employment opportunities

The overall framework of the Rural Sector Grant allowed considerable flexibility in the approval, funding and implementation of activities supported by the project. The project was experimental in nature and new sub-projects were regularly proposed and tested. The fundamental criteria for all Rural Sector Grant sub-projects was that they either had a direct impact on production and income at the district/village level or they addressed broader constraints that had to be overcome before production increasing interventions could be successfully implemented, i.e.; land use planning. The experimental nature of most of the projects required a high degree of adaptability. Similarly, a major aim of the Rural Sector Grant was to encourage decentralization through increasing the capacity of district level staff to plan and implement employment oriented projects. Excessive front-end planning was avoided so as not to discourage district initiatives.

The Rural Sector Grant was not a high profile project. The majority of its sub-projects were small in terms of financial expenditure. Its activities were undertaken by four different ministries and distributed throughout the country. While not a glamorous project, the Rural Sector Grant was able to quietly and slowly direct assistance to large numbers of rural Botswana. Over the last thirty-six months, various estimates indicated that over 8,000 people received support in the form of training, equipment, finance, infrastructure and technical advice. This support improved the incomes of individual rural households, upgraded the skills of rural producers, improved the quality of specific government services, strengthened the GOB's decentralization process, and opened new areas for employment. Equally important, the Rural Sector Grant played a role in launching several major GOB development programs, including the Arable Lands Development Program and the Communal First Development Area Program both of which are aimed at improving rural incomes and providing employment.

IV. PROJECT RATIONALE

The Rural Sector Grant was authorized June 11, 1980. Funding was provided for a three year obligation period within the framework of a five year implementation schedule. The original Project Assistance Completion Date was June 17, 1985. The Rural Sector Grant was periodically evaluated to determine the appropriateness of the approach and to identify promising activities to be built upon in Phase II of the project.

The following criteria were considered in the design of Phase II of the Rural Sector Grant.

- (A) The project should reflect, and be responsive to, Botswana's employment situation.
- (B) The project should reflect USAID/Botswana's Country Development Strategy Statement (CDSS).
- (C) The design should reflect the major issues addressed in the three project evaluations.
- (D) The project should address and reflect GOB priorities as stated in the National Development Plan V.
- (E) The project should address, when possible, the AID policy priorities of private sector development, institutional development, research and technology transfer and policy development.

A. Botswana's Employment Situation

Botswana's potential workforce in 1981 consisted of approximately 451,000 persons (48% of the population) between the ages of fifteen to sixty-four. This group is segmented into four categories: 1) 128,000 fully employed, including 8,500 self-employed; 2) 125,000 underemployed (28%), consisting of part-time workers (6,000) and persons engaged in family agriculture (119,000); 3) 31,000 unemployed persons actively seeking work (7%); and 4) 167,000 persons who are economically inactive.

While in the strict sense, unemployment measures only 7% in this breakdown, productivity and income levels in the rural sector suggest a much higher unemployment level. In fact, one Government estimate shows a full unemployment rate of 29.9%. Regardless, among the active labor force a full one-half is considered underemployed reflecting the magnitude of the employment problem in Botswana. The 1981 census figures suggest that the unemployed and underemployed consists primarily of: new entrants into the labor force (those between the age of fifteen and thirty), persons who have not completed primary school, residents of the rural areas, and women.

In rural Botswana incomes from economic activities (excluding salaries) declined in relative terms from 32% of factor income in 1973 to 12% in 1980.

At the same time, urban incomes (excluding salaries) increased their share of factor income from 31 to 51%. More important, in real terms, per capita rural incomes are declining at an estimated rate of 3.6% per annum.

Botswana's rural workforce, which represents 77% of the national total, is hardest hit by unemployment and underemployment. From a macro-economic perspective, rural employment is constrained by: (1) low productivity in arable agriculture and environmental limitations on the expansion of the livestock industry; (2) few opportunities for wage employment; and to date, (3) little activity in the area of non-agricultural self-employment.

Underemployment especially for those with limited formal education and those in rural areas, is expected to be even more severe in the future. Over the next few years approximately 20,000 people will enter the labor force each year. In contrast to this, an estimated 8,200 new opportunities in wage employment will be available annually. This means that many individuals will be forced to turn to part-time and/or self-employment or join the ranks of the unemployed. GOB estimates indicate that as many as 250,000 persons with primary education will be unemployed by 1989.

An expansion of employment in rural areas has the potential to act as a major outlet for this growing crisis. Additional rural jobs would increase the overall productive capacity of the economy, distribute the benefits of this growth to a larger number of Botswana, and help the GOB to mitigate the high social costs of rural-urban migration. Rural jobs are also less costly to develop than comparable urban jobs; this difference offers the opportunity to generate more national employment.

Finally, and somewhat paradoxically, the capacity of Botswana's economy to provide additional jobs for the growing numbers of young unskilled workers is limited by a shortage of educated and skilled personnel. An educated and skilled segment of a population is needed to design and implement employment generating activities. At present their time and energy is frequently channeled into areas which are exogenous to the task at hand. The objectives of the GOB employment strategy are to: expand the numbers of jobs for the unskilled workers in such a way that minimizes the extra demand for skilled personnel; and at the same time, to increase the supply of skilled members of the workforce.

B. Project's Relationship to USAID/Botswana's CDSS

USAID/Botswana's two-fold development strategy as stated in the CDSS, is to "Create Viable Income Opportunities Especially in the Rural Areas" and to "Provide Education and Skills Training Required to Equip the Population to be Productive Participants in the Public and Private Sectors of the Economy". The Rural Sector Grant is central to the implementation of this strategy.

The sub-projects retained under Phase II of the project have the ability to provide rural employment, and thereby to positively affect national employment. The Rural Industrial Officers and the Productive Employment Development Fund¹ are the vanguard of personnel and resources directed toward small-scale

¹During Phase I, this sub-project was referred to as the Financial Assistance Policy.

private sector activities in rural Botswana, activities which directly create employment. The Horticultural Estates generate additional employment while expanding and diversifying arable agriculture. Agricultural Small Projects increase the income of rural producers. Phase II of the Rural Sector Grant also addresses the second part of the CDSS strategy, education and skills training. District Institutional Development, a new sub-project will provide the administrative and training requirements needed to successfully implement rural employment programs.

These sub-projects have been singled out as those with a demonstrated capacity to support and expand the rural productive activities of unskilled workers; to develop new employment opportunities and to stimulate rural incomes; and to provide the training needed to support the administration of employment generating projects. It is expected that these sub-projects will create 4,600 jobs per year. While some of the sub-projects will not directly create jobs, they will nevertheless improve the overall productivity of rural dwellers and increase incomes of existing producers. The number of direct beneficiaries is expected to be 20,000 over the life of the project.

C. The Design Should Reflect Evaluations

Phase I of the Rural Sector Grant was broadly designed to support sub-projects which generated employment as well as those which were not directly production oriented. However, not all of the projects financed achieved the anticipated targets. The varying degrees of success were detailed in the three project evaluations to date: February 1981, November 1981 and March 1982, and are summarized in Annex D. In general, private sector initiatives (non-farm employment activities) were promising while less was achieved in developing a sound foundation for better land utilization in the country. The evaluations singled out repeatedly the "manpower" constraint as an issue that required immediate attention. The three year Phase I of the Rural Sector Grant sub-projects tended to be management intensive, as might be expected from a collection of numerous small-scale activities.

By tracking the three evaluations, and through attentive project monitoring, the range in sub-project achievement is documented in Annex D. There is, however, a convergence of opinion from all evaluations that strongly supports the continuation of the Rural Sector Grant beyond the current project life. An illustrative example is the November 1981 Project Evaluation Summary which stated:

...the project was designed to test ideas and permit innovation at the field level. To the extent these activities are successful and have the desired impact, they should be replicated. Given somewhat limited funding, should this project be more concerned with testing approaches or funding proven activities? In the view of the team an effort should be made to maintain a balance to both approaches.

The March 1982, evaluation took this idea one step further:

There appears to be strong substantive and administrative arguments for sharpening the focus so that a smaller number of sub-projects is involved. This might lighten the monitoring burdens while concentrating donor resources on those activities that have gone well in the first phase.

Phase II of the Rural Sector Grant has incorporated recommendations from both of these evaluations. The project has been scaled-down considerably in terms of number and complexity of sub-project components.¹ This will greatly facilitate monitoring and reduce overall management and general administrative demands. The project will also remain responsive to district/village initiatives in support of the GOB's decentralization objective.

Project activities will be more focused on employment and income generation. Successful Phase I sub-projects which proved themselves during implementation as capable of addressing these concerns will be retained. In discussing non-farm incomes and employment, both the 1981 and 1982 evaluations noted that substantial progress was made in the area through the establishment of the Rural Industrial Officers.

The establishment and performance of the Rural Industrial Officers' Cadre has been a timely and effective intervention in support of the non-farm rural employment goals of the GOB.

Certain Phase I activities in the agricultural sector served as a catalyst for developing agricultural production and increasing rural incomes. Horticultural Estates proceeded slowly at first. However, this sub-project offered employment to the unskilled and uneducated and provided an income which proved to be higher than the legal minimum wage. Apart from those individuals who were directly provided employment, the 1982 evaluation stated:

There will be spread effects as their incomes are converted into effective demand for other goods and services supplied in rural areas. If the scheme proves replicable, the result will be additional job creation in the vicinity of major population centers in eastern Botswana.

The diverse Agricultural Small Projects also supplemented the incomes of rural producers and long range potential was noted in the 1981 evaluation:

The village and district participants in this scheme have chosen projects which have a significant potential for pay-off.

¹Sub-projects not included in Phase II are: Land Use Planning, Development of Land Institutions, Rural Afforestation, Arable Lands Development Program, and Wildlife Utilization. (See Annex D.)

D. GOB Priorities as Stated in the National Development Plan

The Fifth National Development Plan is built upon the twin themes of rural development and employment creation. The recent Mid-Term Review of NDP V reaffirmed Government's commitment to rural development and in particular, to rural employment creation. The Mid-Term Review also included two of the four sub-projects supported by the Rural Sector Grant, the Rural Industrial Officer/Productive Employment Development Fund and the District Administration Training, among those rural development projects which have the highest GOB priority.

The Arable Land Development Program was also placed in the same high priority category. The Phase II Rural Sector Grant's sub-projects, Agricultural Small Projects and Horticultural Estates, are considered by the GOB to be supportive of this Program.

E. AID Policy Priorities

The Rural Sector Grant will support two of AID's four policy priorities, private sector activities and institutional development. Botswana's private sector will be strengthened by training and grants to small-scale rural enterprises under the Rural Industrial Officer/Productive Employment Development Fund. The training component of the Rural Industrial Officers' program will encourage the development of managerial and entrepreneurial skills. Capital resources will be available for new investments through the Productive Employment Development Fund. Support to Horticultural Estates will strengthen the small holder, private sector base of the agricultural component of Botswana's economy. It will effectively increase the productivity, incomes, and market participation of rural peoples. Since these individuals will participate in market sales and purchases, they will further constitute an important stimulus to off-farm rural enterprises. All of these sub-projects reflect the importance of the free enterprise system and the market mechanism for mobilizing rural development.

A major priority of AID policy is to strengthen institutions that deal with the technical, administrative, economic and social aspects of development. Phase II of the Rural Sector Grant will support the GOB district administration, thereby effectively providing these rural units with the self-sustaining capacity to solve critical development problems. Support will be channeled into training the human resources needed for effective institutions. The Rural Sector Grant will also strengthen the institutionalization of the Rural Industrial Officers' Cadre and the GOB Financial Assistance Policy.

V. PROJECT DESCRIPTION

Goal and Purpose

The goal of Phase II of the Rural Sector Grant remains the same as that of the original project, that is "to stimulate rural development and a more equitable distribution of income in Botswana". The purpose, however, varies slightly from that of Phase I, in that emphasis is no longer placed on the development of new strategies. The present purpose is not experimental,

rather it is to provide the rural population with increased access to productive employment opportunities. To accomplish this, Phase II of the Rural Sector Grant will fund:

- (1) Rural Industrial Officers' Cadre/Productive Employment Development Fund
- (2) Horticultural Estates
- (3) Agricultural Small Projects

In recognition that trained administrative personnel at the district level will affect the outcome of rural productive initiatives, Phase II of the Rural Sector Grant will support:

- (4) District Institutional Development

Finally, in order to provide for the administrative coordination of the sub-projects; to be responsive to special concerns that may arise during implementation; and to monitor the project through periodic evaluations, the project will also provide support for:

- (5) Special Technical Assistance

SUB-PROJECT DESCRIPTION
RURAL INDUSTRIAL OFFICERS'/PRODUCTIVE
EMPLOYMENT DEVELOPMENT FUND

A. Summary of Sub-Project

The GOB supports the role of the private sector in expanding employment, stimulating economic growth, and thereby, improving the distribution of income. Particular encouragement is given to the development of rural small-scale productive activities. There are however, general constraints to increased rural production. These include: training gaps in technical and management skills, underdeveloped markets, limited investment capital, and a lack of information on the opportunities and types of assistance available for small-scale producers.

In response to these problems, the GOB has enacted measures which support and facilitate small-scale business activity. Two of these measures are the Rural Industrial Officers' Cadre, which is the principal GOB institution used to assist small rural enterprises, and the Productive Employment Development Fund, the funding channel for the Financial Assistance Policy. (See Annex E 1a.) The Rural Sector Grant, by supporting these two activities, will assist in overcoming training gaps, the lack of information, and the limited investment capital. It will also directly stimulate employment creation.

At the end of the project, the primary outputs will be approximately 11,000 entrepreneurs assisted through training and skills development, and other support services. It is also expected that 2,112 new and/or expanded small-scale businesses will be created with an estimated spin-off of 4,488 new jobs. Other major outputs from this sub-project will include trained staff and the localization of eleven Rural Industrial Officer' district posts and two Headquarters posts. Four new Rural Industrial Officers' stations will be established. Finally, logistical support for the Cadre will be improved.

B. Major Inputs

1. Technical Assistance

The project will support the continued technical assistance of a Senior Rural Industrial Officer and a Training Officer in the Industrial Division of the Ministry of Commerce and Industry. (See Annex F 8 and Implementation Plan.)

2. Staff Training

Short term training is included in the project for the counterparts to the Rural Industrial Officers, the Assistant Rural Industrial Officers, and personnel from other agencies involved in business extension. Training programs will include a combination of on-the-job training, field instruction and classroom coursework. (See Annex E 1a, Annex F 2 and Implementation Plan.)

3. Financial Support to the Productive Employment Development Fund

Financial inputs will be supplied to the Productive Employment Development Fund. This Fund will be used to support grants to small-scale rural entrepreneurs who qualify under the criteria established by the Financial Assistance Policy. (See Annex E 1a.)

4. Financial Support to the Training and General Support Fund

Financing will also be provided to the Training and General Support Fund. This Fund will be used for training rural producers, for marketing and feasibility studies, and for supplying extension and other support services, i.e., the provision of non-GOB management or technical advice. (See Annex E 1a and Annex F 2.)

5. Logistical Support

The Project will construct houses and offices, purchase vehicles and provide additional equipment in all of the field stations. This logistical support is considered essential for the smooth implementation of programs for which the Cadre is responsible. (See Implementation Plan and Annex E 1a.)

C. Institutional Arrangements

The Ministry of Commerce and Industry through its Division of Industrial

Affairs will be responsible for executing the Rural Industrial Officers' sub-project and disbursing funds for the small-scale projects financed from the Productive Employment Development Fund. The Industrial Affairs Division will be assisted by the Employment Policy Unit in the Ministry of Finance and Development Planning and the National Development Bank in the administration and monitoring of the disbursements made from the Productive Employment Development Fund. (See Annex E 1a, the Implementation Plan and Annex E 4.)

D. Beneficiaries

This sub-project will operate throughout rural Botswana. The beneficiaries will be private entrepreneurs with small-scale businesses. The sub-project will directly support the Rural Sector Grant objective of employment creation. In particular, females and business owners located in the western part of the country will be favored under the Productive Employment Development Fund. (See Annex E 1a and the Social Soundness Analysis.) This sub-project will also ensure that local individuals, institutions and resources will be used in planning, decision making and implementation, thereby strengthening the GOB decentralization process. Decentralization will be further encouraged by the funding mechanisms established under the Rural Industrial Officers' Training and General Support Fund and the Productive Employment Development Fund, the training of the Assistant Rural Officers and the counterparts for the Rural Industrial Officers, and the geographical distribution of projects assisted by the Cadre.

SUB-PROJECT DESCRIPTION HORTICULTURAL ESTATES

A. Summary of Sub-Projects

Phase II of the Rural Sector Grant will continue to support the Ministry of Agriculture's Horticultural Estate concept. These Estates are commercial vegetable production units composed of ten or more small producers, organized into Agricultural Management Associations. Individual holdings are limited to one hectare or less, and each member works their own plot and receives the income derived from the sale of produce from that plot. The Estates are located near major population centers. It is intended that these private sector rural enterprises will provide employment, increase the income of association members and partially meet the consumption requirements of urban markets. The Estate concept is designed to address some of the major constraints associated with horticultural production in Botswana. These include the lack of both crop husbandry and management experience, marketing problems and access to water. Phase II of the project will attempt to overcome these constraints. (See Annex E 1b.)

The outputs at the Project Completion Date will be three operational Horticulture Estates at Ramonaka, Selebi Phikwe and Chadibe and approximately forty new jobs.

B. Major Inputs

1. Technical Assistance

The GOB will provide technical assistance in the form of a trained Horticultural Advisor and an Agricultural Demonstrator. Management training will also be provided by the GOB.

2. Site Development

Each Estate will require basic site development in the form of clearing and leveling the land, and establishing a furrow irrigation system. (See Annex E 1b.)

3. Construction

Houses for the Horticultural Advisors and the Agricultural Demonstrators and additional small items of infrastructure will be provided under this sub-project. (See Annex E 6.)

4. Vehicles and Equipment

Each Estate will be supplied with a vehicle, tools and planting supplies.

C. Institutional Arrangements

The Ministry of Agriculture, through its Horticulture Unit, will have the overall management and supervisory responsibility for the implementation of this sub-project. (See Annex E 1b, the Implementation Plan and Annex E 4.)

D. Beneficiaries

The primary beneficiaries of the Horticulture Estates will be women, the landless, and unemployed, who will be provided with employment opportunities, higher incomes and improved diets. (See Annex E 1b and Social Soundness Analysis.)

SUB-PROJECT DESCRIPTION AGRICULTURAL SMALL PROJECTS

A. Summary of Sub-Projects

The Agricultural Small Projects program was established in 1978 to respond to village level initiatives involving small-scale agricultural infrastructure and production activities. This program assists organized groups in a variety of agricultural efforts, excluding those aimed at livestock development. Typical examples of projects funded under Phase I of the Rural Sector Grant include vegetable gardens and poultry projects, the building of storage and marketing facilities for crops and agricultural

inputs and the erection of "drift fences" which separate cropland from grazing land. (See Annex E 1c.) It is intended that a program with this type of flexibility will encourage villagers and the Ministry of Agriculture field personnel to seek opportunities and take initiatives to launch appropriate projects. The results of Phase I have indicated that this has occurred. (See Annex D.)

At project completion, the major output will be approximately 275 activities which are expected to directly assist 5,500 farmers and create employment for seventy persons.

B. Major Inputs

1. Financial Assistance

Phase II of the Rural Sector Grant will provide financial inputs in support of these activities.

C. Institutional Arrangements

The Ministry of Agriculture, through the Department of Field Services, will have overall management and supervisory responsibility for this sub-project. (See Annex E 4.)

D. Beneficiaries

The primary beneficiaries will be small farmers located in communal areas throughout rural Botswana. The activities are conceived, designed and implemented entirely by these small farmers, with assistance from the Ministry of Agriculture's extension staff. (See Annex E 1c and Social Soundness Analysis.)

SUB-PROJECT DESCRIPTION DISTRICT INSTITUTIONAL DEVELOPMENT

A. Summary of Sub-Project

Phase II of the Rural Sector Grant remains concerned with the institutional framework for promoting rural employment and income generation. The activities piloted during Phase I of the project emphasized that the development and implementation of rural income strategies depend upon the strength of key institutions, such as District Administration. One important element required to strengthen these institutions is the provision of staff training.

District Institutional Development will overcome certain constraints which presently affect the efficiency of the administrative institutional structure. These include the need: (a) to increase key district officials' capacity for managing Botswana's rural development, particularly projects aimed at improving incomes and expanding employment opportunities; (b) to expand the districts' capacity to absorb the growing administrative responsibilities from central

government; and (c) to provide officers stationed in rural areas with an opportunity for career advancement. These concerns have been explicitly discussed in two Presidential Commissions, the Local Government Structure and the Economic Opportunity Commission. (See Annex E 1d.)

At the end of the project, the primary output will be 37 District Administration staff (40 person years) trained to a Masters degree level. These individuals will be better qualified to design and implement employment generating projects and will be better able to assume the increasing administrative responsibilities delegated from central government.

B. Major Inputs

1. Participant Training

The Rural Sector Grant will fund forty person years of Master's degree level training in the United States for the District Administration staff. (See Annex E 1d.)

C. Institutional Arrangements

The administrative responsibility for this sub-project will rest with the Ministry of Local Government and Lands, the Directorate of Personnel, and USAID/Botswana. (See Implementation Plan and Annex E 4.)

D. Beneficiaries

The beneficiaries will be the senior cadre of the District Administration staff.

SUB-PROJECT DESCRIPTION SPECIAL TECHNICAL ASSISTANCE

A. Summary of Sub-Projects

Special Technical Assistance will be used to fund a long-term Project Coordinator, short-term technical assistance that may arise on a need be basis and external evaluations.

B. Major Inputs

1. Technical Assistance

The Rural Sector Grant will continue to fund a Project Coordinator to work as the Advisor in the Rural Development Unit within the Ministry of Finance and Development Planning. Three years of technical assistance will be funded. Phase I of the Rural Sector Grant illustrated that the implementation of some of the sub-projects required specialized technical and management assistance. Special Technical Assistance will also be used to

meet this requirement. Short-term technical assistance will be available to support the implementation of all sub-projects. (See Implementation Plan and Annex E 4.)

2. Evaluations

Evaluations are also programmed to monitor the implementation of the project.

VI. COST ESTIMATES AND FINANCIAL PLAN

Project inputs will be directed to both production oriented activities and supporting categories over a five year period, representing an estimated \$11,674,000. AID and the GOB will virtually share the financing of these inputs with contributions of \$5,569,000 (48%) and \$6,105,000 (52%), respectively. Table I presents a summary of cost estimates and a financial plan. This Table is followed by a description of the budget items (project inputs) and is supported by Tables II and III which present projected annual AID and GOB expenditures for fiscal years 1983 through 1987. Cost estimates were derived from 1983 market prices for project inputs and from GOB Project Memorandums for sub-project activities. Cost for technical assistance and training in the United States are itemized in Annexes E 3a and E 3b. A 10% per year inflation factor is included to represent the estimated weighed average inflation rate which takes into consideration the 11% annual inflation expected in the southern Africa region and the 5% annual inflation projected in the United States, the two sources of goods and services for the project. This average inflation rate was selected since approximately 82% of goods and services will be procured locally and 18% purchased in the United States. In addition a 10% contingency factor is used to cover unexpected adverse changes in physical and financial factors.

Procurement of goods and services requiring local currency will be handled by the GOB and will follow the Government's standard competitive procurement practices, which are managed by the GOB's Central Tender Board. Advance of funds is not anticipated under the project. The GOB will effect payment for locally procured goods and services and, wherever applicable, request reimbursement from USAID/Botswana for items that have been identified as an AID contribution to the project. USAID/Botswana will maintain administrative control over funds (estimated at \$1,470,000) to cover technical assistance and long-term training in the United States. Project Implementation Orders for Technicians (PIO/T) and Participants (PIO/P) will be used to initiate contracts for these services.

1. Technical Assistance

The project will require one year extensions for the Senior Rural Industrial Officer, the Training Officer, both of whom are assigned to the Ministry of Commerce and Industry (\$140,000), and a three year contract (\$240,000) for a project coordinator. Short-term consultants (approximately

18 person months, \$130,000) will be recruited to support implementation activities of all of the sub-projects. Annual external evaluations will require \$90,000. The GOB will contribute \$24,000 to cover the base salaries for the one year extensions of the Senior Rural Industrial Officer and Training Officer.

2. Training

AID's \$1,126,000 input will finance approximately 37 District Officers for a total of 40 person years of long term training (\$320,000) in the United States and provide \$306,000 for an estimated 366 person months of short-term in-country training for the Rural Industrial Officers' Cadre and business extension personnel who are managing the Ministry of Commerce and Industry's Productive Employment Development Fund. The GOB will contribute \$621,000 which will cover round trip air fares (\$120,000) and salaries (\$501,000) for Batswana who are engaged in long-term training in the United States.

3. Equipment and Commodities

AID's contribution (\$360,500) will be used to provide: office and camping equipment for the Rural Industrial Officers' Cadre (\$57,000); tools and materials for the Horticultural Estates (\$26,500); and \$277,000 allocated to the Ministry of Agriculture for disbursement to District Agricultural offices to issue purchase orders for the procurement of materials and equipment to respond to Agricultural Small Projects activities initiated by small-scale farmers. The GOB will provide \$305,000 to purchase office supplies and furniture (\$102,000) for new offices and houses and make increasing annual contributions to Agricultural Small Projects (\$203,000) as AID's annual dollar input decreases.

4. Vehicles

AID will budget \$91,500 for the procurement of seven vehicles for the new rural industries field offices and Horticultural Estates. The GOB will make available \$200,000 to purchase replacement vehicles for the existing Rural Industries offices.

5. Construction

AID's financial input will be \$685,000 and will consist of approximately twenty houses and seven offices for the Rural Industrial Officers (estimated at \$521,000) and site development and construction of the three Horticultural Estates (estimated at \$164,000).

6. Productive Employment Development Fund

AID will supply \$525,000 over four years which will augment the GOB's \$1,975,000 contribution over five years to provide financial assistance to small-scale rural entrepreneurs.

TABLE I
Summary Cost Estimates and Financial Plan
(\$000)

Budget Items and Uses of Funds	Sources of Funds								
	AID			GOB			Total		Grand Total
	FX	LC	Sub Total	FX	LC	Sub Total	FY	LC	
Technical Assistance	650	-	650	-	24	24	650	24	674
Training	820	306	1126	120	501	621	940	807	1747
Equipment and Commodities	-	360.5	360.5	-	305	305	-	665.5	665.5
Vehicles	-	91.5	91.5	-	200	200	-	291.5	291.5
Construction	-	685	685	-	-	-	-	685	685
Productive Employment Development Fund	-	525	525	-	1975	1975	-	2500	2500
Training and General Support (Rural)	-	682	682	-	130	130	-	812	812
Administrative Support Costs	-	-	-	-	1169	1169	-	1169	1169
Sub Total	1470	2650	4120	120	4304	4424	1590	6954	8544
Inflation (10% per year)	336	606	942	34	1091	1125	370	1697	2067
Contingency (10%)	181	326	507	16	540	556	197	866	1063
TOTAL	1987	3582	5569	170	5935	6105	2157	9517	11674
			48%			52%	18%	82%	

TABLE II

USAID's Projected Annual Expenditures for Sub-Projects and Support Costs
(\$000)

<u>Uses of Funds</u>	<u>FY</u> <u>1983</u>	<u>FY</u> <u>1984</u>	<u>FY</u> <u>1985</u>	<u>FY</u> <u>1986</u>	<u>FY</u> <u>1987</u>	<u>TOTAL</u>
A. AGRICULTURAL PRODUCTIVE ACTIVITIES						
(i) Agricultural Small Projects	-	100	33	61	33	277
(ii) Horticultural Estates	-	117	105	-	-	222
SECTOR SUBTOTAL	0	217	188	61	33	499
B. NON-AGRICULTURAL PRODUCTIVE ACTIVITIES						
(i) Rural Industrial Officers/ Productive Employment Development Fund						
-Long-term technical assistance	-	-	70	70	-	140
-Short-term in-country training	20	50	116	120	-	306
-Construction of houses and offices	-	350	115	56	-	521
-Equipment	-	29	20	8	-	57
-Vehicles	10	40	10	-	-	60
-Productive Employment Development Fund	50	150	225	100	-	525
-Training and General Support Fund	-	79	237	209	157	682
SECTOR SUBTOTAL	80	698	793	563	157	2291
C. DISTRICT INSTITUTIONAL DEVELOPMENT						
(i) Long-term training in U.S.	20	140	210	220	230	820
D. SPECIAL TECHNICAL ASSISTANCE						
(i) Project Coordinator	-	80	80	80	-	240
(ii) Short-term technical assistance	-	40	80	60	-	180
(iii) Evaluations	-	30	30	30	-	90
SECTOR SUBTOTAL	-	150	190	170	-	510
SUBTOTAL	100	1205	1381	1014	420	4120
Inflation (10% per year)	0	121	290	336	195	942
Contingency (10%)	10	133	167	135	62	507
TOTAL	110	1459	1838	1485	677	5569

TABLE III

GOS's Projected Annual Expenditures for Sub-Projects and Support Costs

<u>Uses of Funds</u>	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>TOTAL</u>
A. Technical Assistance	-	-	12	12	-	24
B. Training (Long Term)						
-Air fares (Foreign Ex.)	9	21	27	30	33	120
-Salaries	-	87	132	138	144	501
C. Contribution to Sub-Projects						
-Productive Employment Development Fund	450	350	275	400	500	1975
-Training and General Support	-	-	13	41	76	130
-Agricultural Small Projects	-	20	37	59	87	203
D. Local Salaries (Excluding District Administration and Technical Assistance)	90	165	190	200	205	850
E. Vehicle Replacements	-	105	65	-	30	200
F. Vehicle Running Costs	51	64	68	68	68	319
G. Commodities	<u>12</u>	<u>15</u>	<u>20</u>	<u>25</u>	<u>30</u>	<u>102</u>
SUBTOTAL	612	827	839	973	1173	4424
Inflation (10% per year)	61	83	176	322	544	1125
Contingency (10%)	<u>-</u>	<u>91</u>	<u>102</u>	<u>130</u>	<u>172</u>	<u>556</u>
TOTAL	673	1001	1117	1425	1889	6105

7. Training and General Support

AID's estimated \$682,000 will finance rural training, equipment, information packages and studies for rural producers to increase their efficiency and production. The GOB will provide \$130,000 towards this effort.

8. Administrative and Support Costs

The GOB will allocate \$1,169,000 which will finance salaries of GOB officers who are involved in the implementation of the project (\$850,000) and operational costs of the vehicles for the Rural Industrial Officers (\$319,000).

After completion of the project (September 1988), recurring costs are estimated at \$1,700,000 annually. The GOB is aware of this and intends to allocate sufficient funds to adequately maintain the project.

The above cost estimates and financial plan reflect preliminary project planning and current cost estimates necessary to supply inputs to Phase II of the Rural Sector Grant project. USAID/Botswana has determined that the project design is feasible and the cost estimates are reasonably firm for the project elements thereby satisfying the requirements of Section 611(a)(1) of the Foreign Assistance Act, as amended.

It is proposed that the following AID incremental obligation schedule be accepted in order to ensure timely availability of funds for successful implementation of the project. Total AID funding is \$5,569,000 over four years of obligations with the initial obligation of \$1,569,000 in FY 1983, followed by \$1,838,000 in FY 1984; \$1,485,000 in FY 1985; and \$677,000 in FY 1986.

VII. IMPLEMENTATION PLANS

The following Implementation Plan will discuss: (1) the major elements of the project and proposed scheduling; (2) administrative responsibility and cost estimates; and, (3) financial procedures and flow of funds. A Financial Implementation Plan is found at the end of this section.

SUB-PROJECT IMPLEMENTATION PLAN

RURAL INDUSTRIAL OFFICER CADRE/PRODUCTIVE EMPLOYMENT DEVELOPMENT FUND

A. Major Elements and Proposed Scheduling

A major element of the project is the continued operation, expansion and localization of the Rural Industrial Officers' Cadre. Inputs that will be required are: (a) technical assistance; (b) short-term staff training;

- (c) Financial support of the Productive Employment Development Fund;
- (d) Financial support of the Training and General Support Fund; and
- (e) Logistics. For a detailed scheduling of events, see Annex F 2 and F 3.

1. Technical Assistance

The project will fund a combined two years of technical assistance for the Senior Rural Industrial and the Training Officer in the Ministry of Commerce and Industry. Phase I of the project funded the Senior Rural Industrial Officer through September 1984. Phase II will pick up funding from that point. Phase I also provided support for the Training Officer through August of 1985. Support for this will commence in September of 1985. (See Annex F 8.)

2. Staff Training

Batswana staff will receive a combination of on-the-job training, field instruction and classroom coursework to upgrade their skills and to establish the foundation for the localization of the Cadre. In 1984 there will be a total of three weeks of short-term training for Assistant Rural Industrial Officers and three weeks of short-term courses for the Rural Industrial Officers' counterparts. In 1984/85 the Assistant Rural Industrial Officers will receive eight weeks of training and the Rural Industrial Officers' counterparts three weeks. In 1985/86, twenty-six weeks of training will be given at the University of Botswana to the Assistant Rural Industrial Officers which will lead to diplomas. The Rural Industrial Officers' counterparts will receive eight weeks and the Rural Industrial Officers two weeks of in-service. In 1986/87, twenty-six additional weeks of training will be given to the Assistant Rural Industrial Officers, also in support of diplomas, the Rural Industrial Officers' counterparts will receive eight weeks, and the Rural Industrial Officers two weeks of in-service. (See Annex F 2.)

3. Productive Employment Development Fund

Direct financial support will be given to the Productive Employment Development Fund. (See Annex E 1a.)

4. Training and General Support Fund

The Training and General Support Fund will also be provided with financial inputs. The timing and specific details of these subcomponents will be contingent upon demand. (See Annex E 1a.)

5. Logistics

Logistical support to the Rural Industrial Officers' Cadre will consist of housing, office space, vehicles, and equipment. Housing for the Rural Industrial Officers will be constructed in Mahalapye, Gomare, Bobonong, Southern, Molepolole, and Maun. The proposed design is a standard low cost model recommended by the Chief Architect's Office. Provisions include the hookup for water and other utilities. Housing for the Assistant Rural Industrial Officers will be constructed in Mahalapye, Gomare, Bobonong,

Southern, Francistown, Molepolole, Ramotswa, Tutume, Serowe, Kanye, Ghanzi, Tshabong, Maun and Mochudi. Offices will be provided in Mahalapye, Gomare, Bobonong, Southern, Kanye, Ghanzi, and Maun.

Construction of housing and office space will commence in May 1984 for Mahalapye. Construction for the Rural Industrial Officers' stations in Molepolole, Mochudi, Ramotswa, Southern, Maun, Gomare, Kanye, Serowe, Tutume, Francistown, and Bobonong will occur during 1985. Construction for Tshabong and Ghanzi will commence during 1986. (See Annex F 7a and Annex E 6.)

Four vehicles will be provided for new stations in Mahalapye, Gomare, Southern and Bobonong. Two of these vehicles will be two wheel drive pick-up trucks for the eastern hardveld stations. The other two will be four wheel drive vehicles for the sandveld areas. Mahalapye will receive its vehicle in 1984, Gomare and Southern will receive vehicles during 1984 while Bobonong will be supplied with a vehicle during 1985. (See Annex F 2.)

The Rural Industrial Officers' Cadre will require a variety of office and camping equipment and other furnishings. For the new station, complete sets of equipment will be provided. For the existing stations, supplemental equipment will be provided. Molepolole, Ramotswa, Mahalapye, Gomare, Southern, Maun and Mochudi will receive equipment during 1985. Francistown, Tutume, Serowe, Kanye, Bobonong and Kasane will receive equipment during 1986, Ghanzi and Tshabong during 1987. (See Annex F 2.) Equipment for the buildings will be purchased from the GOB's Central Supplies Office. All equipment purchased from private suppliers will be subject to GOB tender regulations.

B. Administrative Responsibility and Cost Estimates

1. Technical Assistance

The supervision and coordination of the two expatriate technicians provided under the sub-project is the responsibility of the Director of Industrial Affairs, Ministry of Commerce and Industry. The initial request for continuing the services of the technicians rests with the Director who recommends to the Directorate of Personnel that their GOB contracts be extended. The Directorate of Personnel will in turn request USAID/Botswana for contract extensions. If approved, USAID/Botswana instructs the existing contractor, selected to implement OPEX arrangements under the Botswana Workforce and Skills Training Project, the Academy for Educational Development, to extend their supplementary contracts. The GOB is responsible for providing a basic salary for each OPEX position plus local allowance, residential housing, furnishings, office space and equipment. The projected cost for this technical assistance is \$140,000.

2. Short-Term Training

Short-term training will be provided for the staff of the Rural Industrial Officers' Cadre by the Industrial Division of the Ministry of Commerce and Industry. The management and coordination of training is the responsibility of the Project funded Training Officer. The projected cost for this component is \$306,000.

3. Financial Support to the Productive Employment Development Fund

The Ministry of Commerce and Industry, through its Industrial Division is responsible for providing rural producers with information regarding the Financial Assistance Policy (which is supported by the Productive Employment Development Fund) and coordinating the other non-financial assistance programs, e.g., training for the rural entrepreneurs. At the district level the Industrial Division, represented by the Rural Industrial Officer Cadre has the additional responsibilities for reviewing applications from those producers who request financial assistance, appraising these applications against the standard criteria, submitting the applications to the district based Productive Development Committee for their decision, maintaining documentation on each project, and undertaking monitoring and follow-up on the approved projects. (See details in Annex E 1a.) The Employment Policy Unit, Ministry of Finance and Development Planning, which has the overall coordination and accounting responsibilities for the Fund, assists the Ministry of Commerce and Industry by providing technical advice on appraisal and/or implementation problems and through its computerized data bank on all the approved small-scale projects. The National Development Bank is the disbursing agency for the Productive Employment Development Fund and its operations are also described in Annex E 1a. The coordination of these three agencies is facilitated through a Small-Scale Projects Working Group which includes representation from the three bodies and is chaired by the Director of Industrial Affairs. The estimated costs of the Productive Employment Development Fund is \$525,000 over the life of the sub-project.

4. Financial Support to the Training and General Support Fund

The Ministry of Commerce and Industry is responsible for the administration, disbursement, monitoring, and accounting for the Training and General Support Fund. The Senior Rural Industrial Officer, on behalf of the Ministry, has specific duties with regard to the Training and General Support Fund. These include establishing and maintaining specific criteria for which the Fund can be used, determining the level of expenditure authorized for each field station, administering the finances used for national projects, and the overall supervision and monitoring of the Fund. (See Annex E 1a.) At the district level the Rural Industrial Officer has similar responsibilities. He/she either responds to a request to use the funds from a rural producer/ other business extension service or in some cases the Rural Industrial Officer might initiate a project which requires assistance from the Fund (i.e., a feasibility study for a new activity). Specific authorization for the use of the Fund is the responsibility of the District Production Development Committee. (See Annex E 1a.) The Rural Industrial Officer also arranges for the purchases of any goods and services, records expenditure, and provides quarterly progress reports on the status of activities financed from the Fund. An estimated \$682,000 will be put into this fund throughout the life of the project.

5. Logistical Support

The Senior Rural Industrial Officer will coordinate the arrangements for supplying additional logistical support to the Cadre. For the construction components, he/she will liaise with the Director of Surveys and Lands to

obtain the land rights for the proposed housing and office locations. Likewise, the Senior Rural Industrial Officer will work closely with the GOB Chief Architect's Office and will be responsible for calling for standardized private tenders to construct the schedule of buildings, supervising the contractors, disbursing the funds, and providing the maintenance on the buildings. The construction component is estimated to cost \$521,000. (See Annex E 6.)

The purchase of equipment and supplies under this sub-project is subject to standard GOB Tender Regulations. The Senior Rural Industrial Officer will request the administrative staff of the Ministry of Commerce and Industry to purchase the required equipment and supplies from the Government Central Supplies Department. Under circumstances where it is not possible to use the Supplies Department, arrangements will be made to use private suppliers. The Senior Rural Industrial Officer will also request the Ministry of Commerce and Industry's Finance Officer to sub-warrant funds to the GOB Central Transport Organization to purchase the vehicles. It is expected that this component (equipment and vehicles) will cost \$117,000.

6. Financial Procedures and Flow of Funds

The Ministry of Commerce and Industry, through its Planning Unit, requests funds from the Ministry of Finance and Development Planning's Division of Economic Affairs. These funds are to be used as specified in the GOB approved Project Memorandum. The responsible Planning Officer within the Division reviews the request in light of available funds and project authorization approved by Parliament. Once the Division of Economic Affairs approves the request, it is passed to the Budget Administration Unit of the same Ministry. This Unit authorizes the expenditure and provides a warrant to the Ministry of Commerce and Industry specifying the areas for which funds can be used. The Warrant is received by the Finance Officer, Ministry of Commerce and Industry, who sub-warrants funds to the Director of Industrial Affairs, Ministry Headquarters. This Officer is accountable for the expenditures of the sub-project. The Director delegates substantial financial responsibilities to the Senior Rural Industrial Officer for the implementation of this sub-project.

The GOB financial administration uses primarily two systems for disbursing funds for this sub-project: the sub-warrant for expenditures within Government, and the Government Purchase Order system for expenditures made outside of Government. The Senior Rural Industrial Officer will use the sub-warranting system to purchase the vehicles from the Central Transport Organization and the equipment from the Central Supplies Department. Likewise, the Ministry of Commerce will be required to sub-warrant funds to the Chief Architect's Office for the construction of the houses and offices. The sub-warranting process is also used by the Ministry of Commerce and Industry to provide the Rural Industrial Officers in the field with the authority to make recurrent and development expenditures. The sub-warranting system facilitates the internal shifting of authorized funds and usually does not involve cash.

Government Purchase Orders provide a system for obtaining services and supplies from non-Government sources. Purchase Orders are used in lieu of cash by the Rural Industrial Officers' Cadre and for the Training and General Support Fund.

Once the officer provides the supplier with the Purchase Order and receives the goods, the supplier then submits the Purchase Order with an invoice to the Finance Officer in the Ministry of Commerce Headquarters. The Finance Officer confirms that the goods have been received and forwards a request to the Accountant General that the supplier be paid. The Accountant General draws a Government check for the supplier and returns it to the Ministry of Commerce and Industry for dispatching. The Accountant General records the expenditure on the Government Computer. The Budget Administration Unit uses the computer print-out to construct their reimbursement claim from USAID/Botswana.

A slightly different financial flow exists for the Productive Employment Development Fund. The Employment Unit of the Ministry of Finance and Development Planning request Principal Administrative Officer, from the same Ministry, to provide quarterly cash deposits from the Productive Employment Development Fund to the National Development Bank, based on the projected requirements needed for small-scale projects. The district level Production Development Committees consider and approve small-scale applications for assistance within the annual budget framework established for each district by the Ministry of Finance and Development Planning. A contract is signed by the Production Development Committee Representative and the entrepreneur specifying the costs to be met from the Productive Employment Development Fund. The Rural Industrial Officer provides the National Development Bank and the Ministry of Finance and Development Planning with copies of the signed contract. Subsequently, the National Development Bank supplies the producer with National Development Bank Purchase Orders for the amount authorized in the contract. The producer obtains the needed goods and services from suppliers through Purchase Orders. The supplier then submits vouchers to the National Development Bank Headquarters in Gaborone for payment. The National Development Bank records these expenditures against funds provided to them by the Ministry of Finance and Development Planning and sends quarterly reports to the Employment Unit and the Productive Development Committee. The Budget Administration Unit forwards confirmed expenditures to USAID/Botswana for reimbursement along with the other expenditures recorded by the GOB Accountant General.

The Rural Industrial Officer/Productive Employment Development Fund sub-project places a high priority in decentralized funding procedures. Districts are authorized up to P10,000 for their Training and General Support Fund at any one time, with a P5,000 limit on any one activity (although most are much smaller with an average of slightly more than P1,000 per project). Likewise, the Productive Employment Development Fund establishes annual allocations to the different districts based upon population figures and past expenditures. In both cases if a particular district spends more than its initial allocation, consideration is given to providing supplementary funding.

SUB-PROJECT IMPLEMENTATION PLAN HORTICULTURAL ESTATES

A. Major Elements and Proposed Scheduling

This sub-project provides for the establishment of three Horticultural

Estates located in Ramonaka, Selebi Phikwe and Chadibe. The inputs to be provided include: (1) technical assistance; (2) site development; (3) construction; (4) and logistical support.

The proposed schedule of events is outlined in Annex F 4. In general, it is planned that major implementation activities for Ramonaka will occur in 1983, Selebi Phikwe in 1984 and Chadibe in 1985. Additional details on the construction and/or personnel components is provided in Annexes E 6 and F 8, respectively.

1. Technical Assistance

Extension assistance will be provided by a Horticultural Advisor and an Agricultural Demonstrator who will be permanently attached to each Estate. Educational assistance will be used to up-grade Association Members' skills in critical areas such as bookkeeping and accounting. (See Annex E 1b.)

2. Site Development

Site clearance will occur in Ramonaka and Chadibe prior to service road construction. In Selebi Phikwe, villagers are organized, have acquired their land, and are ready to commence work. Because of this, site clearance will occur early in project implementation.

3. Construction

A reservoir will be constructed on each Estate. Pumps, piping and water furrows will also be utilized to draw the water from the reservoir for irrigation purposes.

One house will be constructed in Ramonaka, two in Selebi Phikwe and two in Chadibe. These houses will be used by the Horticultural Advisors and Agricultural Demonstrators. Additional items that will be constructed include fencing, mule paddocks, and net houses. (See Annex F 7b and Annex E 6.)

4. Logistical Support

Each Estate will be supplied with a one-ton pick-up truck which will be used primarily for establishing the Estates and for delivery of produce to the markets. Communal tools and planting supplies, such as seeds and pesticides will also be provided to each Estate.

B. Administrative Responsibility and Cost Estimates

The Ministry of Agriculture's Horticultural Officer will administer the sub-project. Initially, this will involve a series of pre-implementation activities which must be completed before funds can be released. Of primary importance, is the establishment of a management structure in the form of an officially registered Agricultural Management Association at each Estate. The Agricultural Management Association is responsible for acquiring land rights from the Tribal Land Board at each site and obtaining the approval of the Water Apportionment Board to extract water for irrigation. The Horticultural Officer will also obtain the services of the Ministry of Agriculture's Water

Development Officer to design the site layout which will be reviewed and approved by the USAID/Botswana Engineer.

1. Technical Assistance

The recruitment, supervision and coordination of the three Horticultural Advisors and three Agricultural Demonstrators is the responsibility of the Horticultural Officer. He/she will also coordinate the other extension and educational assistance provided to the Estate, which will include management, accounting and marketing training from the Business Advisor of the Botswana Development Corporation.

2. Site Development

Site clearance, land preparation, planting, and the contracting of marketing agents will be undertaken by the Agricultural Management Association with technical advice from the Horticultural Advisors and Agricultural Demonstrators.

3. Construction

The construction activities of the project will be coordinated by the Horticultural Officer with the assistance of the Horticultural Advisor who will reside on site. The construction of fencing, net houses, and paddocks will be the responsibility of the Agricultural Management Association with technical assistance from the Horticultural Advisor and Agricultural Demonstrator. Likewise, the Roads Department will provide technical advice to the Agricultural Management Association for the construction of the service road. The construction of the reservoir, furrows, and assemblage of the pump and the piping will involve the active participation of the Ministry of Agriculture technicians. The Horticultural Unit of the Ministry of Agriculture will liaise with the Chief Architect and provide him/her with a plan to tender the construction of the houses for the Horticultural Advisors and Agricultural Demonstrators. The engineering plans for the irrigation system and staff houses will be submitted to USAID/Botswana for approval. The estimated cost for the construction component is \$164,000. (See Annex E 6.)

4. Logistical Support

The procurement of all project items, including vehicles, is the responsibility of the Horticultural Officer. Purchases will be made according to the standard financial regulations of the GOB. The estimated project cost for logistical support is \$58,000.

C. Financial Procedures and Flow of Funds

The Ministry of Agriculture's Planning and Statistics Division requests funds from the Ministry of Finance and Development Planning's Division of Economic Affairs. These funds are to be used as specified in the GOB approved Project Memorandum. The responsible Planning Officer within the Division of Economic Affairs reviews the request in light of available funds and project authorization approved by Parliament. Once the Planning Officer approves the request, it is passed to the Budget Administration Unit of the Ministry of Finance and

Development Planning. This Unit authorizes the expenditure and provides a warrant to the Ministry of Agriculture which allows them to expend funds for specified purposes. The warrant is received by the Finance Officer of the Ministry of Agriculture, who sub-warrants funds to the Director of Agricultural Field Services who is ultimately responsible for the expenditures of the project. The Director of Agricultural Field Services delegates his/her financial responsibility for the project to the Horticultural Officer. The Horticultural Officer through the Finance Officer, sub-warrants funds to the Chief Architect's Office for construction purposes. All construction activities employ the "Fixed Amount Reimbursement" mechanism. The Horticultural Officer purchases the required goods and equipment from a local supplier through the use of Government Purchase Orders.

The Horticultural Officer makes the expenditures and receives the goods. The suppliers submit the Purchase Order with an invoice to the Finance Officer, Ministry of Agriculture requesting payment. The Finance Officer in turn confirms that the goods have been received and forwards the invoice to the Accountant General to be paid. The Accountant General draws the check on the Government's account, returns the check to the Ministry of Agriculture for dispatching to the supplier, and records the expenditure on the Government Computer. The Budget Administration Unit uses the computer print-out to construct their quarterly reimbursement claim from USAID/Botswana. Based on the approval of USAID/Botswana's Project Manager and Controller, USAID/Botswana then reimburses the Ministry of Finance and Development Planning.

SUB-PROJECT IMPLEMENTATION PLAN
OF AGRICULTURAL SMALL PROJECTS

A. Major Elements and Proposed Schedule

1. Financial Assistance

The Agricultural Small Project program is similar to the Productive Employment Development Fund, in that financial inputs are provided in support of district and village development initiatives. These activities are expected to be a source of income generation. For a scheduling of events see Annex F 5.

B. Administrative Responsibility and Cost Estimates

The Principal Agricultural Officer, in the Ministry of Agriculture, authorizes the Regional Agricultural Officers to use Government Purchase Orders for funding projects of which the total cost is under P2,000. The Principal Agricultural Officer is also responsible for recording expenditures and compiling quarterly reports. The determination to support a proposed project, with a funding level under P2,000, is the responsibility of the Regional Agricultural Officer. Projects over P2,000 up to the maximum of P7,000 are referred to the Principal Agricultural Officer with recommendations from the District Staff. The Regional Agricultural Officer informs the Principal Agricultural Officer when the authorized amount has been expended.

There is no further authorization is issued to them in the form of a Government Purchase Order. The authorization issued to the regions are recorded in the Ministry of Agriculture Headquarters. The Regional Agricultural Officer records each approved project in vote service ledgers, and transmits this to Headquarters on a monthly basis.

The total cost for Agricultural Small Projects is expected to be \$277,000.

C. Financial Procedures and Flow of Funds

The Ministry of Agriculture's Planning and Statistics Division requests funds from the Ministry of Finance and Development Planning's Division of Economic Affairs. These funds are to be used as specified in the GOB approved Project Memorandum. The responsible Planning Officer within the Division of Economic Affairs reviews the request in light of available funds and project authorization approved by Parliament. Once the Planning Officer approves the request, it is passed to the Budget Administration Unit of the Ministry of Finance and Development Planning. This Unit authorizes the expenditure and provides a warrant to the Ministry of Agriculture which allows them to expend funds for specified purposes. The warrant is received by the Finance Officer of the Ministry of Agriculture, who sub-warrants funds to the Director of Agricultural Field Services who is ultimately responsible for the expenditures of the project. The Director of Agricultural Field Services delegates his/her financial responsibility for the project to the Principal Agricultural Officer. The Principal Agricultural Officer through the Finance Office sub-warrants Pula 10,000 to each Regional Agricultural Officer. Approved Agricultural Small Projects of less than Pula 2,000 are financed by the Regional Agricultural Officer and for projects of more than Pula 2,000 but less than Pula 7,000, by the Principal Agricultural Officer. The assistance is provided in the form of materials and/or equipment as specified in the Project Memorandum. These items are purchased through Government Purchase Orders.

The Principal Agricultural Officer makes the expenditures and receives the goods. The suppliers submit the Purchase Order with an invoice to the Finance Officer, Ministry of Agriculture requesting payment. The Finance Officer, in turn, confirms that the goods have been received and forwards the invoice to the Accountant General to be paid. The Accountant General draws the check on the Government's account, returns the check to the Ministry of Agriculture for dispatching to the supplier, and records the expenditure on the Government Computer. The Budget Administration Unit uses the computer print-out to construct their quarterly reimbursement claim from USAID/Botswana. Based on the approval of USAID/Botswana's Project Manager and Controller, USAID/Botswana then reimburses the Ministry of Finance and Development Planning.

Best Available Document

SUB-PROJECT IMPLEMENTATION PLAN
DISTRICT INSTITUTIONAL DEVELOPMENT

A. Major Elements and Proposed Schedule

1. Participant Training

Forty person years of training will be provided to District Administration staff. Those trained will include District Commissioners, District Officers Development and District Officers Land. These individuals will be drawn from the ten administrative districts throughout Botswana. Training will be in the areas of management/public administration, economics, regional planning and certain specific technical skills. (See Annex E 1d.) The training will be tailored to compliment the employment generation activities of the Rural Sector Grant and will encourage the creative adaptation of techniques learned in the United States to Botswana conditions. Seven officers will receive training in 1984; nine in 1985; ten in 1986; and eleven in 1987. See Annex F 6 for Detailed Schedule.

B. Administrative Responsibility and Costs

1. Participant Training

The Ministry of Local Government and Lands is responsible for making requests to the Directorate of Personnel for the long-term training of these officers. The Directorate of Personnel will review and approve all training requests prior to submitting them for final approval to USAID/Botswana. After this is received, the participants will be turned over to the Botswana based field coordinator for an existing U.S. Contractor, Academy for Educational Development, under the Botswana Workforce and Skills Training Project. This contractor will then be responsible for placing the participants in the most appropriate U.S. University. The expected cost for this sub-project is \$820,000.

C. Financial Procedures and Flow of Funds

Payments for long-term training will be made directly by USAID/Botswana to the Academy for Educational Development. As with all participants, the Government of Botswana will pay for the round trip air fare.

SUB-PROJECT IMPLEMENTATION PLAN
SPECIAL TECHNICAL ASSISTANCE

A. Major Elements and Proposed Scheduling

1. Technical Assistance

Special Technical Assistance will be used to support the long-term Project Coordinator, short-term technical assistance and external evaluations.

A new Project Coordinator will be recruited as an OPEX position with a three year tenure; it is expected that he/she will be in place by November 1983. For the evaluation schedule see Annex F 1.

5. Administrative Responsibility and Costs

1. Technical Assistance

The Ministry of Finance and Development Planning will maintain a position for a long-term Project Coordinator. This individual will be responsible for monitoring the implementation of all sub-projects and for ensuring that adequate base line data is gathered so as to properly evaluate all of the sub-projects. In this capacity, the Project Coordinator will work with the four implementing Ministries and with district officials.

The Directorate of Personnel will request USAID/Botswana to propose several names for the position. After an extensive search these names will be supplied to USAID/Botswana by the Academy for Educational Development. The GOB will be responsible for providing local allowances, residential housing, furnishing office space and equipment. The supply of short-term technical assistance will be the responsibility of USAID/Botswana and the Rural Development Unit of the Ministry of Finance and Development Planning. The costs of the Project Coordinator are estimated to be \$240,000.

Activities which will be financed with this short-term technical assistance will be programmed during the implementation process and will be used to address special problems that may arise. However, this Fund could support: 1) the aggregate analysis of the data on small non-farm rural enterprises collected by the district based Rural Industrial Officers; 2) the preparation of extension material, for example, a District Administration Handbook; and 3) an analysis of the appropriateness of the curriculum developed for District Administration participants with respect to their subsequent job responsibilities. This assessment would take place after the first group of trainees return to Botswana. The costs for the short-term technical assistance are estimated to be \$180,000.

2. Evaluations

Three external evaluations will be conducted during the life of the Rural Sector Grant. It is expected that this work will be performed by a contractor(s). The responsibility for ensuring that these evaluations occur rest jointly with USAID/Botswana and the GOB.

The costs for the evaluations are estimated to be \$90,000.

3. Financial Procedures and Financial Flow

OPEX related payments for the long-term technical assistance will be made directly by USAID/Botswana to the Academy for Educational Development. The short-term technical assistance will either be provided under a direct USAID/Botswana contract or a host country contract. In the former case, funds will flow directly between USAID/Botswana and the contractor. In the case of the

latter, the contractor will be paid by the Ministry of Finance and Development Planning, who will in turn request USAID/Botswana for reimbursement. Funding for the evaluations will be provided under a direct contract between USAID/Botswana and the contractor.

TABLE IV
FINANCIAL IMPLEMENTATION PLAN
SCHEDULE OF PROJECTED AID EXPENDITURES

	FY 83	FY 84	FY 85	FY 86	FY 87	TOTAL
Agricultural Productive Activities	-	217	188	61	33	499
Agriculture Small Projects	-	100	83	61	33	277
Horticultural Estates	-	117	105	-	-	222
Ramonaka	-	51	-	-	-	51
Selebi Phikwe	-	66	-	-	-	66
Chadibe	-	-	105	-	-	105
Non-Agricultural Productive Activities	80	698	793	563	157	2291
Rural Industries/Productive Employment Fund	80	698	793	563	157	2291
Technical Assistance, Long-Term	-	-	70	70	-	140
Training, In-Country Courses @ P210	20	50	116	120	-	306
Headquarters Costs	(12)	(40)	(106)	(110)	-	(268)
Construction - RIO Stations	-	350	115	56	-	521
Bobonong	-	-	(65)	-	-	(65)
Francistown	-	-	(14)	-	-	(14)
Ghanzi	-	-	-	(35)	-	(35)
Gomare	-	(75)	-	-	-	(75)
Kanye	-	(22)	-	-	-	(22)
Mahalapye	-	(55)	-	-	-	(55)
Maun	-	(68)	-	-	-	(68)
Mochudi	-	(14)	-	-	-	(14)
Molepolole	-	(40)	-	-	-	(40)
Ramotswa	-	(14)	-	-	-	(14)
Serowe	-	-	(18)	-	-	(18)
Southern	-	(62)	-	-	-	(62)

	FY 83	FY 84	FY 85	FY 86	FY 87	TOTAL
Tsnabong	-	-	-	(21)	-	(21)
Tutume	-	-	(18)	-	-	(18)
Equipment	-	29	20	8	-	57
Large Office @ P3980	-	(12)	-	-	-	(12)
Small Office @ P2500	-	(10)	(13)	(5)	-	(28)
Camping Equipment @ P831	-	(6)	(5)	(2)	-	(13)
Generators @ P632	-	(1)	(2)	(1)	-	(4)
Vehicles	10	40	10	-	-	60
2 wheel drive @ P10,000	(10)	(10)	(10)	-	-	(30)
4 wheel drive @ P15,000	-	(30)	-	-	-	(30)
Productive Employment Development Fund	50	150	225	100	-	525
Training and General Support Fund	-	79	237	209	157	682
Strengthening District Institutions	<u>20</u>	<u>140</u>	<u>210</u>	<u>220</u>	<u>230</u>	<u>820</u>
Long-Term Training in U.S.	<u>20</u>	<u>140</u>	<u>210</u>	<u>220</u>	<u>230</u>	<u>820</u>
Curriculum Development Training @ \$20,000/ School Year	20	-	-	-	-	20
	-	140	210	220	230	800
Special Technical Assistance	<u>-</u>	<u>150</u>	<u>190</u>	<u>170</u>	<u>-</u>	<u>510</u>
Project Coordinator	<u>-</u>	<u>80</u>	<u>80</u>	<u>80</u>	<u>-</u>	<u>240</u>
Short-Term Technical Assistance	<u>-</u>	<u>40</u>	<u>80</u>	<u>60</u>	<u>-</u>	<u>180</u>
Evaluation	<u>-</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>-</u>	<u>90</u>
Total USAID Disbursements Before Provision for Contingencies and Inflation	<u>100</u>	<u>1205</u>	<u>1381</u>	<u>1014</u>	<u>420</u>	<u>4120</u>

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VII. MONITORING PLAN

The following Monitoring Plan has been established to accurately track the progress in the implementation of Phase II of the Rural Sector Grant. In recognition that monitoring requires the timely compilation of information on inputs and outputs that feed into the decision making process that is important to the success of the project, this Plan describes both the GOB and USAID/Botswana's monitoring systems. Both systems are interconnected and provide feedback to one another.

1. AID Management System

The initial act of monitoring involves the Conditions Precedent and covenants in the Project Grant Agreement. After signing the Grant Agreement, a Project Implementation Letter to address Conditions Precedent will be prepared by the USAID/Botswana and will be sent to the Ministry of Finance and Development Planning. When the Conditions Precedent to disbursement are satisfied, an appropriate notice cleared by the Regional Legal Advisor will be sent to the Ministry of Finance and Development Planning in the form of a Project Implementation Letter. This will constitute the approval for the disbursement of funds in support of the specific sub-project discussed in the Conditions Precedent. The USAID/Botswana Project Manager will oversee project implementation to track compliance with covenants.

In order to assure that procurement occurs in conformance with AID Regulations, the USAID/Botswana Project Manager will review a detailed procurement request presented by the GOB to determine that the items are eligible under the conditions laid forth in the Project Agreement. This will be done prior to the approval of procurement actions.

The availability of funding in a timely manner will be closely monitored by the USAID/Botswana Project Manager and Controller and the GOB Project Coordinator. Requests for reimbursement will be tracked so that the release of funds occurs in a fashion that facilitates project implementation. Local currency fluctuations will be monitored to help forecast cash flow requirements. Based on past experiences, the GOB has been able to finance project expenditures without any difficulties in cash availability. Nevertheless, joint financial monitoring will be continued in a similar fashion to that of Phase I of the Rural Sector Grant.

Regular site visits by the USAID/Botswana Project Manager, the Project Coordinator and other appropriate GOB and USAID/Botswana officials will provide an additional technique for monitoring implementation. Project activities will be assessed and problematic areas noted. These site visits will also provide monitoring information on the progress of the procurement. Overall adherence to the implementation schedule will also be assessed. At the completion of each site visit, a report will be prepared by USAID/Botswana Project Manager to document, in a general fashion, implementation progress and if appropriate, discuss relevant cost factors.

The USAID Botswana Engineer will review the architectural and engineering plans for all project construction. Regular site visits will facilitate the monitoring of the construction components. The nature and progress of the technical accomplishments to date will be assessed, and if delays have occurred or are anticipated, proposals will be made to offset the slippage or to reschedule activities.

Quarterly Project Implementation Status Reports will be prepared by the USAID/Botswana Project Manager for the Mission Director and for transmittal to AID/Washington. These reports follow the standard Africa Bureau format.

The USAID/Botswana Project Manager will suggest revision of the project document when appropriate, in order to ensure that recommendations of evaluations and audits of the Rural Sector Grant are fed back into the project management system. The Project Manager will then work with the Project Coordinator and other appropriate GOB officials to mobilize and manage the resources necessary to implement the recommendations.

A project filing and record keeping system was set up under Phase I of the Rural Sector Grant. A chronological record on the project will continue to be kept. This will facilitate monitoring on project implementation.

2. GOB Management System

A number of internal management techniques and reports were developed by the GOB for Phase I of the Project and will be used for project monitoring. During January, March, June and August of each year, an inter-ministerial reference group, composed of the Ministries of Finance and Development Planning, Agriculture, Commerce and Industry, Local Government and Lands, and USAID/Botswana will meet specifically to monitor the implementation progress of the Rural Sector Grant. (See Annex F 1.) An annual sub-project Implementation Plan will be prepared each March for the following GOB financial year. The Ministries of Finance and Development Planning, Agriculture, Commerce and Industry, and Local Government and Lands will participate in this process. In August of each year, the GOB will prepare an annual budget on projects' recurrent costs and manpower implications. Quarterly Progress Reports, occurring in March, June, September, and December will be prepared by the Ministry of Commerce and Industry on the Rural Industrial Officers' Training and General Support Fund. Similarly Quarterly Reports, which occur in January, April, July and October will be prepared on the Productive Employment Development Fund by the National Development Bank and the Rural Industrial Officers. Quarterly Progress Reports occur in March, June, September, and December, on the status of the Agricultural Small Project program. These will be prepared by the Ministry of Agriculture. Regular reports on the Horticultural Estates and District Institutional Development will be prepared by the Ministries of Agriculture and Local Government and Lands, respectively and submitted to the inter-ministerial reference group.

An appraisal of the Rural Sector Grant's performance, based on appropriate GOB progress reports and site visit findings compared against the Implementation Schedule, will provide a basis for isolating problem areas and identifying follow-up measures. It will also establish a correlation, or lack of correlation, between the disbursement of AID funds and the accomplishments of the

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various components of the project including technical assistance, construction, procurement and training activities.

IX.A. SUMMARY OF FINANCIAL ANALYSIS

The contribution to the Productive Employment Development Fund will be \$2,500,000 divided between a \$525,000 input from AID and a \$1,975,000 from the GOB. The investment in the Horticultural Estates will consist of \$222,000 capital cost from AID and the GOB will provide agricultural advisors. AID and the GOB investment in Agricultural Small Projects will be \$277,000 and \$203,000 respectively, totaling \$480,000.

This section will provide retrospective analyses based on the actual Phase I financial returns experienced from the one year results of the GOB's Productive Employment Development Fund for small-scale rural activities, the Horticultural Estates sub-projects and the Agricultural Small Projects.

1. Productive Employment Development Fund

The Productive Employment Development Fund is the funding mechanism used for the Financial Assistance Policy. Since May 1982 the GOB has approved 245 small-scale (under \$10,000) projects valued at \$900,000, creating 710 new jobs or 2.9 new jobs per project. The Productive Employment Development Fund provided \$530,000 (59%) of this amount and the balance of \$370,000 (41%) represented an equity contribution from the recipients of the Productive Employment Development Fund grants. The average Productive Employment Development Fund grant was \$2,163, and created 2.9 jobs. Financial cost to the GOB for each Productive Employment Development Fund small-scale job was estimated at \$1,296, consisting of \$746 in grant funds provided to rural entrepreneurs and approximately \$550 in administrative costs. Although the Productive Employment Development Fund has been in operation only one year, it has financed discernible productive activities that augment Gross Domestic Product (GDP) and generate rural employment. Annual financial returns to investments in small-scale rural projects (entrepreneur's equity plus GOB grant) have ranged from 7% for a poultry activity to 153% for a bakery project. See Table 4 in Annex E 3 for a representational sample of approved rural business activities, number of jobs created and financial returns on gross investment.

In addition to entrepreneur's return on investment, the GOB realizes an annual financial return of 17% from incremental tax receipts that are generated from an increase in consumption. Each new employee earns and spends domestically an average of \$500 annually. Since over 80% of Botswana's goods and services are imported from South Africa, it is estimated that at least 70% of an employees' salary will be expended for imported goods that are locally stocked. This equates to a multiplier factor of 2.33 of the \$500 salary, totaling \$1,165. This amount is derived from a continuing, although decreasing, secondary spending by individuals who receive proceeds from the original \$500 and

similarly engage in the same consumption pattern. The GOB as a member of the Southern Africa Customs Union, receives approximately 17% tax revenue on goods imported from the Republic of South Africa. Therefore, the amplified effect of the chain of consumers procuring \$1,165 of foreign goods generates \$198 in tax revenue plus an estimated \$25 of personal income taxes, totaling \$223 in revenue to the GOB. The financial rate of return on the \$1,296 investment to create one job is 17% and the pay back period for this investment is 5.8 years. The financial internal rate of return (IRR) is 16.2%.

Average cost of creating one new job will increase to \$1,451 in Phase II of the project because of: (1) administrative costs increasing to \$820 as a result of new training programs and expanding the RIO Cadre; and (2) an assumption that the average Productive Employment Development Fund grant will be \$1,578 (\$585 less than Phase I) and introducing a more conservative measure of 2.5 new jobs created per grant. Total cost per new job is estimated at \$1,451, consisting of \$820 in administrative costs and \$631 representing the average grant amount required to create one job. Since each new job will continue to pay an average wage of \$500 annually, tax revenue accruing to the GOB will remain at \$223. Realization of these assumptions will produce a lower, but acceptable, financial return of 15% and require a pay back period of 6.5 years. The financial internal rate of return is 14.1%.

2. Horticultural Estates

The domestic demand for horticulture is estimated at 14,000 metric tons (MT) of vegetables (See Table 1 Annex E 3) and 7,000 MT of fruit, of which only about 12% is locally produced. This demand however, is expected to grow to 28,000 MT of vegetables and 14,000 MT of fruit by 1990.

Phase I experiences with horticultural development are encouraging, despite initial start-up problems and project delays. In 1982, the second year of operations, the Mogobane Estate generated total gross sales of \$9,393, less operating charges of \$4,474 resulting in net income of \$4,919 or \$492 per member. This represents a 10% financial return on an investment of \$48,410 for two planted hectares of a ten hectare estate.

The proposed Phase II Estates of Ramanoka and Selebi Phikwe will be the same size, similar capital structures and each with ten members who will initially plant two hectares of a ten hectare Estate. Conservative crop yields are estimated to earn \$17,890 in gross sales, less \$12,939 in operating expenses, producing \$4,951 in net income and representing \$495 for each member. Tables 2 and 3 in Annex E 3 present an Indicative Crop List and Pro Forma Income Statement, respectively. Profit margins (net income divided by sales) are 28% and 26% for Ramanoka and Selebi Phikwe, respectively. Return on investment is 10% and 10 year pay back period for the Ramanoka Estate compared to a 7% return on investment and 14.3 year pay back period for the Selebi Phikwe Estate. The financial rate of return is lower, albeit acceptable, for this Estate, due to higher site development cost, thereby increasing the capital investment to \$66,385 compared to \$50,380 for Ramanoka. Similarly, Selebi Phikwe's depreciation charges are slightly higher than those for Ramanoka (\$3,139 vs \$2,819), thereby reducing net income by this difference, which decreases net annual income to \$4,631. Financial internal rate of return for Ramanoka and Selebi Phikwe are 7.2% and 3%, respectively. As these Estates are developed to their full capacity, capital costs will be charged against sales from the entire ten hectares, which will increase both the return on investment and the financial internal rate of return.

3. Agricultural Small Projects

During Phase I activity of the Agricultural Small Projects, drift fence construction accounted for 53 of the sub-projects implemented and 66 of the use of funds. (See Annex E 1c for a discussion of drift fences.) Primary indications suggest that this trend will continue. In a study conducted in four communities it was determined that the average output per family farm (average farm size is 3-5 hectares), without crop damage, was 679 kilograms compared to a yield of 357 kilograms when crop damage occurred. Damaged crops result in a loss of 322 kilograms of sorghum valued at \$115. This is based on the average farmgate price of \$25 for 70 kilograms of sorghum. The study indicated that about 25% of this crop damage was attributable to cattle and wild game. Therefore, the net value of crop loss chargeable to farms without drift fences was \$28.75. This loss is compared to an average cost of \$3,750 for a group drift fence involving 83 families, which represents \$45 per family. Thus, the "pay back period", or the number of years it takes to recover the original investment, of an average of \$45 investment per farm, coupled with farm labor contribution of about \$60 is recovered within 3.7 years. Fixed asset investments (drift fences) that offer a pay back within five years are considered excellent. This investment not only meets that criteria but also substantially increases the annual cash flow of small farmers. The annual financial return on the investment is 27%. The financial internal rate of return is 23.5%.

Table 5 in Annex E 3 presents the cash flows over 20 years for the Productive Employment Development Fund and the Horticultural Estates. The cash flow for drift fence activities (Agricultural Small Projects) are for ten years.

IX.B. SUMMARY OF ECONOMIC ANALYSES

Through the prudent management and implementation of Rural Sector Grant inputs, discernible economic and quantifiable benefits will accrue to Botswana and her rural population. In addition secondary benefits will be realized. Economic analyses are conducted on three sub-components of the project: Productive Employment Development Fund, Horticultural Estates and Agricultural Small Projects.

The Financial Analysis section of this paper presents retrospective and projected financial returns to the individual, and to the GOB for the Productive Employment Development Fund. This section presents the economic returns of the project to Botswana. Two different methodologies are employed: (1) economic internal rate of return (IRR) and, (2) net present value (NPV) calculations. Sensitivity analyses are used to demonstrate how the effects of unfavorable factors, such as an increase in cost or decrease in benefits, would impact on the viability of the project. The NPV is used in addition to the IRR method because it presents a more realistic indication of an appropriate and feasible rate of reinvestment of cash flows when the IRR exceeds the higher range of opportunity costs for capital in Botswana. The IRR method implies that funds are reinvested at the indicated IRR over the remaining life of the project, i.e., cash flows can

be reinvested at a rate equivalent to the rate of return produced in the IRR. Because of these differing assumptions, the two methods can, and do, give different rankings to investment projects.

The selected reinvestment rate (14% discount rate used for NPV calculations) represents a realistic average return on investment opportunities available to the GOB. Presently, commercial banks pay 12% for one year savings account deposits and commercial lending rates vary from 12% to 15%, depending on risk and the term of the loan. Thus, the estimated average opportunity cost of capital is 14%.

2. Productive Employment Development Fund

The Productive Employment Development Fund will provide the catalyst for incomes and employment to expand, thereby increasing Gross Domestic Product (GDP). This is demonstrated by an actual investment of \$1,451 which will create one job, and will employ a rural wage earner for \$500 annually. Rural income and consumption are virtually identical at this wage level. As a result, the entire income for an employee is passed onward for secondary and tertiary consumption. In the Financial Analysis section it was mentioned that 70% of a rural wage earners' consumption is used for locally stocked items that are imported from South Africa. The balance of this employee's annual wage (30%) is used for domestically produced goods. The corresponding multiplier factor is 1.43, generating an estimated \$715 annual growth in GDP for each job created by an investment of \$1,451. Economic returns to Botswana over a twenty year period are expressed in terms of an IRR of 49.3% and NPV of \$3,233. If the cost of creating a job increased by 20% the IRR and NPV are 41% and \$2,943, respectively. Conversely, if benefits decrease by 20%, the IRR is 39.4% and \$2,296 for the NPV discounted at 14%. An alternative and more conservative calculation of economic benefits for this activity is the deletion of the multiplier effect and just record the \$500 annual rural wage as incremental production and growth to GDP as the result of creating one new employment opportunity. This treatment of economic benefits produces an IRR of 34.3% and NPV of \$1,824. In all cases the IRR exceeds the average opportunity cost of capital in Botswana and the NPV is positive.

Secondary benefits accruing to the economy from increasing rural employment will be a reduction in GOB rural feeding programs for economically disadvantaged and vulnerable groups, i.e., children and pregnant women. Presently, the GOB is feeding approximately 435,000 people, representing 45% of the population. Annual cost of this effort is estimated at \$.50 per person per day or \$183 annually. As heads of households obtain gainful employment, dependency on these feeding programs should wane, resulting in a more economic and productive application of these scarce financial resources.

3. Horticultural Estates

Horticultural development for the Ramonaka and Selebi Phikwe Estates produces economic IRRs of 14.2% and 9.7% respectively. Net present values of annual cash flows discounted at 14% over twenty years are \$516 for Ramonaka and negative \$15,489 for Selebi Phikwe. Development costs of \$50,380 and \$66,385 are expended in 1984 for land preparation and construction of support facilities for these two ten hectare Estates. The first year of production will be from two hectares in 1985, with annual benefits amounting to \$7,770 for each Estate.

This figure represents the estimated annual net income (\$4,951) plus depreciation (\$2,319); see Table 3 Annex E 3. Depreciation is not deducted because it is already covered in the economic analysis by addressing the total capital cost of the project as a first year expenditure. Sensitivity measurements were introduced to test the adverse effects such as a 10% increase in construction cost and a 15% decrease in income as a result of either a decrease in farmgate prices or lower crop yields. An increase in construction cost by this amount produces an IRR of 12.5% for Ramonaka and 8.3% for Selebi Phikwe, whereas lower crop prices or yields that would decrease income by 15% indicates IRRs of 11.4% and 7.4% for Ramonaka and Selebi Phikwe, respectively. Both Estates are considered economically viable based on production from two hectares each in the initial years. However, higher economic rates of return are expected within two years when the entire ten hectares of each Estate are producing crops. At full production, annual net income is estimated at \$38,850 for each Estate, which would generate NPVs in twenty years of \$136,919 and \$152,924 for Selebi Phikwe and Ramonaka, respectively.

Secondary benefits accruing to horticultural development, although not quantified, are a reduction of dependency on South Africa for vegetables, foreign exchange savings and a supplementation to the farm family's daily diet with vegetables.

4. Agricultural Small Projects

Economic returns to Agricultural Small Projects are derived from increased production and more efficient operating procedures utilized on existing small family farms. These sub-project activities predominately involve the financing and construction of drift fences. The average financial investment per farm family is \$105, consisting of materials costing \$45 and \$60 representing paid labor for thirty days of work. Benefits are \$28.75 annually, which represent the farmgate value of crops saved from animal damage as a result of constructing drift fences. Although the market price of \$2 per day for agricultural labor was paid and used in the financial analysis, the rate of \$1 per day for farm labor is considered for computation of the economic analysis. Except for the several months required to prepare the land, and to plant and harvest crops, farm labor is usually underemployed or unemployed. Therefore, the shadow price of farm labor more closely approximates \$1 per day. For a project life of ten years, the economic IRR to the economy is 36.3% and the net present value discounted at 14% is \$68. Two sensitivity analyses were employed to test the IRR if benefits decreased by 20% and if costs increased by 10%. If the former occurred the respective economic IRRs and NPVs would be 27.1%, \$39 and 32.1%, \$60 if the latter event occurred.

Economic externalities impacting on this sub-project are farmers adopting improved farming techniques and planting larger areas of land as a result of protected fields.

In conclusion, the above economic analyses indicate that the Rural Sector Grant is economically viable, contains no unreasonable risks and has a high probability of meeting stated objectives and realizing favorable economic benefits in a timely manner.

Tables 1 and 2 in Annex E 2 presents the annual stream of costs and benefits for the Productive Employment Development Fund, Horticultural Estates and Agricultural Small Projects.

I.V.C. SUMMARY OF SOCIAL SOUNDNESS ANALYSIS¹

Employment opportunities for Botswana are structured within the macro-environment of the southern Africa economy and within the ecological and geographical parameters of a given region. There are three principal sources of income in Botswana: arable agriculture, livestock and wages. These three sources are variously combined depending upon a family's class position and their stages in the life cycle. Poor, rural individuals are more dependent than the wealthy on varied sets of economic activities. Specifically, the poor rely on subsistence crop farming, in-kind income from livestock, intermittent wage migration and self-employment in Botswana's informal sector. No one, or even two, income sources is sufficient at all times, in all years, to sustain existence.

Phase II of the Rural Sector Grant is designed to reflect these socio-economic characteristics of Botswana. The Project will build upon these strategies and strengthen a system that has provided the populace with a mode of living for most of this century. Horticultural Estates, Agricultural Small Projects and the Rural Industrial Officers/Productive Employment Development Fund will provide employment and cash income to participants. This is particularly important to rural Botswana because of the increasing restrictiveness of South African policies for immigrant mine workers.² The training offered under District Institutional Development will be structured to meet the specific needs of the participants and designed with an understanding of their cultural background.

The compatibility of this Phase of the Rural Sector Grant with the socio-cultural environment of Botswana is such that implementation of sub-project activities is not expected to encounter any social, political or religious obstacles.

Behavioral changes required for the success of Phase II of the Rural Sector Grant include the adoption of new technologies and the establishment of viable new forms of organized behavior for planning and managing common interests and resources. Examples of the former include technologies promoted through the Rural Industrial Officers' training courses, enterprises supported by the Productive Employment Development Fund and non-traditional activities funded by the Agricultural Small Projects program. New forms of organized behavior are particularly relevant for the development of the Agricultural Management Association under the Horticultural Estates sub-project, and for the establishment of cohesive groups necessary to receive Agricultural Small Projects' inputs.

¹A detailed social analysis is not included in the Project Amendment. Social conditions have not changed significantly since the social soundness analysis was written for the Project Paper in 1980. Interested readers are directed to the social analysis in the 1979 Rural Sector Study and the Rural Sector Grant Project Paper.

²Employment in South African mines is a traditional source of income for Botswana.

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Precedents for both kinds of changes have occurred in Phase I of the Rural Sector Grant. If the technology is appropriate to supplement economic conditions, if its adoption does not entail too much risk and if the transaction cost of obtaining it is not too high, it is evident that it will be adopted. Similarly, if group formation -- whether newly created or enlarged in scope and responsibility -- are user-managed with equitable distribution of tangible benefits, and are promoted through sensitive training, dialogue and supervision, their development is socially feasible. Under Phase II of the Rural Sector Grant, Group Development Officers will be available to support group efforts. This Cadre of individuals was established by the Ministry of Agriculture with assistance of the USAID/Botswana sponsored Range and Livestock Project. In addition, the Ministry of Agriculture's Rural Sociology Unit is also staffed with a professional who is able to provide the technical assistance needed to maintain group cohesiveness.

The Rural Sector Grant targets the majority of its inputs directly to disadvantaged groups. Beneficiaries under the Horticultural Estate sub-project are poor, unemployed and to a large extent female. In Phase I of the project, approximately 80% of the horticultural participants were female. Agricultural Small Projects addresses poor farmers in communal areas. This sub-project gives special attention to female headed households and non-cattle owners. Support of the Rural Industrial Officers' Cadre will directly benefit small entrepreneurs by the training and advice received through the Training and General Support Fund and through grants available under the Productive Employment Development Fund. During Phase I of the project, approximately 50% of the Training and General Support Fund was directed to women. It is expected that this level will remain constant. The criteria developed to determine the levels of assistance available under the Productive Employment Development Fund favor certain geographical areas of the country, owner operated activities and female producers. (See Annex E 1a.)

The strong project emphasis on increasing the level of local participation in planning and implementing many project components, the emphasis on the development and strengthening of district institutions, and the emphasis on decentralized financing, form the critical framework to ensure the spread effects of the project. Furthermore, the location of the project throughout rural Botswana provides the geographical dimensions to achieve diffusion.

Analysis thus indicates that the Rural Sector Grant is soundly designed in terms of social factors involved in order to accomplish its stated objectives and have a measurable impact on the quality of life for rural households. While the project is unlikely to significantly restructure present economic and social disparities found in rural Botswana, it will lessen some of these disparities and will accelerate the development process by productively incorporating the labor, skills and talents of rural dwellers, particularly disadvantaged groups, including women.

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IX.D. SUMMARY OF ADMINISTRATIVE FEASIBILITY

Phase II of the Rural Sector Grant will be implemented through the existing organizational and administrative structures of the GOB ministries that were utilized in Phase I of the Rural Sector Grant. The Ministry of Finance and Development Planning will be the lead Ministry for the Project, with coordination and monitoring responsibilities assumed by the Rural Development Unit. The line Ministries of Commerce and Industry, Agriculture and Local Government and Lands will execute sub-project activities. The Directorate of Personnel, the Chief Architect, the Ministry of Finance and Development Planning's Division of Economic Affairs and the Budget and Administration Unit will assist project activities in areas which require their input. Project activities will be guided through two coordinating structures: the Rural Sector Grant Reference Group at the national level and the District Development Committee at the district level. (See Annex E 4.)

X. CONDITIONS AND COVENANTS

I. Conditions

Prior to disbursement under the Grant, or to the issuance by AID of Documentation pursuant to which disbursement will be made for construction of the Chadibe Horticultural Estate, the Grantee will, except as AID may otherwise agree in writing, furnish to AID in form and substance acceptable to AID, evidence of economic viability and detailed plans and firm cost estimates for such construction.

II. Covenants

The Grantee shall further covenant:

- (1) to sub-warrant funds in support of Agricultural Small Projects Program activities in a timely manner; and
- (2) that with respect to training of personnel under the District Institutional Development sub-project, that the Directorate of Personnel shall ensure that there are no vacancies in District Commissioner, District Officer Development, and District Officer Lands positions while such personnel are on training.

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XI. EVALUATION ARRANGEMENTS

It is projected that a total of three evaluations will be held during Phase II of the Rural Sector Grant. The first two will occur in February 1985 and February 1986, during project implementation. Their purpose will be to secure the necessary information to complement the monitoring plan in support of project implementation. They will establish the quantitative and qualitative progress of the Rural Sector Grant in meeting its original objectives. They will evaluate the ramifications of exogenous and unplanned for events on project implementation. They will also determine the continued relevancy of the project, particularly in light of its responsiveness to the original development need, and will determine if any modifications in design are required. These two evaluations will assess the effect of the Rural Sector Grant on its specified target population.

A final project evaluation will be held in June of 1988. It is expected that major implementation actions will have occurred by this date. This final evaluation will complement the previous evaluation and provide an overall assessment of Phase I and Phase II of the Rural Sector Grant. By its very nature, this evaluation will be broader and more detailed. It will compare the actual results of the project with those that were anticipated eight years earlier. It is expected that the final evaluation will provide an objective and rational basis for future programmatic, project and policy decisions.

ANNEX A

Project Design Summary

Logical Framework

Project Title & Number: Botswana Rural Sector Development (633-0077)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>GOAL:</p> <p>To stimulate Rural development and a more equitable distribution of income in Botswana.</p>	<p>Measures of goal achievement.</p> <p>--number of jobs in rural sector increase by 50% in next five years.</p> <p>--GOB revenue from domestic mining industry are used to stimulate rural development.</p>	<p>GOB employment statistics;</p> <p>Examination of revenues allocated and expended by the Domestic Development Fund;</p> <p>GOB income surveys.</p>	<p>GOB's stated policy for equitable income distribution is translated into concrete programs.</p>
<p>PURPOSE:</p> <p>To provide the rural population with increased access to productive employment opportunities.</p>	<p>Conditions that will indicate that the purpose has been achieved are:</p> <p>--The capacity of Government to assist small non-farm enterprises will be increased through the expansion of the Rural Industrial Officers' Cadre.</p>	<p>Examination of district applications for Financial Assistance Policy and assistance provided under the Training and General Support Fund.</p>	<p>GOB continues to provide more personnel and financial resources for expanding employment opportunities.</p> <p>Rural people desire to undertake commercial activities and do not have sufficient financial resources.</p>

NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

MEANS OF VERIFICATION

IMPORTANT ASSUMPTIONS

--Greater numbers of small-scale entrepreneurs will have access to financial assistance to initiate new or expanded productive activities in the rural areas.

Reports from District Production Development Committees and quarterly reports of the National Development Bank.

The Financial Assistance Policy is continued.

--Baseline information will be obtained on the potential for new rural productive activities and the availability of markets.

MCI records at the national and district level.

There is the potential for new activities and that either internal or external markets exist.

--The Ministry of Agriculture will have developed a successful model for commercial horticultural production based upon organized groups of small farmers.

Quarterly reports of MOA.

That horticulture is commercially viable in Botswana, small farmers are interested in commercial production and MOA is capable and committed to assisting them.

That the Horticultural Advisors are recruited.

--The annual volume of small agricultural projects originating with farmers groups and, which either create additional employment and/or improve rural incomes, will increase by 50%.

MOA and district records.

Field staff assist farmers in preparing and implementing small projects.

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	--Capability of district level institutions to promote and support productive activities will be strengthened by upgrading the caliber of senior officers through training.	Examination of district plans, increase in licensed businesses in each district.	That the GOB will nominate graduates for long term training.

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OUTPUTS	OBJECTIVELY VERIFIABLE INDICATORS (MAGNITUDE OF OUTPUTS)	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
OUTPUTS:			
A. Rural Incomes and Employment Increased			
An expanded Rural Industrial Officers' Cadre will increase the GOB capacity to assist small-scale non-farm enterprises through the Productive Employment Development Fund, the Training and General Support Fund, and regular extension.	3,960 new jobs will be created over five years through the financial support of the Productive Employment Development Fund.	MFDP/MCI records and interviews.	Rural producers request assistance and GOB delivers.
	528 new jobs will be created over five years through the financial support and Training and General Support Fund.		
	Rural Industrial Officer extension services will be provided to over 11,000 existing or potential rural producers.	MCI records reports.	Rural producers want and need training.
Rural Industrial Officers' posts will be localized.	11 Batswana localize Rural Industrial Officers' posts presently held by expatriates.	MCI personnel records.	Graduates allocated to MCI.
Rural Industrial Officer/Business Extension staff will be trained (Short term).	45 Batswana receive 366 person months of short term training.	MCI records, interviews.	Training officer is in post.

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OUTPUTS	OBJECTIVELY VERIFIABLE INDICATORS (MAGNITUDE OF OUTPUTS)	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
The logistical support for the Rural Industrial Officers' Cadre will be improved including the establishment of five new field stations.	20 houses and 7 offices constructed for Rural Industrial Officers and their assistants. 4 vehicles and supplementary equipment for 15 offices will be purchased.	FAR plans and inspection by USAID engineer. GOB's CTO records.	GOB is committed to improving the support to RIO.
Baseline data available for new productive activities.	10 feasibility studies/surveys undertaken to investigate new productive activities.	MCI records.	New activities are identified.
More Agricultural Small Projects will be generated and implemented by groups of small farmers.	275 projects will be generated over the life of the project which will directly assist 5,500 farmers and create employment for 70 persons.		
Horticultural Estates are established and commercially viable.	3 Horticultural Estates are established which offer employment to 40 persons.	USAID inspection.	GOB considers horticulture a high priority.
B. District Institutions			
District Administration Staff Trained (Long Term)	37 Batswana receive 40 person years of long term training.	Contractor's records and report from academic institutions.	GOB provides graduates for training.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
1. USAID INPUTS	U.S. Dollars		
A. Technical Assistance	140,000	24 person months of long term technical assistance to the Ministry of Commerce and Industry.	GOB Directorate of Personnel and Contractor's records.
	180,000	18 person months of short term technical assistance.	USAID/B and/or GOB Ministry of Finance and Development Planning records.
B. Training	820,000	40 person years of long term graduate degree training in the U.S.	Contractors and academic institution's records and GOB Directorate of Personnel.
	306,000	366 person months of short term training for Rural Industrial Officers' Business Extension Personnel in Botswana.	GOB's MCI records.
C. Equipment and Commodities	57,000	Office and camping equipment for the Rural Industrial Officers.	MFDP records and stores registers for executive ministries.
	26,500	Equipment for the Horticultural Estates.	
D. Vehicles	60,000	Vehicles for the new rural industries field stations.	GOB's MFDP and Central Transport Organization records.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
	U.S. Dollars		
	31,500	Vehicles for the Horticultural Estates	
E. Construction	521,000	Houses and offices for the Rural industrial Cadre	GOB's MFDP and Chief Architect's records.
	164,000	Site development and construction at the Horticultural Estates.	USAID Project Status Reports Contractors reports on training and technical assistance.
F. Local Costs	525,000	Financing the Productive Employment Development Fund.	GOB's MFDP records.
	682,000	Financing the Training and General Support Fund.	
	277,000	Financing the Agricultural Small Projects.	
G. Administration	240,000	36 person months of long term technical assistance for the Project Coordinator in the Ministry of Finance and Development Planning.	
	90,000	9 person months of short term technical assistance for project evaluations.	
TOTAL USAID INPUTS	4,120,000		

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
2. GOB INPUTS	U.S. Dollars		
A. Technical Assistance	24,000	Local base salaries of the OPEX technicians.	GOB Directorate of Personnel and Contractor's records. GOB financial position remains the same or improves.
B. Training	621,000	Overseas airfare and local salaries of the 37 people receiving graduate training in the U.S.	Contractors and academic institution's records and GOB Directorate of Personnel.
C. Contribution to sub-projects involving grants	1,975,000	GOB funds provided for small-scale financial assistance to rural entrepreneurs.	GOB's MFDP records.
	130,000	GOB funds provided for RIO training and General Support Fund.	
	203,000	GOB funds provided for Agricultural Small Projects.	
D. Local Salaries	850,000	Salaries of GOB officers involved in the implementation of the project.	GOB's MFDP records.
E. Vehicle Purchase	200,000	Replacement of existing Rural Industrial Officers' vehicles.	GOB's MFDP and Central Transport Organization records.
F. Vehicle Maintenance and Petrol	319,000	Running costs for the Rural Industrial Officers' vehicle fleet.	GOB's MFDP and Central Transport Organization records.

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
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U.S. Dollars

G. Commodities and Equipment	102,000	Office equipment and supplies for staff involved in project implementation.	MFDP records and stores registers for executive ministries.
GOB TOTAL INPUTS	4,424,000		

ANNEX B

Statutory Checklist

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481. Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?
No such determination has been made.
2. FAA Sec. 620 (c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?
No.
3. FAA Sec. 620(e) (1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?
No.

4. FAA Sec. 532(c), 620(a), 620 (f), 620D; FY 1982 Appropriation Acts Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver?
- No.
- No.
- No.
5. ISDCA of 1981 Secs. 724, 727 and 730. For specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727 and 730 of the ISDCA of 1981.
- Not Applicable.
- Not Applicable.
6. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property.
- No.
7. FAA Sec. 620(l). Has the country failed to enter into an agreement with OPIC?
- Yes, but AID has not considered denying assistance to Botswana for this reason.
8. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters?
- No.
- (b) If so, has any deduction required by the Fishermen's Protective Act been made?
- Not Applicable.
9. FAA Sec. 620(q); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan
- (a) No.

under a program for which the appropriation bill appropriates funds?

(b) No.

10. FAA Sec. 620 (s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? (Reference may be made to the annual "Talking into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)
- Yes. Taken into consideration at the time of OYB approval.
11. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?
- No.
- Not applicable.
12. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? (Reference may be made to the Taking into Consideration memo.)
- Botswana is slightly in arrears of its UN contribution obligation as of 30 September 1982, but is not delinquent for purposes of the first sentence of Article 19 of the UN Charter. This factor was taken into consideration by the AID Administrator at the time of OYB Approval (31 January 1983).
13. FAA Sec. 620A; FY 1982 Appropriation Act Sec. 520. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime?
- AID has no knowledge of any such action.
- No.

14. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

No.

15. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

AID has no knowledge of any such delivery or receipt.

AID has no knowledge or any such action.

16. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

Yes. Botswana was present at such meeting and did not subsequently take steps to disassociate itself from the communique. This factor taken into account by the Administrator in approving the OYB.

17. ISDCA of 1981 Sec. 721. See special requirements for assistance to Haiti.

Not applicable.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria.

Not DA Country

a. FAA Sec. 116. Has the Department State determined that this government has engaged in a consistent pattern

of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

Not Applicable

2. Economic Support Fund Country Criteria

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

No.

Not Applicable.

b. ISDCA of 1981, Sec. 725(b). If ESF is to be furnished to Argentina, has the President certified that (1) the Govt. of Argentina has made significant progress in human rights; and (2) that the provision of such assistance is in the national interests of the U.S.?

Not Applicable.

c. ISDCA of 1981, Sec. 726(b). If ESF assistance is to be furnished to Chile, has the President certified that (1) the Govt. of Chile has made significant progress in human rights; (2) it is in the national interest of the U.S.; and (3) the Govt. of Chile is not aiding international terrorism and has taken steps to bring to justice those indicted in connection with the murder of Orlando Letelier?

Not Applicable.

5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only:
 B.1. applies to all projects funded with Development Assistance Funds;
 B.2. applies to projects funded with Development Assistance loans, and B.3. applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

<p>(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;</p> <p>(b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?</p>	<p>(a) Congress will be notified as required by Section 523 of the FY 82 Appropriation Act and the FY 83 CR.</p> <p>(b) Yes.</p>
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2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be

<p>(a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?</p>	<p>(a) Yes.</p> <p>(b) Yes.</p>
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3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment

- of purpose of the assistance? No further legislative action is required.
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) Not applicable.
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? Yes
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. No
Not applicable.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agricultural and commerce, and (f) strengthen free labor unions. (a) Project will encourage international trade over well-maintained roads linking Botswana to its borders; (b) Through the Rural Industrial Officers' Cadre it will assist small rural private enterprises; (c) Through Horticultural Estates it will increase the income of small individual agriculture producers organized into Agricultural Management Associations. Through its sub-projects, and its technical assistance component it will seek to discourage monopolistic practices and improve technical efficiency of rural private enterprise and agriculture.

8. FAA Sec. 601 (b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
9. FAA Sec. 612(b), 636(h); FY 1982 Appropriation Act Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?
12. FY 1982 Appropriation Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?
13. FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16? Does the project or program take into consideration the problem of

The project will fund U. S. source technical assistance and equipment.

The GOB will contribute approximately 46% of the project costs in Pula or "in-kind" contributions.

Botswana is not an excess foreign currency country.

Yes.

Not applicable.

Yes.

- destruction of tropical forests? Not applicablè to Botswana.
- 14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? Not applicable.

B. FUNDING CRITERIA FOR PROJECT

- 1. Development Assistance Project Criteria Not a DA Project.

a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries? Not applicable.

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used? Not applicable.

- c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? Not applicable.
- d. FAA Sec. 110 (a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? Not applicable.
- e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction", expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character. Not applicable.
- f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth? Not applicable.
- g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for

- effective participation in governmental processes essential to self-government. Not applicable.
2. Development Assistance Project Criteria (Loans Only) Not a DA Loan.
- a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan, at a reasonable rate of interest. Not applicable.
- b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan? Not applicable.
- c. ISDCA of 1981, Sec. 724 (c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec 624(g)? Not applicable.
3. Economic Support Fund Project Criteria
- a. FAA Sec. 531(a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of FAA Section 102? Through a series of sub-projects reflecting the policy directions of FAA Section 102 and designed to reduce rural under and unemployment and to increase rural incomes the project seeks to promote economic and political stability in Botswana.
- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? No.
- c. FAA Sec. 534. Will ESP funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for a nuclear facility? If so, has the No.

President certified that such use of funds is indispensable to nonproliferation objectives?

Not applicable.

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

No Grant commodities will be sold and thus no sale proceeds will be generated.

5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him?
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception

Yes.

Yes.

Not applicable to Botswana.

- where commodity financed could not reasonably be procured in U.S.) Not applicable.
5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? No.
 6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates? Shipping will comply with said requirement.
 7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes.
 8. International Air Transport. Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Not applicable.
 9. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? All direct AID contracts will so provide.

B. Construction

1. FAA Sec. 601(d). If capital (e.g. construction) project, will U.S. engineering and professional services to be used? Local construction under the Project is not of such magnitude to warrant use of U.S. engineering or professional services.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? Yes.
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)? Not applicable.

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? Not applicable.
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? Not applicable.
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries. Yes. A Grant Agreement Provision will so insure.
4. Will arrangements preclude use of financing:
 - a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525:
(1) To pay for performance of abortions as a method of family

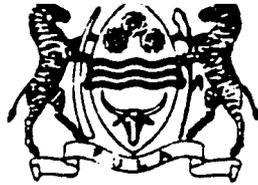
- planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion? (1) Yes.
(2) Yes.
(3) Yes.
(4) Yes.
- b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes.
- c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes.
- d. FAA Sec. 662. For CIA activities? Yes.
- e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes. A Blanket Light Weight Vehicle Waiver for Southern Africa is in effect.
- f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? Yes.
- g. FY 1982 Appropriation Act, Sec. 505. To pay U.N. assessments, arrearages of dues? Yes.
- h. FY 1982 Appropriation Act, Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending? Yes.

i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes.

j. FY 1982 Appropriation Act, Sec. 511. Will assistance be provided for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? No.

k. FY 1982 Appropriation Act, Sec. 515. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? Yes.

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REPUBLIC OF BOTSWANA

30th June, 1983.

Mr. J. Paul Guedet,
 Director,
 USAID/Botswana,
 P. O. Box 90,
Gaborone.

RE: RURAL SECTOR GRANT PROJECT
633-0077: PHASE II

Dear Mr. Guedet,

I refer to recent discussions between representatives of the Government of Botswana and the US AID staff regarding Phase II of subject Project. The Government of Botswana requests the assistance of the United States Government to fund Phase II of this Project. The Project will continue to stimulate rural development and a more equitable distribution of income in Botswana and seeks to provide the rural population with increased access to productive employment opportunities. It will continue to fund the following sub-projects seeking to stimulate rural employment and income: the Rural Industrial Officers Cadre/Productive Employment Fund; Horticultural Estates; and the Agricultural Small Projects Program. It will also initiate the District Institutional Development Sub-project, and will provide for Long and Short-term Technical Assistance Fund which will be available to assist all sub-projects as well as short and long term training for Botswana.

The requested AID contribution for Phase II of the Project is five million five hundred sixty nine thousand United States Dollars. The contribution of the Government of Botswana would be not less than the Pula equivalent of six million one hundred five thousand United States Dollars.

We trust that this request will meet with U.S. AID's approval.

Sincerely,


 B. Gaolathe,

ANNEX D

Overview of Rural Sector Grant Performance Phase I

The goal of Phase I of the Rural Sector Grant was to "stimulate rural development and a more equitable distribution of income in Botswana". Recognizing that the GOB was still in the process of defining its policies and programs, the Rural Sector Grant was specifically designed to address a wide array of constraints which were thought to limit the potential for increased employment in rural areas. A variety of sub-projects were piloted. A common characteristic to all of them was that they either had a direct impact on production and incomes at the district/village level or addressed broader constraints that needed to be overcome before production-increasing interventions could be undertaken. Based on this perspective, the Rural Sector Grant established as its focus: (1) land use planning and management; (2) increasing arable agriculture production; and (3) increasing non-farm employment opportunities.

Land Use Planning and Management

Land is one of several major resources essential to support rural production. All of the principal economic activities of rural households, the grazing of livestock, planting and harvesting agricultural produce, and the gathering of firewood and wild food products, are limited by indigenous land use practices. Improved management of land resources is basic to increase, and in many cases, to maintain the productivity of these activities, this is especially true in the communal areas of Botswana. Three sub-projects funded under the Rural Sector Grant related to land use planning were: 1) the Water Points Survey, 2) the Development of Land Institutions, and 3) the Implementation of Integrated Land Use Plans.

Intended Results

It was intended that at the end of three years of activity these sub-projects would achieve the following results:

- a) Future water development of the arable communal areas would be systematically planned on the basis of data and findings generated by the Water Points Survey.
- b) Local land institutions would have an improved capacity to resolve basic technical issues affecting land allocation and would introduce and develop a system of land registration.
- c) A series of communal area land use plans would be developed and approved at the local level and would be under implementation in key areas of the country.

Achievements and Shortfalls

The Water Points Survey was undertaken in eastern communal areas of Botswana. It identified water point construction and management practices, analyzed livestock and range resources, and determined the cost effectiveness of different types of water facilities. As a result of this survey, useful policy guidelines for water development in the eastern communal areas were published. Specifically, these guidelines addressed: 1) planning projects which affect livestock and domestic water usage; 2) choosing water point types and sites for development; 3) allocation of water points in arable areas; and 4) group management of dams. By all accounts the Water Points Survey was successful. Results of this research have been distributed to Land Boards, however, these recommendations have proven difficult to implement. Water development of arable communal areas in Botswana has yet to be systematically planned.

The Development of Lands Institutions was the most important land related project supported by the Rural Sector Grant. This sub-project was designed to improve the implementation capacity of the Tribal Land Boards. Land Boards are relatively new to Botswana, having been established in 1970 to improve land utilization practices. The function of the Land Board is to allocate land, traditionally the responsibility of Tribal Chiefs. To be effective, Land Boards require administrative and technical skills to ensure that land allocations are made effectively, promptly and for the right purpose. There is little doubt that the Rural Sector Grant support increased the capacity of Botswana's land institutions. Services to Land Boards were expanded through infrastructure support, through curriculum and materials development for in-service training and through funds in support of training courses. Although there were no serious setbacks in this sub-project, there were areas where much more could have been accomplished, this is especially true of the training component. A number of efforts aimed at training became truncated during implementation. Preliminary concerns discussed in the 1981 Project Evaluation Summary, with regard to this aspect of the project, materialized. As a consequence the End of Project Status for this sub-component has been only partially fulfilled.

The Integrated Land Use Plans was a funding umbrella designed to be responsive to district level initiatives related to land use planning. In Botswana land use plans exist that zone districts into broad categories. Nevertheless, large information gaps remain as to resources and potentials. The Integrated Land Use Plans were used to support eighteen different activities which were intended to improve natural resource management and result in a series of communal land use plans. Among the activities undertaken were: (1) efforts which supported district initiated land use planning (these included seven lands inventories, four water point surveys and one pilot program to support Subordinate Land Board staff;); (2) activities undertaken to develop land related research and evaluation capacity in the Ministry of Local Government and Lands (these include access to land research, institution's research, and an evaluation of the land inventories); and (3) activities which have been used to support Communal First Development Areas (these included seven district surveys and training programs for local institutions, aerial photography and logistic support).

The Communal First Development Area concept was developed by the GOB in recognition of the limited resources available for promoting productive activities and the need to pilot activities before establishing national programs. The Communal First Development Area land use planning effort was directed to provide land use plans in order to improve agriculture in areas of the country which have potential for increased crop production, e.g.; western Ngamiland. March 1982 evaluation noted that Communal First Development Area planning funds, during year two of the project, were hardly touched. This was because districts were slow to designate Communal First Development Areas and to draw up plans that might call for these funds. To date seven out of ten districts have established Communal First Development Areas.

The research and evaluation capacity in the Ministry of Local Government and Lands was successfully established and the position of Head of the Applied Research Unit was localized. In general, activities undertaken by this Unit proved beneficial for planning and policy matters. The institutions' research provided valuable information on village institutional structures. Recommendations were provided to the GOB for supporting certain institutions which are more appropriate than others for use in development activities. Furthermore, the institutions' research developed and tested training material for extension workers and contributed to the national efforts to upgrade the training and logistic support provided for these individuals. To date, large amounts of data have been generated, much of which has potential use value. The Project Evaluation Summary questioned how to operationalize this data. Future evaluation efforts will determine if the research has, in fact, been operationalized.

The development of the research capacity of the Ministry of Local Government and Lands and support to Communal First Development Areas were but two sub-activities directed towards the more important goal of the development of land use plans. Contrary to the expectations of the Project Evaluation Summary, the overall support to the district initiated land use planning activities resulted in land use plans for only two districts out of a possible ten. It is apparent that less was achieved under this component of the Rural Sector Grant than was anticipated. Given this result, and the limited capacity of the land planning sector, it was decided that future inputs for land use planning should not be considered under Phase II of the project.

Arable Agriculture

Although arable agriculture is one of Botswana's major rural economic activities, it is insufficiently productive and secure to fully sustain the rural populace. It was not expected that the small levels of funding provided by the Rural Sector Grant would have a major impact on Botswana's arable agricultural sector in the short-term. This was first noted in the Rural Sector Grant Study. The Project Paper also stated that the "net gains in total arable production or household incomes will be small". The intent of these sub-projects, was to assist the Government of Botswana in designing arable agricultural programs for the 1980's by providing seed money to pilot new projects. The agricultural activities sponsored under the Rural Sector Grant included: 1) Horticultural Estates, 2) Rural Afforestation, 3) Agricultural Small Projects, and 4) Arable Lands Development Pilot Projects.

Intended Results

It was expected that these projects would have the following results at the end of three years assistance:

- a) The results from pilot and quasi-experimental projects would demonstrate the technical and economic viability of various options for diversifying agricultural production,
- b) During each year of the Rural Sector Grant, an increased volume of small projects originating with farmer groups would be approved and implemented with the Ministry of Agriculture's support.
- c) Ministry of Agriculture field staff would be strengthened so as to formulate, design, and implement production oriented projects.

Horticulture

The Phase I of the Rural Sector Grant provided funding for the construction of two new Horticultural Estates at Mogobane and Mathubudukwane, and for upgrading two pre-existing Estates at Mangodi and Manyana. The project supported these Horticultural Estates in order to test the concept, accumulate practical experience, and if the concept proved workable, replicate them in other suitable areas of the country.

Despite a slow start and adverse drought conditions the initial results of the Estates were encouraging. While the 1982 agricultural production in Botswana was less than one-third of a normal year, production on the Horticultural Estates was 57% of targeted amounts. While the drought prevented any significant increases in yields, the new Estates were able to reach comparable yields to the older Estates much quicker than expected. In Manyana sales were projected to be P20,000 for each year, but in 1981 they were only P14,186 and in 1982 they were P11,393. Rather than the P1,205 that was anticipated in net profits per member, net profits were P720 and P409 respectively. If the wage employment which accrued to members of the Estates for their services was included, gross benefits to members were P866 and P544 respectively. However, on the net profits alone, the returns to individual farmers were greater than the income that could have been derived from off farm employment at the legal minimum wage.¹

The Mogobane scheme began in 1981 and was able to produce only P1,721 worth of output as opposed to a projected P5,400. In 1982, output was P9,393 or nearly P400 above the target. Since costs were considerably below the

¹The non-agricultural minimum wage is P648 for guards and P876 for retail workers. Estate members have also benefited from the value of home consumed produce (which has not been included in the profits); plus members incur less overall expenses from living in rural areas than if they lived in urban centers. Widespread unemployment in the country reduces the likelihood that the uneducated people working in the Estates would be able to secure even a minimum wage job.

forecasts, the net profits (before depreciation charges) per farmer P795 in 1982, were above the target figure of P140 in year two, exceeding the end of project target of P470. The profits reported for 1982 were remarkable considering the drought.

The third scheme, Mangodi, had a total value of sales of P5,939 in 1982 as against a forecasted P9,000. The costs were P2,048 as against a P8,118. Thus the net return to the farmer was higher than expected, P432 (the forecast was P98 in the second year, rising to P698 in Year 6). Again, even with drought conditions the scheme performed better than anticipated, and the farmers' incomes, including home consumption, were higher than earnings they would have received had they worked in the cities.

So far the Estates have managed to provide employment opportunities for fifty people. It is anticipated that as the Mogobane and Mathubudukwane Estates become more established this figure may rise to sixty people.

The beneficiaries were primarily from disadvantaged groups. Women represented almost 80% of the membership of the Estates. Likewise members averaged forty-one years of age and most lacked formal education. While these characteristics contributed to the development of the Estates, extra attention needed to be focused on literacy and numeracy skills in addition to the usual technical education. While some preliminary efforts towards business extension (i.e. bookkeeping, pricing and marketing) began during Phase I of the project, additional emphasis was required.

The structure of the Agriculture Management Association appeared to be appropriate for the management of the Estates. It placed the responsibility for production on the members and reinforced their role as entrepreneurs, not as employees. Likewise, the Agriculture Management Association structure was backstopped by technical and extension personnel in the form of the Commissioner of the Agriculture Management Association in the Ministry of Agriculture and the Small Enterprise Development Unit of the Botswana Development Corporation. The legal structure of the Agriculture Management Association also facilitated the disbursement and accountability of funds from the GOB, which would have been more difficult with a less structured group. There is still a great deal of work remaining before members fully utilize the capacities of the Agriculture Management Association structure and are able to stand on their own as commercial enterprises.

The Agricultural Small Projects

The Agricultural Small Project Program was intended to overcome the constraints to increase agricultural production at the village level. This activity provided grants up to P7,000 for groups of farmers to "either establish agricultural infrastructure or to directly increase agricultural production". This sub-project remains an important part of the GOB's rural development program. It directly addressed the problems of rural employment and income generation; it was designed to support decentralized planning and implementation by supporting village initiated projects; it provided incentives for small farmers to join together and mobilize their own resources for development; and it encouraged the Ministry of Agriculture field staff to work with the farmers in assessing opportunities for small projects. Of

primary importance, this sub-project has allowed the GOB to assist large numbers of rural dwellers with a relatively small amount of money.

In FY 1981 USAID/Botswana's obligations for this program were P50,000; in FY 1982 P75,000 was obligated.

AGRICULTURAL SMALL PROJECTS SPENDING BY YEAR

Year	Total Obligations	Number of Projects	Average Size of Project	Beneficiaries per Project*
1978	P 11,752	16	734	50
1979	33,833	23	1,471	89
1980	49,717	30	1,657	140
1981	63,972	39	1,640	182
1982	120,071	42	2,859	55
Total	P279,345	150	1,862	110

(*This only includes data for those projects which gave information about beneficiaries.)

Since the inception of this sub-project there has been a steady expansion in the number of projects approved each year. The large number of beneficiaries per year is one of the things which differentiates Agricultural Small Projects from the Financial Assistance Policy projects.

The participants in the Agricultural Small Projects program make a contribution to the project which can be in the form of materials, labor or money. However, sometimes contributions are not always clearly reported. For the majority of those activities where spending was reported, and for all years except 1979, the local contribution has consistently hovered between 55% and 64% of the amount spent by the Agriculture Small Project program fund each year.

Regional distribution of project activities illustrates:

AGRICULTURAL SMALL PROJECT SPENDING BY REGION

Region	Total Obligations	Number of Projects	Average Size of Project	Beneficiaries Per Project
Central	P 62,841	30	2,095	231
Francistown	13,815	7	1,974	350
Gaborone	105,923	37	2,863	68
Maun	51,097	28	1,825	48
Southern	40,107	44	912	48
Western	5,562	4	1,391	1,435*

*Beneficiaries include the whole village.

While Central Region is one of the largest populated districts; it only received less than one quarter of the spending. Gaborone Region received a disproportionate share of the spending reflecting its closeness to the

capital.

The following table provides an analysis by type of project.

AGRICULTURAL SMALL PROJECT SPENDING BY TYPE OF PROJECT

Type of Project	Total Obligations	Number of Projects	Average Size of Project	Beneficiaries Per Project
Fencing	P 188,502	79	2,386	99
Gardens and Horticulture	42,223	40	1,056	18
Poultry	16,312	9	1,812	14
Woodlots	8,652	4	2,163	631*
Fishing	8,076	3	2,692	14
Dosing Group	4,016	8	502	25
Other	11,564	7	1,652	47

*Beneficiaries include the whole village.

Fencing accounted for two-thirds of all spending and 53% of the number of projects. Fishing tended to be the most expensive type of project.

From the standpoint of the size of the individual project the results are:

AGRICULTURAL SMALL PROJECTS SPENDING BY SIZE OF PROJECT

Size of Project	Total Obligations	Number of Projects	Average Size Of Project	Beneficiaries Per Project
P500 or less	P11,727	37	317	27
Over P 500 to P1000	17,864	24	744	54
Over P1000 to P2000	50,335	32	1,573	200
Over P2000 to P3000	70,610	29	2,435	112
Over P3000 to P4000	22,624	7	3,232	56
Over P4000 to P5000	49,902	11	4,536	206
Over P5000	56,283	10	5,628	56

The largest project funded was an 18.5 kilometer drift fence in Gamokaa (Gaborone Region), requiring P6,849. Only ten projects were over P5000 and six were for fencing projects, two for cattle grids and two for poultry projects. All but one of these projects was in Gaborone Region. The median size of grant made with Agriculture Small Projects Program funds was P1400.

Agricultural Small Projects delivered the results which were expected at the beginning of the Rural Sector Grant. It generated an increased volume of small projects which are presently being implemented by farmers. It assisted district level field staff to increase their capacity to formulate and implement production oriented projects in the non-livestock agricultural sector. The Rural Sector Grant also strengthened the administrative structure of the GOB by its requirement for quarterly reporting. Another significant achievement developed during the last two years was the decentralization of authority to the Regional Agricultural Officer for approving sub-project activities which were less than P3,000. At present the

only administrative bottle-neck in support of the Rural Sector Grant is that sufficient funds need to be sub-warranted to these individuals to ensure that they have the resources to carry out this new responsibility.

Arable Lands Development Program

The Arable Lands Development Program pilot activities were undertaken as a predecessor to the national arable agricultural project of the same name, designed to help farmers, most of whom plow less than ten hectares. The objectives of the pilot were to test ideas which might be included in the main Arable Lands Development Program; to develop implementation capacity; and, to provide a transition to the full Arable Lands Development Program by maintaining the momentum generated during the initial consultation phase in the districts. Specific activities financed by the Rural Sector Grant were: (1) improved technical crop production packages, which included machinery; (2) construction of water catchment tanks; (3) purchasing donkeys and harnesses for use as animal draft power; and (4) erection of fences to protect cultivated fields.

The Arable Lands Development Program Pilot Activities provided the anticipated input into the fully elaborated national Arable Lands Development Program presently underway. The Pilots only failed to meet the anticipated results in so far as no special "packages" were designed for female headed households. While early evaluations of the Rural Sector Grant were critical about the lack of information available on the pilot activities and the lack of monitoring by the Ministry of Agriculture required to feed into the main project, this situation has largely been rectified.

Rural Afforestation

Wood is used by Batswana for over one-half of their energy consumption, for the construction of traditional houses, kraals, fences and for the manufacturing of household and other utensils. Large areas of the country particularly around towns and villages have been stripped of tree cover. The same areas are frequently subject to severe over-grazing. These factors were viewed as a constraint that needed to be overcome before production interventions could be undertaken. The Rural Sector Grant therefore, funded a Rural Afforestation sub-project which had three components: 1) the establishment of three government nurseries at Ramatlabama, Kang, and Kasane; 2) sandveld plantation trials; and, 3) the establishment of village woodlots.

The sub-project encountered a number of difficulties. The government nursery activities lagged up to two years behind the implementation schedule established at the beginning of the Rural Sector Grant. Similarly site selections were not always appropriate and there appeared to have been little correlation to the likely demand for seedlings. The Second Annual Review of the Rural Sector Grant stated:

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production in the Ramatlabama nursery far exceeds demands in the surrounding area... At the end of the planting season, about half of the nursery's yearly production was left and was either going to be sold to the surrounding villages for planting---with obviously meager chances for survival---or destroyed.

The design of all three nurseries proved to be excessively expensive relative to probable demand. Without adding overheads and operational costs, this sub-project resulted in one of the highest subsidized costs per tree in Africa.

The Second Annual Review of the Rural Sector Grant concluded:

The objective of decentralized nurseries is to provide seedlings of people's choice to those desiring them, at the closest possible distance to the planting site and at the lowest possible costs --- subsidized if necessary. As the AE 15-(1) Project now stands, it does little more than channel commodities to the Forestry Section, building its infrastructure but not its ability to provide appropriate seedlings at a reasonable cost.

The objectives of the Sandveld Trials were to ascertain the most suitable tree species for use as firewood and timber for local consumption and the practicality of growing shrubs for the production of fodder. These Trials were Botswana's first research attempts to determine appropriate species which have the capability of adapting to the Kalahari. At the conclusions of these trials, it was apparent that the methods used were not necessarily the best nor the cheapest, i.e.; the mechanical site preparation which required a large financial investment and exposed the scarce top soil to the effects of wind and water erosion. It was seriously questioned whether the capital inputs and recurrent cost were worth the return in poles, firewood and fence posts and whether villages would be willing to invest scarce resources in such a technical package.

The village woodlots proved to be somewhat more impressive. The objectives of these activities included the management of degraded savannah woodland, a study of the suitability of various trees in different environments, provision of wood for domestic use and energy purposes, and promotion of resource conservation. Non-governmental organizations were able to establish woodlots in a short amount of time and in what appears to be an appropriate manner. The GOB estimates that after the initial planting, the woodlots will have to be maintained at a cost of P100 per hectare in both years two and eight. The eucalyptus trees can be harvested in years seven, fourteen and twenty-one at which time the entire woodlot will need to be replanted. From each harvesting an estimated P727 revenue can be obtained.

From an analysis of existing schemes the following Internal Rates of Return were derived:

INTERNAL RATES OF RETURN FOR VILLAGE WOODLOT
SCHEMES AND SENSITIVITY ANALYSIS

	Basic Results	If Benefits Increase 10%	If Benefits Decrease 10%	If Costs Increase 10%	If Costs Decrease 10%	Best Case	Worst Case
Kang	-0.8%	0.0%	-1.7%	-0.8%	-0.7%	0.1	-1.8%
Mahalapye	9.6	10.7	8.4	9.4	9.8	10.9	8.2
Mochudi	6.3	7.3	5.2	6.1	6.4	7.4	5.1
Palapye ¹	-24.5	-13.1	-47.4	-25.6	-23.5	-12.5	-49.3
Palapye ²	3.8	4.7	2.9	3.7	4.0	4.8	2.7
Shoshong	3.5	4.4	2.6	3.4	3.6	4.5	2.5
Takatokwane	-3.0	-1.8	-5.4	-5.1	-1.7	-0.8	-9.6

¹ Assuming only 1.5 hectares planted

² Assuming full five hectares planted

The Kang, Mahalapye, Mochudi and Shoshong woodlot schemes were designed strictly to provide wood while the Palapye scheme had as an extra purpose the provision of a wind break. The Takatokwane was designed as a sandveld trial.

Only in the case of the Mahalapye scheme are the results sufficiently positive to be categorized as an efficient use of scarce development resources. The Mochudi scheme is marginally efficient, but if the output or price of the wood output falls by as little as 10% it may not be economically efficient. None of the remaining schemes are economic uses of resources, even making reasonable assumptions about non-quantified benefits of woodlots.

However, from the standpoint of the villagers, who contributed labor to the schemes, each project will yield positive returns. Thus the recurrent cost in years two and eight for Shoshong scheme are estimated to be F200, but the benefits are expected to be P1,460 in years seven, fourteen and twenty-one. Comparable results are found in each of the schemes.

From the administration side, there is no regular monitoring of the woodlot program. The Second Annual Review of the Rural Sector Grant recommended a quarterly reporting system, which would monitor project status, accomplishments and problems as well as financial flows. The Ministry of Agriculture has yet to develop a system to address this issue.

Based on the numerous problems associated with this sub-project, Phase II of the Rural Sector Grant will not fund Rural Afforestation. The March 1983 recommendations from the REDSO/ESA Forestry Officer concur with this decision. Specifically he stated:

-A

USAID/Botswana is entirely justified in its decision to exclude forestry activities from the revised/extended Rural Sector Grant Project. The Ministry of Agriculture's Forest Section has neither the administrative nor technical competency required to ensure timely implementation, management, monitoring and accountability of Rural Sector Grant sub-projects.

Non-Farm Activities

Rural non-farm activities are not a major source of incomes in Botswana when compared with remittances from South African mines and those from urban centers. Nevertheless, rural industry presents opportunities for significantly increasing employment and incomes. The Rural Sector Grant development strategy for non-farm activities, envisioned the establishment of forward and backward linkages between agriculture and small-scale manufacturing. This was to have ramifications on the better utilization of local resources, including wildlife and locally gathered products. Two major sub-projects were funded: the Rural Industrial Officers Cadre and Wildlife Management and Development.

Expected Results

It was expected that after three years of funding these sub-projects would result in:

- a) A support system at the district level, backstopped by the Ministry of Commerce and Industry to service rural enterprises through the Cadre of Rural Industrial Officers.
- b) A comprehensive data base on resource availability, market potential and investment needs for enterprises in the rural areas which would provide the framework for an expanded Ministry of Commerce and Industry program during the mid-1980s.
- c) The design and implementation of at least one new wildlife utilization project involving remote area populations.

Achievements and Shortfalls

The Rural Industrial Officers' Cadre was created to explore and to capitalize on the opportunities for creating employment in non-farm activities. The Cadre was established with a Senior Rural Industrial Officer and eleven Rural Industrial Officers. Since then, eleven Assistant Rural Industrial Officers have been added to the Cadre. Rural Sector Grant funds covered the OPEX related costs for the Senior Rural Industrial Officer; logistic support and equipment; training of Botswana to eventually localize positions in the Cadre; and a fund for training rural producers and investigating potentials for developing rural industries.

It is possible to say without reservation that the Rural Sector Grant support to this sub-project has been unequivocally successful. All of the targets established in the Project Paper have been achieved.

Surveys of existing and potential rural industries have taken place in some of the districts and most of the Rural Industrial Officers have developed

inventories of producers who are eligible for different types of assistance. In addition, as the Rural Industrial Officer's familiarity with the districts has grown, they have been more effective in their role as secretaries to the Production Development Committees, which are sub-committees to the District Development Committee. This, in turn has strengthened the role of the Production Development Committee in the district planning process and has been reflected in several recent district annual plans which place greater emphasis on productive activities relative to infrastructure and social services. More important, with the Rural Sector Grant assistance, the Rural Industrials Officers' Cadre has provided the Government of Botswana with the personnel and resources to coordinate and implement its rural employment creation policies.

Nevertheless, the sub-project is not without problems and most of the difficulties facing the Rural Industrial Officers' Cadre can be traced to the influential role it has achieved in the past two years.

The demands on the time of the Rural Industrial Officers are escalating as they become more knowledgeable about their district and as more people become aware of programs such as the Financial Assistance Policy. The limits on their implementation capacity, as the sole qualified Ministry of Commerce and Industry person holding district-wide responsibilities are also increasingly evident. A final problem relates back to the comprehensive data base on resource availability. Although surveys have commenced to obtain this information, they need to be refined and improved upon; ideally, they should be combined resulting in an aggregate analysis. Once again the Rural Industrial Officers' Cadre, does not have time to carry out this function.

The Wildlife Management and Development sub-project provided funds to the Department of Wildlife to develop viable wildlife utilization schemes. The largest component of this sub-project was three years of technical assistance in the form of a wildlife economist. Other components included short-term consultancies on various aspects of wildlife utilization, study tours in and outside of Botswana for purposes of gaining experience in the operation of wildlife utilization schemes and short-term training courses necessary to increase the value of products from existing offtake of wildlife populations.

Overall, this sub-project has been disappointing in terms of accomplishments. While there are signs that the Department of Wildlife may establish and implement a wildlife utilization policy, nothing formative has occurred. There has been a serious lack of follow-up by the Department on Rural Sector Grant funded activities. For example, to date there has been no subsequent action on the courses which were held to develop trainers for local hunters; there has been no official response to the marketing consultancy; while the funding for investigating the feasibility of game ranching has been approved for almost one year, the project has yet to be started; and, finally, there has been no progress towards achieving the end of project goals, specifically, a project designed and implemented involving remote area populations.

ANNEX E 1a

TECHNICAL ANALYSIS

Rural Industrial Officer/Productive Employment Development Fund

The Government of Botswana has placed special emphasis on developing rural small-scale productive activities as a way of promoting broad based employment creation and improving the distribution of income. The GOB has identified the major constraints to increased small-scale production and employment as: the lack of information on the opportunities and types of assistance for small-scale production; training gaps in technical skills, bookkeeping and management; shortage of capital; and undeveloped markets. Phase II of the Rural Sector Grant will aid the GOB efforts to develop small-scale productive activities in the rural areas through support of the Rural Industrial Officers' Cadre

Presently, the demand for assistance by small-scale producers exceeds Government's ability to help them. This is clearly illustrated by two recently launched Government initiatives aimed at assisting small-scale producers: the Financial Assistance Policy and the Training and General Support Fund. During the first eleven months of the Financial Assistance Policy, 245 producers utilized Government support to establish or expand small-scale activities. The total investment for these projects was 900,000. It is estimated that this new investment will create 710 additional jobs. At the time these figures were collected, there was a backlog of 500 applications for assistance that were still waiting to be processed. The Technical and General Support Fund² had participation rates that are much the same. Over last year, 1,200 producers depended upon the fund for training and/or other non-financial assistance for their enterprises. Given the growing national unemployment and underemployment, this demonstrated demand for assistance by small-scale rural producers can probably be considered a conservative figure.

The Rural Industrial Officers' Cadre was established by the Ministry of Commerce and Industry in 1979 for the purposes of identifying, assisting and developing small-scale productive activities in the rural areas. As part of the Ministry's Industrial Division, the Rural Industrial Officers' Cadre is primarily responsible for the indigenous, non-farm private sector activities operating at the district and village level. The principal functions of the Cadre include (a) collecting information on small non-farm rural enterprises; (b) identifying training needs for present or potential business people, locating the appropriate institutions, and financing the courses; and (c) assisting small producers with Financial Assistance Policy grants. Currently, the Rural Industrial Officers' Cadre consists of twenty-six permanent posts.

¹The details of the Financial Assistance Policy are provided in this Annex.

²The Technical and General Support Fund is also fully explained later in this section.

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At Headquarters, there are: one Senior Rural Industrial Officer, two Industrial Officers and a Training Officer; at the field level, eleven Rural Industrial Officers, three Counterparts and eleven Assistant Rural Industrial Officers. The field officers are located in Ghanzi, Tshabong, Maun, Kasane, Francistown, Serowe, Mochudi, Ramotswa, Molepolole, Kanye, and Tutume. Expatriates occupy two of the Headquarters' positions and all but one of the Rural Industrial Officers' posts. All the Assistant Rural Industrial Officers are Batswana. At the end of the Phase II of the Rural Sector Grant, the Cadre will contain thirty-five permanent positions: one more Industrial Officer at Headquarters; and new stations in Bobonong, Mahalapye, Gomare, and Southern each containing a team of one Rural Industrial Officer and one Assistant. At the same time all the Headquarters' posts, and an additional ten of the Rural Industrial Officer posts, will have been localized.

Phase II of the Rural Sector Grant will continue to supply the technical assistance to the Industrial Affairs Division, Ministry of Commerce and Industry. Specifically this will include the Senior Rural Industrial Officer and the Training Officer. The Senior Rural Industrial Officer is the principal executive officer of the Cadre. The duties of this Officer include: the development of small-scale industry promotion policies; supervision, professional guidance and coordination of the operation of the Rural Industrial Officers' Cadre; and liaison with other organizations involved in the development of rural industrial activities. The Senior Rural Industrial Officer is assisted by two Industrial Officers at Headquarters who provide the administrative backstopping and the monitoring of the development activities of the Cadre. The Training Officer is also provided as technical assistance under the Project. This Officer's responsibilities include: developing in-service and on-the-job training coursework for the Cadre; assisting in the development of other training materials for use by the Cadre; designing the curriculum for a diploma course in business extension for the Assistant Rural Industrial Officers and other business extension personnel. Graduate training opportunities for two Batswana officers have been provided under Phase I of the project in American universities to enable the technical assistance posts to be localized at the end of the project.

Comprehensive staff training is planned for the Rural Industrial Officers' Counterparts and the Assistant Rural Industrial Officers in order to upgrade their ability to promote small-scale rural enterprises and to meet the Project's localization targets. In general terms the field officers of the Rural Industrial Officers' Cadre require three skills: analytical skills to identify and appraise the viability of rural productive activities; management skills to operate a district station and to effectively coordinate and obtain the cooperation of other officers and organizations; and extension skills to work with rural producers and other members of rural communities. Although both the Rural Industrial Officers' Counterparts and the Assistant Rural Industrial Officers require a combination of all three skills, the Rural Industrial Officers' Counterparts are expected to have a better grasp of the first two skills while the Assistants should be especially strong on the extension side.

Presently, the Cadre depends upon volunteer agencies to provide the personnel for Rural Industrial Officers; only one Motswana holds this post. The project requires the Government of Botswana to provide a minimum of eight University graduates over the life of the project, with the possibility of an additional two if some of the present Assistant Rural Industrial Officers are unable to advance into the more senior positions. The graduates will have a Bachelors Degree in either economics or commerce. Each graduate entering into the Cadre will serve a year or more in the field as a Counterpart with an experienced Rural Industrial Officer. During this time the graduate will primarily receive on-the-job training which will be complemented by eight weeks of coursework and extra assistance as recommended by the Training Officer.

The training requirements of the Assistant Rural Industrial Officers are, by nature, more long-term. All the Assistants are Batswana with an average of twelve years formal education. While most are coping well with their extension responsibilities, further training in analytical methods and management will improve their performance. The Training Officer is expected to start this process by expanding the present short course which has been designed to upgrade the skills of the Assistant Rural Industrial Officers. Special emphasis will be placed on written and mathematical skills. The Training Officer will also work closely with the Institute of Development Management and the University of Botswana to develop the curriculum for a diploma course in business extension. This activity will provide for the long term development of the lower level officers in the Rural Industrial Officers' Cadre.

The project will provide funds over four years for the Productive Employment Development Fund which will be used for the implementation of the Financial Assistance Policy. This Policy establishes a mechanism for the GOB to use financial resources for the purposes of assisting the private sector to generate additional economically viable activities and hence, provide employment opportunities. The basic concept underlying the Financial Assistance Policy is that there are a number of activities which have high economic returns from a national viewpoint. Many of these activities will not be undertaken, without assistance, because the financial returns would be too low or uncertain. Thus the Policy provides inducement to encourage additional investment and employment creation.

The Financial Assistance Policy commenced in May 1982, following the approval of the Government White Paper by the National Assembly on April 13, 1982. The GOB obligated P5 million in 1982 and P10 million in 1983 for the purposes of implementing this Policy. Methods and types of assistance are differentiated according to the level of investment for the proposed productive activity.

The Rural Industrial Officers' Cadre has the major responsibility for implementing the small-scale component of the Financial Assistance Policy and the projects supported under the Production Employment Development Fund will promote their efforts in this regard. In terms of the Policy a small-scale project is one which has an investment in fixed assets of less than P10,000. Some of the small project applications which have been approved

are listed in Attachment A. Only citizens are eligible for small-scale assistance.

Assistance for these projects is supplied in the form of a capital grant. The decision to provide capital grants, as opposed to other forms of assistance, was based upon considerations about the ease of administration and accountability, past GOB experience in assisting small-scale producers, and the desire to avoid hidden payments from consumers. For illustrative purposes it is useful to consider the GOB's recent experience with assisting small farmers under the Arable Lands Development Program. A combination of input subsidies and small loans were used to make the returns to arable farming more attractive. However, administrative costs of the small loans proved to be excessively high. Likewise, because of the limited capacity of the nation's banking system, the processing of small loans took up valuable staff time, which could have been directed to the larger, more economic applications for credit. Due to these results, the GOB is considering an alteration from loans to direct cash grants. It must be added that a grant system does not create chaos for "free" money; producers must still provide a contribution up front to qualify for assistance.

The GOB has developed rules and guidelines which determine the level of assistance available for any particular type of Financial Assistance Policy small-scale project. The maximum percentage of total costs to be covered by a grant is determined by the following point system:

<u>Criteria examined</u>	<u>Percentage of costs eligible to be met by Government Grant</u>
(i) owner operated activity	40%
(ii) location	+
- urban	0%
- peri-urban	5%
- major village	10%
- rural area east	20%
- rural area west	30%
(iii) female producer	+ 10%

N.B. The maximum grant would support a female owner operated activity in rural area west (40%+30%+10%=80%).

An additional and important restriction is that the grant must not exceed P2,000 per job created, including the owner operator's own job.

The Rural Industrial Officers are responsible for providing information to interested entrepreneurs, receiving the applications and the initial appraisal of that request. Standard application forms are provided which contain sufficient information to answer the four criteria used in the project appraisal. These criteria are:

- (i) Is the project an activity which produces an item which can either substitute for imported items or be sold in export markets outside Botswana?
- (ii) Is it likely to be financially viable after the assistance has been received?
- (iii) Is the applicant technically and managerially competent to undertake the project?
- (iv) Are all the funds required for implementation available?

So far as the appraisal is concerned, the question of financial viability is the most complex. The more usual approach is to examine returns to capital rather than labor. This appraisal is not used for projects with less than P3,000 in capital (often referred to as micro-projects) because a high return on a small amount of invested capital could still result in an income accruing to the individual which is too low to be acceptable. In these cases, both the net profit of the activity and the earnings per labor hour are examined before a decision is made on the project's viability. For projects with an investment of more than P3,000 (but less than P10,000), the more standard form of financial appraisal is conducted, that is, the project must be able to show a positive net profit, after taking full account of capital servicing and depreciation, to be considered financially viable.

Once the Rural Industrial Officer has carried out the initial appraisal, the application is brought before the District Production Development Committee for the final decision. The Production Development Committee in each district is composed of key officials involved in the support of productive activities. In almost all the cases the officials include the District Officer Development, District Officer Lands, Regional Agricultural Officer, a member from the District Council, a member for the local Land Board, and the Rural Industrial Officer. The Rural Industrial Officer presides as secretary for the Committee, arranges the agenda for the meetings, and calls members together on a bi-monthly basis.

After a decision has been made by the Committee, the applicant is informed by letter. If the project has been rejected reasons are provided. If the project has been conditionally approved, contingent upon extra information, or further training, the conditions are clearly stated and the applicant is given a reasonable time to respond. If the project has been unconditionally approved and is less than P500, then the letter includes a description of what the grant can be used for. With grants of over P500, the letter contains a complete, but unsigned standard contract, which the applicant signs and returns to the Rural Industrial Officer.

At this stage the National Development Bank takes over the disbursement of the grant in the form of Purchase Orders. A Purchase Order commits the Bank to reimburse a supplier for an amount required to purchase certain goods. Before any Purchase Orders are issued the applicant must provide reasonable proof that his/her contribution is available. If this proof is not forthcoming the applicant must provide a cash contribution to the National Development Bank before the Purchase Orders are released.

The administration and monitoring of small-scale projects supported by the Financial Assistance Policy are also the responsibility of the Rural Industrial Officers' Cadre. Their role includes the collection and maintenance of all documents related to each application, including the initial appraisal, minutes of the Production Development Committee where the application was considered, and signed contracts for those projects which were approved. Copies of this information are forwarded to the Ministry of Finance and Development Planning and to the National Development Bank. The Rural Industrial Officer must also submit a quarterly progress report which summarizes the numbers of projects approved, rejected, grants committed, and followed up actions. At least every six months approved projects are visited by the Rural Industrial Officer, who assesses progress and likely viability. He/she must render any extension assistance required to improve the operation of the business. This information is used not only to determine the usefulness of the assistance provided but also to assess the kinds and nature of the constraints facing small-scale productive activities. The National Development Bank also provides quarterly information on disbursements and approved grants to the Production Development Committee and the Ministry of Finance and Development Planning.

Another component which will be supported by the Rural Sector Grant is the Training and General Support Fund. This Fund is an important tool of the Rural Industrial Officers' Cadre and will be used to: supply training for rural producers, hire extension assistance from the private sector, and finance market surveys and feasibility studies. The Training and General Support Fund is decentralized so that every Rural Industrial Officer field station is annually provided with its own allocation of money.

Although the Fund provides a wide range of services, specific criteria have been established for its use. The first of these is that activities financed by the Fund must be shown to address constraints to the expansion or establishment of viable non-farm productive activities in the rural areas. Examples of some of the activities which would be eligible include: feasibility studies, market surveys, demonstrations, extension services, and training courses for rural producers. Secondly, the Rural Industrial Officers' Headquarters is limited to a P10,000 spending ceiling for any individual activity financed from the Fund. The ceiling for the field stations is P5,000. Thirdly, the Production Development Committee must review and endorse a Project Memorandum for any activity which is financed from the decentralized money. This memorandum must briefly describe the activity, its costs, beneficiaries, and implementation arrangements. Fourthly, activities located in towns are not eligible for assistance from the Fund. Fifthly, the Training and General Support Fund cannot be used to purchase vehicles or provide loans. Lastly, applications for uses of the Fund are appraised in terms of employment generation and income distribution. Preference is given to assistance directed at the disadvantaged members of rural Botswana.

Although the Rural Industrial Officers' Cadre administers the Fund, other individuals and/or organizations can apply for assistance. The application is made through the Rural Industrial Officers' Cadre, and at the district level the approval process is the same as if it was requested by the Rural

Industrial Officer. The Senior Rural Industrial Officer is responsible for reviewing and deciding upon any request for the Headquarters financing.

The predominant use of the Training and General Support Fund during the first phase of the project was for financing training courses for rural producers. Often training may be a pre-condition to the consideration for assistance from the Financial Assistance Policy.

Expenditure from the Fund is executed through Government Purchase Orders (much the same as used by the National Development Bank for the Financial Assistance Policy). The Rural Industrial Officer issues the Government Purchase Orders, based upon a limited authorization from Headquarters. The Purchase Orders are for the goods and services specified in the project memorandum which has been authorized by the Production Development Committee. Suppliers are paid upon the presentation of valid Government Purchase Orders through the Ministry of Finance and Development Planning.

While each field station sends copies and quarterly reports on all approved project memorandum to the Ministry of Commerce and Industry, the frequency and nature of the follow-up activities on individual projects has often been left to the judgement of the individual officer. Currently, the Senior Rural Industrial Officer is designing more systematic reporting and follow-up procedures.

The last component of this sub-project will be logistical support to the Rural Industrial Officers' Cadre. Botswana is a relatively large country geographically, (about the same size as France) with a dispersed population. Eight out of the eleven field stations cover over 20,000 square kilometres; and three cover over 100,000 square kilometres; The project provides for housing, offices, vehicles, and equipment which will allow the Cadre to effectively implement the other components high-lighted above. For a complete breakdown on logistical support please refer to the construction analysis (Annex E 6), project description, and project implementation.

ATTACHMENT A

Summary of Financial Assistance Grants Approved As
of Early April 1983

Category	Number of Projects	Total Investment	Value of FAP Grants	Citizen Jobs Created	% of Grants to Projects of Citizens
Small Scale	245	900,000	530,000	710	100
Medium Scale					
Automatic	11	N.A.	N.A.	413	14
Case-by-case	33	6,510,783	5,650,000	1,282	46
Large Scale	0	0	0		N.A.
TOTAL	289	7,410,783	N.A.	2,405	N.A.

Note: For small-scale projects the value of FAP grants reported represents the total amount committed to those projects, as there is no carry-over from one year to the next. Since the value reported for medium-scale projects is the total amount of FAP assistance over a five-year period, the two figures are directly comparable.

ANNEX E 1b

TECHNICAL ANALYSIS

Horticultural Estates

This sub-project involves the establishment of three Horticultural Estates; Ramonaka, Selebi Phikwe, and Chadibe. All three Estates are located in similar climatological areas characterized by a sub-tropical, semi-arid environment with summer rainfall. The rainy season can start as early as September, but it generally commences in November and extends through April. The annual rainfall for the selected sites averages between 400-600 mm, although the seasonal totals and distribution between the months is highly erratic. The rate of evaporation is high in Botswana and even in the rainiest months, from December to February, the evaporation is nearly three times the rainfall. Hail is of localized occurrence, with an average of one day with hail every 7.6 years. The most frequent occurrences of hail are in October and November. Temperatures usually range between a 38°C maximum and a 5°C minimum. Frost can occur from the end of May up to the beginning of August and, although the duration of the frost period averages seventy days, generally only nineteen days can be said to have frost. These conditions provide a nine month growing season for vegetables. The major climatological risk for the Estates is insufficient rainfall. This problem is addressed by the proposed irrigation systems described below.

Land Rights for all the Estates are obtained from the Tribal Land Boards. Both the Ramonaka and Selebi Phikwe Estates have already obtained Customary Law Grants which entitles them to use the land. Land Rights for the Chadibe Estate have been requested and no problems are expected in obtaining permission.

Soil tests have been carried out for Ramonaka (which is generally the same as the Mathubudukwane Estate established during Phase I of the Rural Sector Grant) and Selebi Phikwe Estates. Both Estates are represented by 2FH soils which provide for sustained yields over a wide range of crops and are acceptable for irrigation purposes. Soil tests are planned for Chadibe Estate once the land rights have been secured. All designs will incorporate measures to minimize erosion.

The quantity and quality of water at all three Estates appears suitable. The Ramonaka Estate is located near the Modikwe River, and the Ministry of Agriculture has recommended a diversion of water from the river to the site. Under normal years the Modikwe River flows during the rainy season up to June or July. From July to October large pools of water form providing sufficient supplies for irrigation. Boulder weirs will be constructed which will increase the capacity of these pools to insure against the risk of low rainfall years. Likewise, the Selebi Phikwe Estate is located along the edge of the Motloutse River where water can be pumped from the sand river bed. The Motloutse River is estimated at having more than 30.5×10^6 gallons ($.164 \times 10^6 \text{ m}^3$) per annum from its sand storage which is presently not utilized. (Selebi Phikwe depends upon the Shashe Dam.) Extractable water is estimated at $.0301 \times 10^6 \text{ m}^3$. Sand River storage has a 76% storage efficiency as opposed to open reservoirs which have an efficiency range near 70%. Assuming a water requirement of $3600 \text{ m}^3/\text{ha}$, the river can irrigate 45.5 ha without rainfall. The water quality of the

Motloutse is suitable for irrigation purposes. The Chadibe Estate is fed by water from a perennial spring. In 1982, the Department of Water Affairs tested the flow from the springs and a flow rate of three litres per second was recorded. From this one channel, 94608 m³ of water can be collected in one year which is sufficient to irrigate an area of twenty-six ha without rainfall. There are four other such channels in the same area which were not tested but assuming the same rate holds, up to 130 ha could be irrigated without rainfall. There is also a strong possibility that the Chadibe site can be designed for a gravity fed system which would reduce the water costs at least 30%.

Evapo-transpiration ranges from 3 mm in winter to 7 mm in summer with an annual average of 5 mm per annum. On the basis of this, 50 m³ of water will be required per ha, normally provided twice a week, creating an annual demand per hectare of 3600 m³.

Ongoing research is being undertaken to examine ways of reducing the cost of delivering water to the Estates established during Phase I. When appropriate, innovations from this research will be incorporated into the design of the new Estates.

Members of all three Horticultural Estates will be drawn from areas surrounding the sites. Selebi Phikwe already has an established group. As the locations for all three Estates are in areas where traditionally labor migrates for work in either the urban centers of Botswana or South Africa, there is a higher proportion of female headed households resident. At other Estates the majority of the members have been women (nearly 80%) many of whom have had little education or other opportunities for employment. Based upon lessons learned in Phase I of this sub-project, younger people with more formal education will be recruited to improve management capacity. Each Estate will have a minimum of ten members although some Estates have more.

The Management Committee will be the central organizing and administering body of the Estate. Its legal standing will be that of an Agricultural Management Association and it will comply with the 1978 Agricultural Management Association Legislation. This arrangement provides the farmers who are interested in profit oriented agriculture the opportunity to have legal status and limited liability with regard to the debts of the Association. The Management Committee will comprise: a Chairman, Secretary, Treasurer, Marketing Organizer, Agriculture Demonstrator and the Horticultural Advisor as an ex-officio member. The Management Committee holds regular meetings, assigns tasks to members, and determines charges. These charges are made for a variety of functions and vary among the Estates. For instance, one functioning Estate has a P10 membership charge paid upon entry, a P10 charge for membership in the marketing organization, P30 plot charge to cover the recurrent costs at each planting, and a 5% sales charge to meet transport costs.

During the first twelve months of the Estates' operation, members are required to spend 60-65% of their time on the Estates. Much of the site preparation, fencing, clearing, and construction is done by members with technical skills provided from the outside as required. Their labor, valued at P4 per day, is contributed as their equity in the Estate. After the first harvest members are expected to be fully employed on their plots. Members receive the proceeds for

all vegetables sold from their individual plots.

The physical layout of the Estates will be similar. On site construction will include: goat proof boundary fencing, a fenced mule paddock with crush, service and access roads, reservoir of 1030 m³, a net house of 500 m², and staff houses. The irrigation system will be provided from a gravity fed furrow system, supplied from the reservoir. The water supply to the reservoir will either be from a centrifugal pump powered by a 6.5 HP diesel engine or from a mule-driven pump made by the Rural Industrial Innovation Center at Kanye. Water will be supplied in lined furrows along the highest contour of the site with laterals extending down between every second holding. Water from these laterals will be syphoned out to furrow irrigate individual members crops. Although this system of irrigation is not the most efficient one, it has the advantage of simplicity for operation. This is desirable as members will have little or no experience in irrigated crop production. It may be to the members advantage to modify the system, at a later date, using seep or perforated hose techniques.

The provision of healthy transplants is vital to the production of high yielding crops. Assuming that cabbage, onions, and tomatoes constitute roughly 60% of the total production from the Estate, a 500 m² net house will be constructed to produce sufficient seedlings throughout the year. The production of plants will be organized by the Management Committee and sold to members at cost. The experience gained during Phase I of this sub-project on vegetable varieties and optimum times for planting will be used to accelerate and expand the production on these new Estates.

In order to keep the investment at an acceptable level and to utilize equipment efficiently, tools will be available to members from a pool for which there are annual rental rates. Likewise, supplies of horticultural inputs will be purchased by the Association for resale to members. Plowing of all plots will be done using a mule-drawn plow. The mules can also be used for discing, cultivating, carting and water pumping activities.

Members will cultivate .25 hectares within the first six months of the Estates operation and expand to .5 hectares by the twelfth month. Besides the cabbages, onions and tomatoes mentioned above, members will grow Swiss chard, beetroot and green corn in amounts which will do best in relation to local markets and prices. Pests and diseases will be controlled using a back-pack sprayer and a combination of six pesticides and fungicides: Daconil, Kelthane, Diptrex, Copper Oxychloride, Malasol and Acephate. The use of these pesticides will be carefully controlled by all personnel.

Provision is made for each of the three Estates to purchase a one ton pick-up truck. This vehicle is necessary to develop the infrastructure on the site and to deliver the first product to market. Where possible, Estates will share the services of the vehicle. Once the Estate attains full production and arranges regular markets, more reliance will be placed on commercial transport services or mule-drawn carts where feasible.

Technical assistance will be provided by a trained Horticultural Advisor and an Agricultural Demonstrator. The plans are to provide technical and management training to the group for four years with a possible extension to six years.

ANNEX E 1c

TECHNICAL ANALYSIS

Agricultural Small Projects

Phase II of the Rural Sector Grant will finance Agricultural Small Projects, small-scale, non-livestock agricultural activities initiated by groups of farmers at the village level. There are a number of constraints to increasing the incomes and productivity of Botswana's small farmers and the GOB has already introduced development programs to overcome many of them. Nevertheless, the Agricultural Small Projects program is unique in that it responds both to the problems and solutions as seen by individual groups of farmers. More important, it provides a mechanism for encouraging farmers to combine their efforts and resources to attain joint goals which could not be attained by individual undertakings.

The best examples of this are the drift fence projects which represent over one-half of all activities supported by the Agricultural Small Projects program. Drift fences are constructed to separate the arable agriculture areas from the grazing areas and can be considered the first step towards a more ordered system of land use.

There are several reasons why drift fences are initiated. The most important is to stop the damage inflicted by straying domestic animals to growing crops. There are a number of related aspects to this problem. When damage does occur, if the farmer can identify the owner of the marauding animals, cases get reported to the headmen of the villages and arbitration for the damage ensues in the village meeting forum. These cases are time-consuming and often do not have satisfactory conclusions. In order to avoid crop damage by animals, some farmers harvest early and derive lower yields from immature crops, preferring that solution to the possible losses from animal damage. Other reasons for drift fence construction include its contribution to solving workforce constraints. Children who used to act as herders are now often in school. Additionally, the conservation of crop residues, and the protection of some grazing areas inside the arable lands area until later in the season, provide the extra benefit of dry season fodder.

The process of organizing a group and mobilizing a number of small farmers to coordinate their efforts on one project is never an easy task. The Ministry of Agriculture, with the assistance of the USAID/Botswana sponsored Range and Livestock Project, established Group Development Officers to provide extension support to groups of farmers, such as fencing groups, who are interested in undertaking a joint project. The Group Development Officers are available to assist farmers to sort out membership issues, set equitable membership fees, organize construction, and other more specific problems that may arise.

Once the organizational issues have been settled, the group must submit a formal application to the district, and Land Board (or Sub-Land Board) for permission to erect the fence. Land Board Officers frequently request that the line of fence first be cleared, so that they can measure it prior to issuing approval.

Whenever possible these fences are started or completed at natural obstacles to cattle movement such as hills and rivers. Where they cross national roads, a cattle grid is required to stop the movements of cattle across the road. This must be cleared with the Ministry of Works and Communication. Many of the longer fences involve the participation of several groups from different villages. This complication is usually solved by each group constructing the section of fence running nearest to its land areas.

The technical aspects of fence construction are relatively simple; most Agricultural Demonstrators have been taught the techniques and can provide supervision for surveying, clearing and construction. Posts are usually of wood, cut and brought to the site by members. The length and diameter sometimes vary, as does the depth of holes dug. Variation in quality between fence sections raises questions of maintenance, and attempts to enforce uniform standards will be made. Almost all fences have five strands of wire. Gates are usually constructed or placed at agreed upon locations, as are stiles for people to cross.

A review of fifty-two drift fences constructed since 1978 established that slightly over one-half cost less than P2,000 and P3,000. It should be recognized that the longer and more costly the fence, the more likely that organizational problems will arise, yet short pieces of fence provide little protection. The longevity issues and problems of maintenance have not been addressed, many of the fences being too recently constructed to require much maintenance. The minor problems of broken fence posts or breakdowns caused by cattle are usually promptly rectified.

The cost per kilometer of fence is relatively uniform, P100 is the median cost to the donor per kilometer of fence. Few fences exceed a cost of P200 per kilometer, and the external financing is used chiefly for the purchase of wire and gates. Labor is supplied by group members. The number of hectares protected is a reasonable measure of output on returns, since measurement of likely damage is impossible to ascertain. The popularity of drift fence construction is an indication that perceived economic returns to farmers are high. The new application forms for Agricultural Small Projects financing provide good background information on whether the organizational issues have been addressed, how much the group will contribute and the additional services and financing necessary. Unfortunately, many fences cannot be completed in a short period of time, phasing is difficult, and maintaining farmers' interests and participation in half constructed fences is often not easy. The District Agricultural Officer will provide a quarterly progress report on each drift fence and this will include explanations of any delays and their reasons.

Other activities financed under the Agricultural Small Projects include small gardens and horticulture projects. This sub-project predates the establishment of the Horticultural Estates and the Financial Assistance Policy. During its early years (1978-79), Agricultural Small Projects was involved in some small commercial and semi-commercial projects in addition to the more numerous projects which were primarily subsistence oriented. Presently, commercial horticulture is not supported but rather those projects which are characterized by a high degree of home consumption, involving relatively small plots, and operated by groups or village organizations having little previous horticultural experience.

The principal constraints to production by these groups are: limited access to water, shortage of suitable land, and poor technical skills. Many of the projects are established within villages where rain water can be supplemented by hand-carried water from the village water system. This convenience sometimes means that the site selected may not have the best soil. Another site related problem is that the land must be protected from goats and chickens. Finally, the problems of pests and diseases for horticulture crops require that technical advice and the appropriate inputs are available.

By far the majority of people who receive assistance under the Agricultural Small Projects are independent unregistered groups of women, whose members are non-cattle owners and in some cases, extremely poor. The program provides assistance in the form of fencing, hand tools, and horticultural inputs. This assistance is complemented by extension support both from the Group Development Officer, and on a technical level, from the five Regional Horticultural Officers who are stationed across the country. The Horticultural Officers are principally concerned with assisting the groups to make the best use of the soil, explaining to members how pests and diseases can be controlled, and assisting members in obtaining supplies of seeds and other inputs from the Livestock Advisory Centers, the Marketing Board or private retailers.

In most cases, individual members have the responsibility to manage their own plots within the group scheme, and market or consume the produce. In the beginning most groups were concerned with producing for home consumption and the principal crops were cabbage, onions, and spinach. At a later stage, tomatoes, beetroots, and sometimes lettuce were added and provide the opportunity for informal local marketing. Yields vary widely between groups as might be expected from these small and relatively new undertakings.

A small number of poultry projects have also been funded under Agricultural Small Projects. These have been sub-commercial enterprises primarily aimed at egg production. In Botswana various methods of poultry keeping are practiced. By far the most prevalent is the free range system which requires little inputs but is disadvantageous in terms of commercial egg production. An intermediate system involving a wire netting poultry run, lowers losses through straying, predation and theft, but requires higher standards of management in control of diseases. Since the projects were aimed at sub-commercial production, the Poultry Section of the Ministry of Agriculture recommended the cage system, using a design of six cages, and an eighteen bird unit which was installed on a frame of poles or bricks. Whereas, the Financial Assistance Policy will now support commercial poultry projects, the Agricultural Small Projects will only support sub-commercial level poultry keeping.

The Poultry Section of the Ministry of Agriculture has recommended that Agricultural Small Projects continue to support sub-commercial level poultry projects where a group of farmers are prepared to make a significant contribution. Their new view is that the free range system, at the small-scale level, is sufficiently productive to warrant investment. They further recommend the purchase of a paraffin lamp, day old chicks, and one bag of chicken food for groups of interested farmers. A national network of veterinary staff exists to provide technical support in case of disease.

The considerable latitude in the type of agricultural activities allowed under this sub-project, encourage villager innovations. The merits and problems of any proposed project is subject to a comprehensive approval process, and for projects over P2,000 this involves the technical departments in the Ministry of Agriculture Headquarters.

ANNEX E 1d

TECHNICAL ANALYSIS

District Institutional Development

Local Government plays an important role in Botswana's national development efforts. The framework of the Local Government structure is comprised of the ten administrative districts of the country, each containing four principal institutions: District Administration, District Council,¹ Land Board and Tribal Administration. These four institutions are responsible for implementing policy decisions at the district level. Out of these four institutions, the District Administration stands apart as the most critical with regards to development programs related to production and employment activities. By financing training for District Administration staff, the Phase II of the Rural Sector Grant will strengthen the institutional capacity at the district level to promote and support rural development and, in particular, productive and employment generating activities.

Since 1980, two Presidential Commissions, the Local Government Structure and the Economic Opportunities Commissions, have both emphasized the reallocation of more resources to district authorities to strengthen their capacity for decentralized decision making. The Local Government Structure Commission concluded:

Rural development cannot be achieved by simply altering organizational structure; the key lies in strengthening the capacity of the existing local government institutions. The second pre-condition is that the government must enforce a decision to decentralise far more of its administrative functions to its own officers in the field.

The Presidential Commission on Economic Opportunities also emphasized the importance of local government.

It is much more important to give local government more of the more able experienced Botswana public officers. We recommend that this be done even if it involves the delocalisation of some central government posts.

Both Presidential Commissions focused on the role of District Administration in the acceleration of rural development and the expansion of economic opportunities. The White Paper on the Local Government Structure endorsed the Commission's view that the District Administration be strengthened to both coordinate and provide "effective direction to the district development process". The Presidential Commission on Economic Opportunities also recommended that the status and authority of the District Commissioner, the senior officer in District Administration, be upgraded as a matter of urgency. The Commission was concerned that the existing workforce in the

¹ Ngamiland and Chobe share one District Council.

districts was being inefficiently used due to lack of coordination and effective supervision of Central Government staff posted to the districts.

In addition to receiving endorsements from two Presidential Commissions, District Administration requires special attention and assistance because of its role in directing and coordinating the district representatives of Central Ministries who are responsible for promoting rural employment. These Ministries include: The Office of the President, Agriculture, Commerce and Industry, Works and Communications, Mineral Resources and Water Affairs, Education, Health, and Home Affairs. Likewise, District Administration is also the center of the coordinating structure for district development (the District Development Committee) through which it supports the development activities of the other institutions.

There are a total of 122 positions in District Administration. At the top of the hierarchy are ten District Commissioners, eleven District Officers Development and twelve District Officer Lands. The District Commissioner is the senior Government representative at the district level. He/she is the principal agent responsible for development in the district. The District Commissioner is supported by a District Officer Development, who is an economic development planner, and a District Officer Lands, who is responsible for land use planning.

The District Commissioner presides over the District Development Committee and its sub-committees: the Production Development Committee, Land Use Planning Advisory Group, District Extension Team, and Drought and Disaster Committee. The District Development Committee includes the senior representatives of the central government departments, District Councils, land boards, tribal administration, parastatal bodies and other significant development agents in the district. The District Committee considers the critical development issues affecting the district and develops a coordinated plan of action to address them. The Committee does this through the development and management of a District Plan and subsequent annual Implementation Plans. These documents provide the long-term planning framework for the District.

The District Commissioner, as the senior government representative, is charged with ensuring that the National Development Plan's commitment to employment creation and rural development is implemented. The District Development Committee and its sub-committees, provide the District Commissioner with a mechanism for ensuring that employment creation and rural development are adequately addressed by all district level organizations in the District Plan and the annual Implementation Plan. The District Commissioner is also the appeal body for rural producers and businesses which are constrained by excessive bureaucratic delays and/or regulations. Finally, the District Commissioner can, and does, use his/her position to provide housing, transport, office space and other logistic support for activities which support productive employment within his/her district.

The District Officers Development and Lands, play a direct role in promoting employment creation. The District Officer Development is the secretary of the District Development Committee. He/she is also responsible for providing planning input into rural industrial infrastructure projects, agricultural schemes, labor intensive public works, transport projects. etc. By his/her

membership on the Production Development Committee, the District Officer Development is charged with considering commercial projects for funding from the Financial Assistance Policy, supervising market studies, evaluating training programs for rural producers, and other similar production related activities. The District Officer Development is also a senior member of the District Extension Team, which as one of its responsibilities coordinates business and agricultural extension services.

The District Officer Lands is the Secretary to the Land Use Planning Advisory Group and provides the professional and technical advice on natural resource use in the District. The District Officer Lands is routinely involved in the development of commercial livestock ranches, development projects associated with arable agriculture, forestry, wildlife utilization, and minerals projects. In addition, the District Officer Lands assists in the planning and design of commercial and industrial land in the large settlements.

The District Administration staff will continue to play an important part in the implementation of Phase II of the Rural Sector Grant. The District Commissioner will maintain the responsibility for the overall coordination of Rural Sector Grant activities at the District level through the District Development Committee. The Rural Industrial Officer sub-project is required to regularly liaise with Production Development Committee, which is frequently chaired by the District Officer Development. Allocations exceeding P3,000 from the districts' Rural Industrial Officers' Training and General Support Fund require the approval of the District Development Committee. The District Officer Development will continue to assist the Rural Industrial Officer in the evaluation of small-scale Financial Assistance Policy applications.

The District Administration will also be active in the planning and implementation of the Agricultural Small Projects program. The District Officer Lands will advise the Land Board (or Subordinate Land Board) on the placement of the drift fences. He/She will provide technical advice through the Land Use Planning Advisory Group for the land allocation and economic viability of small-scale projects. The District Development Committee is also required to give its approval before funds are authorized for the Agricultural Small Projects program.

The District Development Committees have already reviewed the proposed Horticultural Estates. They will monitor the implementation progress of these Estates. The District Officer Lands will be involved in the site selection and will provide his/her advice to Land Board before the land allocation for the Estates is made.

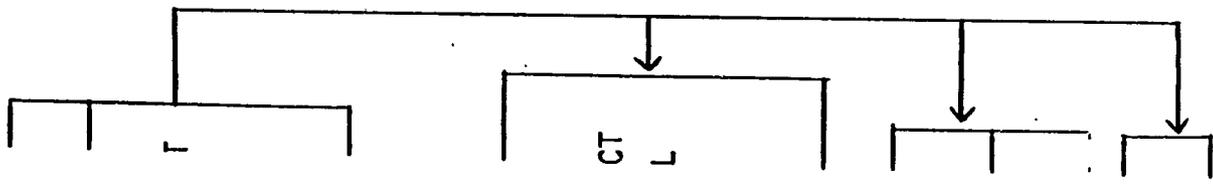
One of the constraints affecting the general operations of the District Administration is the requirement for additional training and staff development. This is important to: a) ensure an accelerated quality in the future design and implementation efforts of GOB projects directed towards expanding employment opportunities and improving rural incomes; b) expand the district capacity to absorb further administrative responsibilities from central government; and, c) provide the opportunity for officers stationed in rural areas to obtain career advancement.

The GOB is presently engaged in on-the-job training which is used primarily to increase the District Administration's access to information on Government policy and the availability of resources for development. On-the-job training is provided through the annual National District Development Conference, the District Planners Seminar, a series of short courses, and other more specialized seminars. On-the-job training generally requires twenty-three days per year.

Nevertheless, the increasing size and complexity of the development program and annual budgets at district level are requiring more sophisticated management systems and technical skills. This change is even more pronounced as development planning moves away from infrastructure and towards more commercial activities.

Several studies have discussed the training needs of the District Administration staff. In general, the District Commissioners require additional training in management and public administration. The District Officers Development require more advanced economic and analytical skills and training in regional planning principals. The District Officers Lands require technical land use planning skills (i.e. drafting, cartography, aerial photography and Landsat interpretation). Upgrading is also recommended in data gathering, recording and storage skills. Finally, further training in land and natural resource economics would benefit these officers.

In order to meet the training requirements of the District Administration staff, Phase II of the Rural Sector Grant will assist the GOB in tailoring an intensified graduate level program for the District Commissioners, the District Officers Development and the District Officers Lands. To ensure that the training of these officers does not negatively affect the implementation of the Rural Sector Grant through vacated posts, training will be phased over the life of the project and the GOB will provide a replacement for all trainees who leave the districts. Similarly, upon completion of training, graduates will return to the districts to fill District Administration posts. Normal Government bonding regulations will apply to the participants.

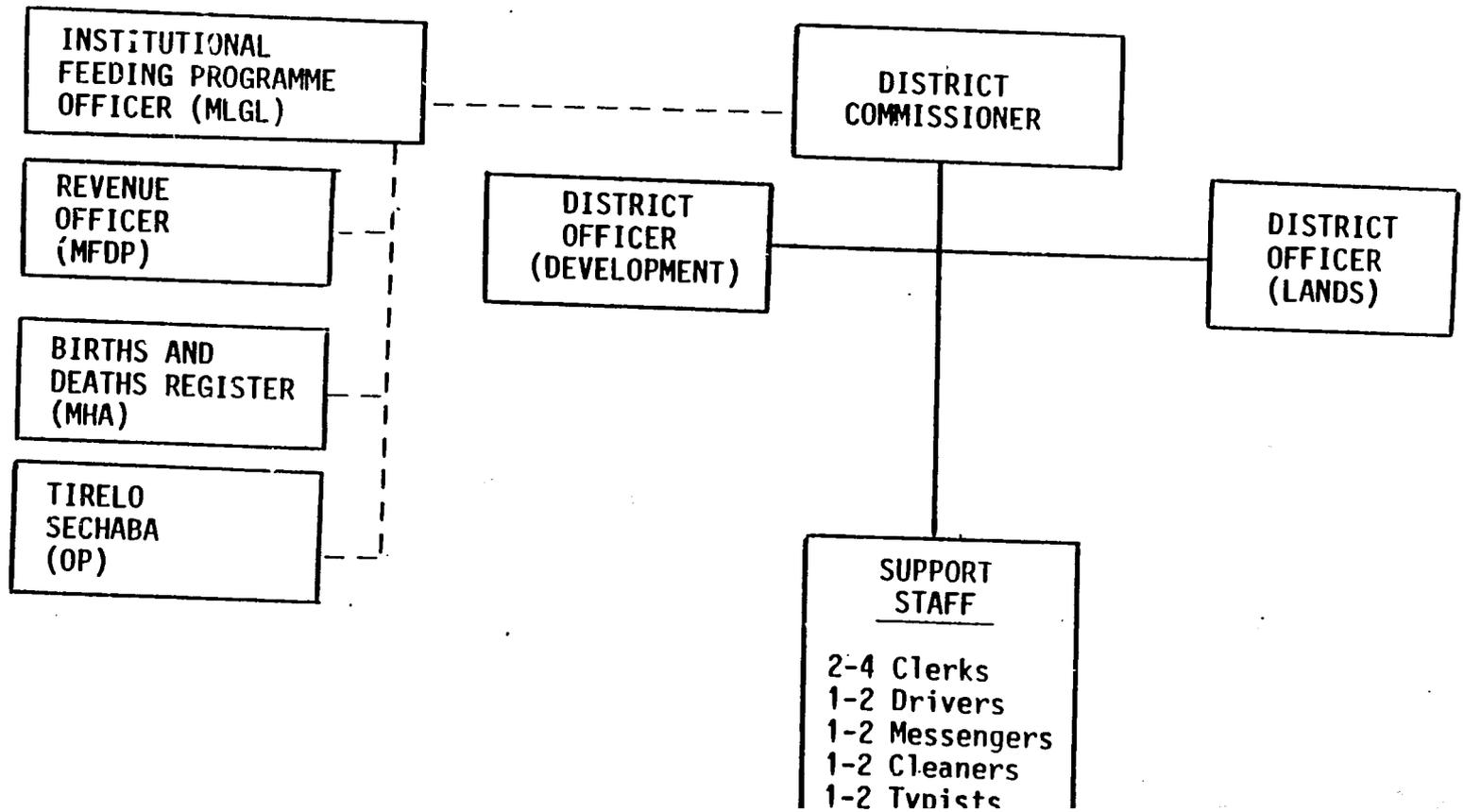


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ORGANIZATION CHART FOR DISTRICT ADMINISTRATION

Attachment A

OTHER OFFICES WHICH MAY BE ATTACHED TO THE DISTRICT ADMINISTRATION OFFICE



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ANNEX E 2

TABLE 1

ECONOMIC INTERNAL RATE OF RETURN AND NET PRESENT VALUE¹ COMPUTATIONS

BENEFITS/CASH FLOW

Year	Productive Employment Development Fund				Agricultural Small Projects		
	Actual	Increase Costs by 20%	Decrease Benefits by 20%	Delete Multiplier factor	Actual	Decrease Benefits by 20%	Increase Costs by 10%
1	\$(1,451)	\$(1,741)	\$(1,451)	\$(1,451)			
2	715	715	572	500	\$(75)	\$(75)	\$(. 83)
3	715	715	572	500	29	23	29
4	715	715	572	500	29	23	29
5	715	715	572	500	29	23	29
6	715	715	572	500	29	23	29
7	715	715	572	500	29	23	29
8	715	715	572	500	29	23	29
9	715	715	572	500	29	23	29
10	715	715	572	500	29	23	29
11	715	715	572	500	29	23	29
12	715	715	572	500	29	23	29
13	715	715	572	500	NPV \$ 68	\$ 39	\$ 60
14	715	715	572	500	IRR 36.3%	27.1%	32.1%
15	715	715	572	500			
16	715	715	572	500			
17	715	715	572	500			
18	715	715	572	500			
19	715	715	572	500			
20	715	715	572	500			
	NPV \$ 3,233	\$ 2,943	\$ 2,296	\$ 1,824			
	IRR 49.3%	41%	39.4%	34.3%			

¹ Net Present Value Discount Rate is 14%.

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ANNEX E 2

TABLE 2

ECONOMIC INTERNAL RATE OF RETURN AND NET PRESENT VALUE¹ COMPUTATIONS
 BENEFITS/CASH FLOW FOR HORTICULTURAL ESTATES

Year	Ramonaka			Selebi Phikwe		
	Actual	Increase Costs by 10%	Decrease Benefits by 15%	Actual	Increase Costs by 10%	Decrease Benefits by 15%
1	\$(50,380)	\$(55,418)	\$(50,380)	\$(66,385)	\$(73,024)	\$(66,385)
2	7,770	7,770	6,605	7,770	7,770	6,605
3	7,770	7,770	6,605	7,770	7,770	6,605
4	7,770	7,770	6,605	7,770	7,770	6,605
5	7,770	7,770	6,605	7,770	7,770	6,605
6	7,770	7,770	6,605	7,770	7,770	6,605
7	7,770	7,770	6,605	7,770	7,770	6,605
8	7,770	7,770	6,605	7,770	7,770	6,605
9	7,770	7,770	6,605	7,770	7,770	6,605
10	7,770	7,770	6,605	7,770	7,770	6,605
11	7,770	7,770	6,605	7,770	7,770	6,605
12	7,770	7,770	6,605	7,770	7,770	6,605
13	7,770	7,770	6,605	7,770	7,770	6,605
14	7,770	7,770	6,605	7,770	7,770	6,605
15	7,770	7,770	6,605	7,770	7,770	6,605
16	7,770	7,770	6,605	7,770	7,770	6,605
17	7,770	7,770	6,605	7,770	7,770	6,605
18	7,770	7,770	6,605	7,770	7,770	6,605
19	7,770	7,770	6,605	7,770	7,770	6,605
20	7,770	7,770	6,605	7,770	7,770	6,605
NPV	\$ 516	\$(4,522)	\$(7,115)	\$(15,489)	\$(22,128)	\$(23,120)
IRR	14.2%	12.5%	11.4%	9.7%	8.3%	7.4%

¹ Net Present Value Discount Rate is 14%.

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ANNEX E 3

TABLE 1

1980 ESTIMATED BOTSWANA ANNUAL DEMAND
FOR MAIN CATEGORIES OF VEGETABLES

<u>Product</u>	<u>% of Total Demand</u>	<u>Estimated Demand in Metric Tons</u>
Potatoes	37.3	5 222
Onions	7.3	1 022
Cabbage	8.7	1 218
Carrots	3.6	504
Green Mealies	0.7	100
Tomatoes	17.7	2 478
Pumpkins	4.0	560
Squash, Marrows	6.8	950
Sweet Potatoes	2.8	392
Leeks	0.4	56
Beetroot	2.8	390
Cauliflower	1.0	140
Lettuce	1.7	240
Spinach	0.4	56
Green Beans	1.9	266
Cucumbers	1.6	224
Egg Plant	0.2	28
Peppers	0.3	42
All other varieties	0.8	112
	<u>100.0%</u>	<u>14 000</u>

Source: Horticulture in Botswana: A Social and Economic Analysis. Oct. 1980.

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ANNEX E 3

TABLE 2

INDICATIVE CROPS FOR HORTICULTURAL DEVELOPMENT

<u>Crop</u>	<u>Research Yields tons/hectares</u>	<u>Hectares Planted</u>	<u>Yield, tons/ha.</u>	<u>Estimated Yield in Kgs.</u>	<u>Wholesale price/Kg.</u>	<u>Gross Income</u>
1. Cabbage	29 - 54	.60	40	24 000	.15	\$ 3 600
2. Onions	29 - 47	.20	32	6 400	.30	1 920
3. Carrots	29 - 83	.40	35	14 000	.35	4 900
4. Tomatoes	20 - 25	.20	20	4 000	.48	1 920
5. Spinach	95 - 120	.20	95	19 000	.25	4 750
6. Mealies	9 - 10	.40	8	3 200	.25	<u>800</u>
						<u>\$17 890</u>

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ANNEX E 4

Administrative Feasibility

The Phase II of the Rural Sector Grant will be implemented through the existing organizational and administrative structures of GOB ministries utilized during the first phase of the Grant. The Ministry of Finance and Development Planning will be the lead Ministry for the Project. The Rural Development Unit will provide overall coordination and monitoring. Supporting assistance will flow from the Division of Economic Affairs and the Budget Unit. The line Ministries of Commerce and Industry, Agriculture, and Local Government and Lands will execute the GOB project activities. The Project activities will be guided through two coordinating structures: the Rural Sector Grant Reference Group at the national level and, the District Development Committee at the District level. The Directorate of Personnel, Division of Economic Affairs, Budget Administration Unit, and the Chief Architect will assist project activities in areas which require their technical input.

The Ministry of Finance and Development Planning will delegate its responsibilities for coordinating and monitoring the Rural Sector Grant to the Rural Development Unit. This Unit is operated by a five person staff headed by the Coordinator of Rural Development, who is a member of the Ministry's senior staff and reports directly to the Permanent Secretary. The Rural Development Unit is responsible for providing leadership, advice, and assistance for all rural development policies, plans, and programs. It also serves as a clearing house for information on rural development through its participation in numerous inter-ministerial committees and involvement in monitoring and evaluation of rural development projects. During Phase I of the Rural Sector Grant, the capacity of the Unit was supplemented by a long-term technical assistance post to assist with the additional responsibilities created by the Project. This post will be maintained through the second phase of the Project. The Unit exercises its monitoring responsibilities through the inter-ministerial Rural Sector Grant Reference Group. This Group, chaired by the Coordinator of Rural Development, provides the forum for discussing implementation plans, overcoming obstacles, and reviewing financial and physical progress reports. This Reference Group has performed satisfactorily during the first phase of the Project, and is expected to do the same during Phase II.

The Ministry of Commerce and Industry, through its Division of Industrial Affairs, will be responsible for executing the Rural Industrial Officers' sub-project and disbursing funds for small-scale projects financed from the Productive Employment Development Fund. The Division of Industrial Affairs is one of three Divisions in the Ministry of Commerce and Industry, and is responsible for Industrial Policy Planning and coordination, investment promotion, and rural industrialization. The Division is headed by the Director of Industrial Affairs and supported by forty-nine professional and senior administrative staff. The Director, as head of the Division, is responsible for the control of expenditure within the limits of funding authorized by the Ministry of Finance and Development Planning. For purposes of this Project the Senior Rural Industrial Officer, who reports directly to the

ANNEX E 3

TABLE 4

REPRESENTATIONAL SAMPLE OF APPROVED RURAL SMALL-SCALE PROJECTS

<u>Project</u>	<u>Entrepreneur's Equity</u>	<u>GOB Grant</u>	<u>Total Investment</u>	<u>Annual Gross Revenue</u>	<u>Annual Operating Costs</u>	<u>Net Income</u>	<u>Financial Return on Investment</u>	<u>New Jobs Created</u>
Bakery	300	338	638	4899	3924	975	153%	3
Bakery	434	1735	2169	6300	4813	1487	69%	3
Block-making	1266	1873	3139	16800	15507	1293	41%	1
Knitting	358	818	1176	3240	1412	1828	155%	1
Poultry	1014	721	1735	9660	9533	127	7%	3
Poultry	2477	4643	7120	23244	16382	6862	96%	4
Sewing	658	2626	3284	18202	16369	1833	56%	3
Shoe making	636	510	1146	8881	7176	1705	149%	1
Sorghum Mill	2916	3963	6879	9000	7513	1487	22%	5
Welding	3707	8606	12313	47761	37096	10665	87%	3
Wire mesh assemble	720	1080	1800	15120	12482	2638	147%	2

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ANNEX E 3

TABLE 3

SMALL-SCALE HORTICULTURAL FARMER'S PRO FORMA INCOME STATEMENT

	Before Project	Years									
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
<u>GROSS SALES:</u>	0	\$17,890	\$17,890	\$17,890	\$17,890	\$17,890	\$17,890	\$17,890	\$17,890	\$17,890	\$17,890
<u>OPERATING EXPENSES:</u>											
Fertilizers		3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Seeds		920	920	920	920	920	920	920	920	920	920
Insecticides		600	600	600	600	600	600	600	600	600	600
Marketing Containers		2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Transport and Marketing		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<u>TOTAL OPERATING EXPENSES:</u>		\$10,120	\$10,120	\$10,120	\$10,120	\$10,120	\$10,120	\$10,120	\$10,120	\$10,120	\$10,120
<u>WORKING CAPITAL:</u>		7,770	7,770	7,770	7,770	7,770	7,770	7,770	7,770	7,770	7,770
¹ Depreciation		2,819	2,819	2,819	2,819	2,819	2,819	2,819	2,819	2,819	2,819
<u>NET INCOME FOR ESTATE:</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>	<u>\$ 4,951</u>
<u>NET INCOME PER MEMBER:</u>	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495	\$495

¹ Depreciation schedule is based on 50 year life for site development; 8 year life for vehicles; and 10 year life for tools and equipment.

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ANNEX E 3b

OPEX Costs for Twelve Months
(based on family of four)

Annual Salary	\$42,000
Less: GOB Salary	12,000
Annual Base	30,000
Salary Topping	30,000
Post Differential 10% of Topping	3,000
Sub-Total	<u>33,000</u>
Insurance	1,000
Storage	1,200
Educational Allowance	4,000
Air Freight	5,000
Travel to Post and Return	12,000
R & R Travel	9,000
Guard Service	3,000
Pre-departure Expenses	400
Contractor G & A @ 2% Against All OPEX related expenses	1,400*
Sub-Total	<u>37,000</u>
TOTAL	<u>\$70,000</u>

*Figure has been rounded off.

ANNEX E 3a

Participant Training Costs

	<u>GOB</u>	<u>AID</u>
Travel:		
Return Airfare: US - Africa	2,000	
Advance per diem		50
US to training site-training site US exit point		50
Participant fees and maintenance:		
Tuition/fees		4,000
Room/Board		5,375
Monthly Allowance		6,400
Books/Supplies		500
Insurance (health and accident)		300
Clothing		250
Household equipment		300
Incidentals (e.g. physical exams)		150
Conferences:		
Orientation		550
Enrichment conference		800
University Contractor Fee (Includes Overhead)		1,275
	<hr/>	<hr/>
	\$ 2,000	\$20,000

Director, will be responsible for the smooth implementation of the commerce and industry related activities. The Senior Rural Industrial Officer is supported by three additional professional staff in Headquarters and presently twenty-four professional and administrative staff. Likewise, for the small-scale disbursements from the Production Employment Development Fund, the Senior Rural Industrial Officer is assisted by the Employment Policy Unit of the Ministry of Finance and Development Planning. The Senior Rural Industrial Officer is delegated the responsibility for expending development funds for the project by the Director of Industrial Affairs. The Senior Rural Industrial Officer in turn delegates financial responsibility for limited expenditures from the Training and General Support Fund, and recurrent expenditure associated with the office maintenance, to the Rural Industrial Officers at district level. The Senior Rural Industrial Officer is provided as long-term technical assistance under the Rural Sector Grant and has a Mofswanacounterpart who has recently returned from graduate training in the United States. At the field level, many of the Officers are new graduates and new to the Government Service. For this reason staff training has been included as an integral part of the project activities.

The Ministry of Agriculture, through its Department of Field Services will be responsible for executing the Horticultural Estates sub-project and disbursing funds for the Agricultural Small Projects. The Department of Field Services is responsible for the agricultural extension activities of the Ministry of Agriculture. The Department is headed by the Director of Agricultural Field Services who is supported by a number of technical divisions (crop production, animal production, horticulture, poultry, women's extension, etc.). At the field level, the Department's staff is divided among five agricultural regions, each headed by the Regional Agricultural Officer. The Regional Agricultural Officer is assisted by a group of technical officers at the regional level (Group Development Officer, Regional Horticulture Officer, Agricultural Officer Land Resources, etc.) and one or more District Agricultural Officers who provide the supervision and professional guidance to the 225 Agricultural Demonstrators who work at the village level. Altogether, including the Agricultural Demonstrators, the Department contains 671 professional and administrative staff. The Director, as head of the Division, is responsible for controlling expenditure within the limits of funding authorized by the Ministry of Finance and Development Planning. For the purposes of the Agricultural Small Projects, the Principal Agricultural Officer, who supervises the Field staff of the Department and is directly responsible to the Director, will execute the implementation and monitoring required for the Fund. An important change from the Phase I of the Rural Sector Grant, is the addition of an Agricultural Officer (Inputs) post who will supervise the day-to-day operations for the Agricultural Small Projects program. The Principal Agricultural Officer will be assisted at the field level by the six Regional Agricultural Officers who will review, advise, and evaluate projects proposed for assistance from the program. The Principal Agricultural Officer will be delegated full responsibility for expenditures from the Agriculture Small Projects program by the Director. The Principal Agricultural Officer will further delegate his/her expenditure authority to the Regional Agricultural Officer for activities which require P2000 or less. The Agricultural Small Projects program has been in existence since 1978. Since that time there has been an increasing number of projects applying for assistance. Likewise, the technical quality and monitoring

procedures are continuing to improve.

The Horticultural Officer will be delegated the responsibility for executing the implementation of the Horticultural Estates by the Director of Field Services. The Horticultural Officer will be supported by three professional officers in the Headquarters Office, and one Horticultural Advisor and Agricultural Demonstrator at each Estate. The Horticultural Officer will be delegated the financial authorization to make expenditures within the limits provided by the warranted funds approved by the Ministry of Finance and Development Planning. The Horticultural Officer has received his/her graduate training and has the experience of developing the Estates during Phase I of the project. The Regional Group Development Officers will assist the Horticultural Officer in matters related to group organization.

The Ministry of Local Government and Lands, through its Rural Division, will be responsible for executing the GOB related activities under the District Institutional Development sub-project. The Rural Division is headed by the Deputy Permanent Secretary who is supported by sixty-four professional and administrative staff in the Ministry's Headquarters. The principal responsibilities of the Division will be for determining the training requirements of the individual participants, recruiting trainees, and evaluating the performance of the returned trainees. The Deputy Permanent Secretary will delegate the responsibility for meeting these requirements to the Undersecretary Common Services who is responsible for the Ministry's staff development programs. The Undersecretary will seek the assistance of the Undersecretary Rural and Undersecretary Lands who provide the professional guidance and supervision to District Administration staff on behalf of the Deputy Permanent Secretary. Likewise, the Training Officer in the Ministry will provide the Undersecretary Common Services with professional advice.

The Rural Sector Grant Reference Group represents the only new institution created for the Rural Sector Grant. Beside the Coordinator of Rural Development as the Chairman, the Group includes: the Senior Planning Officer and one Administrative Officer from the executive Ministries; the respective Ministry of Planning and Development Planning Officers for each of these Ministries; the Employment Coordinator (Ministry of Finance and Development Planning); a representative from the Budget Administration Unit; a representative from USAID/Botswana; and, the Planning Officer, Rural Development Unit who acts as Secretary. The Reference Group meets quarterly to review the progress of the Project.

At the District level, the District Development Committee will provide the coordinating structure for project activities. (For full description see Annex E 1d.) This Committee will report obstacles to the implementation of the project activities directly to the affected Ministry as well as notifying the Rural Development Unit. Evaluation and monitoring of the District based activities will be undertaken as a part of the District annual planning process.

The Directorate of Personnel, located in the Office of the President, is responsible for the recruitment, management, and training of all Government staff. It will assist to identify and process the trainees for the District Administration sub-project and will provide sufficient numbers of new

graduates to both the staff of District Administration and Rural Industrial Officers' Cadre to permit localization to be achieved.

The Budget Administration Unit, in the Ministry of Finance and Development Planning, is responsible for providing the authorization to the executive Ministries for development expenditures and recording expenditures for reimbursement by USAID/Botswana. The Unit performed satisfactorily during the first phase of the project and there have been no changes, in either the procedures or conditions, which could significantly alter the performance of the Unit.

The Chief Architect's Office, located in the Ministry of Works and Communications, is responsible for the design, construction, and maintenance of all Government buildings. The Chief Architect's Office will support the construction components of both the Rural Industrial Officers' and the Horticultural Estates sub-projects. The Ministry of Finance and Development Planning will authorize funds for the construction components to the Chief Architect's Office. The Chief Architect's Office performed satisfactorily during the first phase of the Rural Sector Grant; all the construction requirements were completed in a timely manner.

The Division of Economic Affairs, located in the Ministry of Finance and Development Planning, is responsible for the economic planning and financing of all development activities. In terms of Rural Sector Grant Project activities, the Division will provide for the financing of the GOB contribution, monitor progress, and make administrative adjustments, in cooperation with the donor, where necessary.

The Accountant General's Office, located in the Ministry of Finance and Development Planning, is responsible for paying, recording, and accounting for all GOB expenditures. The Accountant General is staffed by seventy-five senior accountants and administrators and has a national network of Revenue Offices. With respect to the Rural Sector Grant, the Accountant General records the GOB expenditures which are reimbursable under the Project. It also carries out periodic audits on all GOB Development Projects, which in the past has included Rural Sector Grant sponsored sub-projects. Finally, the Accountant General processes the Government Purchase Orders which are central to the smooth implementation of the Agricultural Small Projects and the Rural Industrial/Productive Employment Development Fund sub-projects.

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MINISTRY OF FINANCE AND
DEVELOPMENT PLANNING

COORDINATING
STRUCTURE

RURAL SECTOR GRANT
REFERENCE GROUP

RURAL DEVELOPMENT UNIT

DISTRICT DEVELOPMENT
COMMITTEE

IMPLEMENTING
STRUCTURE

MINISTRY OF COMMERCE
AND INDUSTRY DIVISION
OF INDUSTRIAL AFFAIRS

RURAL INDUSTRIES
DISTRICT OFFICE

MINISTRY OF AGRICULTURE
DEPARTMENT OF FIELD
SERVICES

REGIONAL AGRICULTURE
DISTRICT OFFICE

MINISTRY OF LOCAL
GOVERNMENT AND LANDS
RURAL DIVISION

DISTRICT ADMINISTRATION
DISTRICT OFFICE

SUPPORTING
STRUCTURE

DIVISION OF ECONOMIC
AFFAIRS (MINISTRY OF
FINANCE AND DEVELOPMENT
PLANNING)

BUDGET ADMINISTRATION
UNIT (MINISTRY OF
FINANCE AND DEVELOPMENT
PLANNING)

DIRECTORATE OF PERSONNEL
(OFFICE OF THE PRESIDENT)

CHIEF ARCHITECT'S OFFICE
(MINISTRY OF WORKS AND
COMMUNICATIONS)

ANNEX E 5

Environmental Analysis

The Agricultural Small Projects, Horticultural Estates and Rural Industrial Officers' Cadre/Productive Employment Development Fund sub-projects funded under Phase II of the Rural Sector Grant are extensions of projects started under Phase I. For Phase I, these projects were the subjects of the following environmental examinations and analyses:

- A. Initial Environmental Examination signed on August 8, 1979, approving a Negative Determination.
- B. Horticultural Estates Risk Benefit Analysis approved by the Assistant Administrator for Africa on December 17, 1980.
- C. Environmental Review Year 2, approved on April 6, 1981.

It is recommended that the decisions made in these three documents be extended to cover the similar activities in Phase II, i.e.; the Initial Environmental Examination discussion to support a Negative Threshold Decision on the environmental impacts of site development and small building construction for the Horticultural Estates and Rural Industrial Officers' stations; approval of the use of six pesticides (Daconil, Dipterex, Copper Oxychloride, Malasol, Kelthane and Acephate) on the Horticultural Estates as supported by the original Risk Benefit Analysis; and, as approved by the Year 2 Review, a decision to further examine the environmental implications of the small dam construction plans for Chadibe following further GOB investigations that will better define the requirements and design at that Estate.

ANNEX E 6

Engineering AnalysisIntroduction

Site development (clearing, leveling, fencing), and service road, irrigation system and housing construction are planned to support the establishment of three Horticultural Estates at Ramanaka, Selebi Phikwe and Chadibe. Development of these Estates will follow the successful pattern set in Phase I of the Rural Sector Grant for the Mogobane and Mothobudukwane Estates. A goat proof boundary fence around the fields will be provided and a separate mule paddock will also be fenced. Six meter wide service and access roads using in-situ materials will be constructed with hand labor. A 500m² net house and standard GOB two bedroom low cost staff housing (drawing no. GEN/HOU/13) for the Horticultural Advisors and Agricultural Demonstrators will be constructed. At Ramanaka and Selebi Phikwe, a 1030m³ reservoir for a gravity fed furrow system will be built. Water will be supplied to the reservoirs from adjacent streams by centrifugal pumps powered by diesel engines. It is planned that the Chadibe Estate will be gravity fed from a small spring fed dam reservoir.

Housing and office construction is planned to support Rural Industrial Officers' Stations at Mahalapye, Gomare, Bobonong, Southern, Molepolole, Maun, Francistown, Ramotswa, Tutume, Serowe, Kanye, Ghanzi, Tshabong and Mochudi. Standard GOB housing plans will be used: a three bedroom low cost house (drawing no. GEN/HOU/14) for Rural Industrial Officers and a smaller two bedroom quarter (drawing no. GEN/HOU/8) for Assistant Rural Industrial Officers. Offices will use a standard design developed by district authorities.

Site Selection and DevelopmentHORTICULTURAL ESTATES

The Horticultural Officer of the Ministry of Agriculture will assist in the establishment of a management structure in the form of an officially registered Agricultural Management Association on each Estate. The Agricultural Management Association will be responsible for acquiring land rights from the Tribal Land Boards for the Estates and the approval of the Water Apportionment Board to extract water for irrigation. The Water Development Officer in the Ministry of Agriculture will provide the site design for the Estates which will be reviewed and approved by a USAID/Botswana engineer. Site clearance and land preparation will then be undertaken by the Agricultural Management Association with technical advice from the Horticultural Advisors and Agricultural Demonstrators.

The construction activities of the project will be coordinated by the Horticultural Officer with the assistance of the on site Horticultural Advisors. The construction of fencing, nethouses and paddocks will be the responsibility of the Agricultural Management Associations with technical assistance from the Horticultural Advisor and the Agricultural Demonstrators.

The Roads Department of the Ministry of Works and Communications will provide technical advice to the Agricultural Management Association for the construction of the service roads. The construction of the reservoirs, furrows and assemblage of pumps and piping will involve the active participation of the Ministry of Agriculture technicians.

RURAL INDUSTRIAL OFFICERS' STATIONS

The Senior Rural Industrial Officer of the Ministry of Commerce and Industry, with assistance from the district Rural Industrial Officers, is responsible for investigating potential sites for construction of housing and offices and providing the Director of Survey and Lands with site recommendations. The Director of Survey and Lands finalizes the acquisition of land with the Tribal Land Boards on behalf of the Central Government.

Construction Contracting

The Horticulture Unit of the Ministry of Agriculture and the Senior Rural Industrial Officer of the Ministry of Commerce and Industry will liaise with the Chief Architect of the Ministry of Works and Communications to plan the tendering for construction of housing and offices by local private contractors. If contractors are unavailable, the Chief Architect may recommend the use of a building brigade or Ministry of Works and Communications building crews to perform the construction. Engineering plans, the proposed construction mode and cost estimates will be submitted to a USAID/Botswana engineer for review and approval prior to commencing construction. The Ministry of Works and Communications Buildings Department will be responsible for supervision of construction, payments to the contractor or building crews, final inspections of the facilities and maintenance of the completed buildings. To the extent practicable, USAID/Botswana will inspect building sites prior to construction and then monitor construction progress through GOB reporting and field visits.

Payment Procedures

The AID contribution of commodities for site development and irrigation system work on the Horticultural Estates will be made on a cost reimbursement basis using procedures established for Phase I of the Rural Sector Grant. USAID/Botswana will negotiate Fixed Amount Reimbursement costs for construction components with the GOB after an AID engineer has reviewed and approved the engineering plans, construction mode and cost estimates. USAID/Botswana will officially advise the GOB of the approvals and agreed Fixed Amount Reimbursement costs with Project Implementation Letters. A USAID/Botswana engineer will make final inspections of buildings for AID approvals when advised by the GOB that the buildings have passed final inspections by the Buildings Department and that reimbursement is requested. The USAID/Botswana Controller will then process the payment to the GOB.

Implementation Plan

Considerable planning and organization activities have already taken place for the Ramanaka and Selebi Phikwe Horticultural Estates, and site development and housing construction is scheduled to begin early in FY 84.

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Planning and design work for the Chadibe Estate are only in a preliminary stage and site development and construction is not planned there until FY 85. A more detailed schedule of implementation actions for the Horticultural Estates is in Annex F 4 of the Project Paper.

Construction of Rural Industrial Officers' Stations is scheduled around geographic groupings of the Stations. Stations in the South-East (Mahalapye, Molepolole, Mochudi, Southern and Kanye) and the North-West (Maun and Gomare) are to be constructed in FY 84, Stations in the North-East (Serowe, Tutume, Francistown and Bobonong) in FY 85 and Stations in the West and South-West (Ghanzi and Tshabong) in FY 86. A more detailed schedule of implementation actions for the Rural Industrial Officers' Stations is in Annex F 2 of the Project Paper.

Cost Estimates

Construction commodity costs for site development of the Horticultural Estates were developed by the Horticulture Unit of the Ministry of Agriculture based on experience with the Mogobane and Mothobudukwane Estates. Building costs were developed by the Quantity Surveyor's Office of the Ministry of Works and Communications Buildings Department. They are based on a cost for construction in the Gaborone area with different cost factors for construction in the various parts of the country.

A. Horticulture Estates

1. Ramanaka

a. Fencing (10 hectares)	1,477
b. Site clearing/leveling (dozer rental)	672
c. Reservoir (8.1m x 1.5m)	2,816
d. Pump (single stage centrifugal)	600
e. Diesel Engine (ST1 Lister with accessories)	1,818
f. Pump House (4m x 3m)	906
g. Pipe (58 110mm x 6m)	1,563
h. Gate Valve (2)	855
i. Net House (500m ²)	914
j. Mule Paddock (2.6km fencing)	875
k. Water furrows	1,250
Sub-Total Site Development	13,746
l. House (1 x 14,400 x 1.20 cost factor)	17,300
Construction Total	31,046

2. Selebi Phikwe

a. Fencing (10 hectares)	1,477
b. Reservoir (8.1m x 1.5m)	2,816
c. Pump (single stage centrifugal)	600
d. Diesel Engine (ST1 Lister with accessories)	1,818
e. Pump House (4m x 3m)	906
f. Pipe (67 110mm x 6m PVC)	1,806
(184 200mm x 6m flood type)	1,524
g. Gate Valve (2)	855
h. Net House (500m ²)	914
i. Mule Paddock (2.6km fencing)	875
j. Water Furrows (632m)	3,160
Sub-Total Site Development	16,751
k. House (2 x 14,400 x 1.05 cost factor)	30,300
Construction Total	47,051

3. Chadibe (site development costs are only preliminary estimates)

a. Fencing (25 hectares)	3,075
b. Dam Construction	38,080
c. Pipe (167 110mm x 6m PVC)	4,501
d. Gate Valve (2)	855
e. Net House (500m ²)	914
f. Mule Paddock (2.6km fencing)	875
Sub-Total Site Development	48,300
g. House (2 x 14,400 x 1.30 cost factor)	37,500
Construction Total	85,800

B. Rural Industrial Officers' Stations

1. Mahalapye	RIO House	24,100	
	ARIO House	12,400	
	Office	7,000	
	Sub-Total	43,500 x 1.20 cost factor	52,200
2. Molepolole	RIO House	24,100	
	ARIO House	12,400	
	Sub-Total	36,500 x 1.05 cf	38,300

3.	Mochudi	ARIO House	12,400 x 1.05 cf	13,000
4.	Ramotswa	ARIO House	12,400 x 1.05 cf	13,000
5.	Southern	RIO House	24,100	
		ARIO House	12,400	
		Office	7,000	
		Sub-Total	43,500 x 1.35 cf	58,700
6.	Kanye	ARIO House	12,400	
		Office	7,000	
		Sub-Total	19,400 x 1.10 cf	21,300
7.	Maun	RIO House	24,100	
		ARIO House	12,400	
		Office	7,000	
		Sub-Total	43,500 x 1.50 cf	65,300
8.	Gomare	RIO House	24,100	
		ARIO House	12,400	
		Office	7,000	
		Sub-Total	43,500 x 1.65 cf	71,800
		Total FY 84 Construction		333,600
		Construction inflation in excess of normal (5%)		16,700
		TOTAL		350,300
9.	Serowe	ARIO House	12,400 x 1.35 cf	16,700
10.	Tutume	ARIO House	12,400 x 1.30 cf	16,100
11.	Francistown	ARIO House	12,400 x 1.05 cf	13,000
12.	Bobonong	RIO House	24,100	
		ARIO House	12,400	
		Office	7,000	
		Sub-Total	43,500 x 1.35 cf	58,700
		Total FY 85 Construction		104,500
		Construction inflation 5% pa		10,700
		TOTAL		115,200

13.	Ghanzi	ARIO House	12,400	
		Office	7,000	
		Sub-Total	19,400 x 1.55 cf	30,100
14.	Tshabong	ARIO House	12,400 x 1.45 cf	18,000
		Total FY 86 Construction		48,100
		Construction inflation 5% pa		7,600
		TOTAL		55,700

C. Cost Summary

1. Horticultural Estates

Ramanaka	31,000
Selebi Phikwe	47,100
Chadibe	<u>85,800</u>
TOTAL	163,900

2. Rural Industrial Officers' Stations

Southeast and Northwest Regions	350,300
Northeast Region	115,200
West and Southwest Regions	<u>55,700</u>
TOTAL	521,200

FAA Section 611 (a)

FAA Section 611 (a) requirements for adequate planning and reasonably firm cost estimates are considered met by the Engineering Analysis of the Project Paper, the Phase I project Environmental Analysis and the GOB Project Memorandums for all project activities except the Chadibe Horticultural Estate. The planning for Chadibe is not sufficiently advanced to provide cost estimates accurate enough for obligation purposes. It is recommended that a Condition Precedent to disbursements for the Chadibe Estate be included in the Project Grant Agreement, requiring AID Engineering review and approval of more detailed engineering plans and cost estimates prior to obligation of funds for Chadibe construction.

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ANNEX F 1

Master Plan/Schedule

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
7/83	Project Paper submitted to AID/W	USAID/B	7/83
7/83	Project Paper review and authorization	AID/W	8/83
8/83	GOB recurrent budget and manpower implications prepared for following GOB FY	MFDP, MOA MLGL, MCI	9/83
8/83	Project Agreement signed	USAID/B, GOB	8/83
8/83	Establish FAR for houses and offices to be constructed in FY 84	GOB, USAID/B	8/83
8/83	Approve all Project Memorandums	USAID/B	8/83
8/83	Project Implementation Letter	USAID/B	9/83
8/83	Recruit technical position for Rural Development Unit	MFDP, DOP, USAID/B, AED	1/84
8/83	Reference Group meeting to start-up new project and monitor progress on Phase I	MFDP, MCI, MOA, MLGL, USAID/B	8/83
8/83	GOB request for financial reimbursement (for Phase I), receive reimbursement	MFDP, USAID/B	9/83
11/83	GOB request for financial reimbursement (for Phase I), receive reimbursement	MFDP, USAID/B	12/83
1/84	Reference Group meeting to review previous years activities	MFDP, MCI, MOA, MLGL, USAID/B	1/84
2/84	GOB request for financial reimbursement (for Phase I and Phase II), receive reimbursement	MFDP, USAID/B	3/84
3/84	Detailed sub-project Implementation Plan for GOB FY 84-85	MFDP, MCI, MLGL, MCA	3/84
3/84	Reference Group to evaluate above	MFDP, MCI, MLGL, MOA	3/84
3/84	Submit Plan to USAID/B	MFDP	3/84
4/84	Project Implementation Letter	USAID/B	4/84
4/84	Grant Agreement Amendment negotiated and signed	MFDP, USAID/B	4/84

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
5/84	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	6/84
6/84	Reference Group meeting to monitor implementation progress	MFDP, MCI, MLGL, MOA, USAID/B	6/84
8/84	GOB recurrent budget and manpower implications prepared for following GOB FY	MFDP, MCI, MLGL, MOA	9/84
8/84	Establish FAR for houses and offices to be constructed in FY 85	GOB, USAID/B	8/84
8/84	Reference Group meeting to monitor implementation progress	MFDP, MCI, MLGL, MOA, USAID/B	8/84
8/84	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	9/84
11/84	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	12/84
1/85	Reference Group meeting to review previous year's activities	MFDP, MCI, MLGL, MOA, USAID/B	1/85
2/85	Evaluation of first year activities	Contractor	3/85
2/85	GOB request for financial reimburse- ment, receive reimbursement	MFDP, USAID/B	3/85
3/85	Detailed sub-project Implementation Plan for GOB FY 85-86	MFDP, MCI,	3/85
3/85	Reference Group to evaluate above	MFDP, MCI, MLGL, MOA, USAID/B	3/85
3/85	Submit Plan to USAID/B	MFDP	3/85
4/85	Project Implementation Letter	USAID/B	4/85
4/85	Grant Agreement Amendment negotiated and signed	MFDP, USAID/B	4/85
5/85	GOB request for financial reimburse- ment, receive reimbursement	MFDP, USAID/B	6/85
6/85	Reference Group meeting to monitor implementation progress	MFDP, MCI, MLGL, MOA, USAID/B	6/85
8/85	GOB recurrent budget and manpower implication prepared for following FY	MFDP, MCI, MOA, MLGL	9/85

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
8/85	Establish FAR for houses and offices to be constructed in FY 86	GOB, USAID/B	8/85
8/85	Reference Group meeting to monitor implementation progress	MFDP, MCI, MLGL, MOA, USAID/B	8/85
8/85	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	9/85
11/85	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	12/85
1/86	Reference Group meeting to review previous year's activities	MFDP, MCI, MLGL, MOA, USAID/B	1/86
2/86	Evaluation of second year's activities	Contractor	3/86
2/86	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	3/86
3/86	Detailed sub-project Implementation Plan for GOB FY 86-87	MFDP, MCI, MLGL, MOA	3/86
3/86	Reference Group to evaluate above	MFDP, MCI, MLGL, MOA, USAID/B	3/86
3/86	Submit Plan to USAID/B	MFDP	3/86
4/86	Project Implementation Letter	USAID/B	4/86
4/86	Grant Agreement Amendment negotiated and signed	MFDP, USAID/B	4/86
5/86	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	6/86
6/86	Reference Group meeting to monitor implementation progress	MFDP, MCI, MLGL, MOA, USAID/B	6/86
8/86	Establish FAR for houses and offices to be constructed in FY 87	GOB, USAID/B	8/86
8/86	GOB recurrent budget and manpower implications prepared for following FY	MFDP, MOA, MCI, MLGL	9/86
8/86	Reference Group meeting to monitor implementation progress	MFDP, MCI, MLGL, MOA, USAID/B	8/86
8/86	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	9/86

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<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
11/86	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	12/86
1/87	Reference Group meeting to review previous year's activities	MFDP, MCI, MLGL, MOA, USAID/B	1/87
2/87	GOB request for financial reimbursement, receive reimbursement	MFDP	3/87
3/87	Detailed sub-project Implementation Plan for GOB FY 87-88	MFDP, MCI, MLGL, MOA	3/87
3/87	Reference Group to evaluate above	MFDP, MCI, MLGL, MOA	3/87
3/87	Submit Plan to USAID/B	MFDP	3/87
4/87	Project Implementation Letter	USAID/B	4/87
4/87	Grant Agreement Amendment negotiated and signed	MFDP, USAID/B	4/87
5/87	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	6/87
6/87	Reference Group meeting to monitor implementation progress	MFDP, MCI, MCI, MLGL, USAID/B	6/87
8/87	GOB recurrent budget and manpower implications prepared for the following GOB FY	MFDP, MOA,	9/87
8/87	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	9/87
8/87	Reference Group meeting to monitor implementation progress	MFDP, USAID/B	8/87
11/87	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	12/87
2/88	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	3/88
5/88	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	6/88
6/88	Final Evaluation	Contractor	8/88
8/88	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	9/88
11/88	GOB request for financial reimbursement, receive reimbursement	MFDP, USAID/B	12/88
9/88	Project Assistance Completion Date		

Cross Reference:
Annex F 7A - Construction
Annex F 8 - Personnel

ANNEX F 2

Implementation Schedule for Rural Industrial Cadre

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
9/83	Quarterly Report on Training and General Support Fund	MCI, MFDP	9/83
9/83	GOB acquires land for Mahalapye construction	MCI, DSL	2/84
12/83	Quarterly Report of Training and General Support Fund	MCI, MFDP	12/83
1/84	Follow-up guidelines for Training and General Support Fund	MCI, MFDP	3/84
2/84	ARIO in-service training	MCI	2/84
3/84	Quarterly Report on Training and General Support Fund	MCI, MFDP	3/84
4/84	Acquisition for office and camping equipment for Mahalapye	MCI	9/84
4/84	Compilation of RIOs sponsored surveys	MCI, MFDP	7/84
6/84	Acquisition of Mahalapye vehicle	MCI, CTO	9/84
6/84	Quarterly report on Training and General Support Fund	MCI, MFDP	6/84
7/84	RIO counterpart training	MCI	7/84
9/84	Quarterly Report on Training and General Support Fund	MCI, MFDP	9/84
12/84	Quarterly Report on Training and General Support Fund	MCI, MFDP	12/84
1/85	Acquisition of vehicles for Gomare and Southern	MCI, CTO	4/85
1/85	Acquisition of office and camping equipment for Molepolole, Ramotswa, Gomare, Southern, Maun, Mochudi.	MCI	6/85
1/85	ARIO in-service training	MCI	2/85
3/85	Quarterly Report on Training and General Support Fund	MCI, MFDP	3/85

<u>Commerce Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
5/85	Acquisition of office and camping equipment for Francistown, Tutume, Serowe, Kanye, Bobonong, Kasane	MCI	1/86
6/85	Acquisition of vehicle for Bobonong	MCI, CTO	10/85
6/85	Quarterly Report on Training and General Support Fund	MCI, MFDP	6/85
7/85	RIO counterpart training	MCI	7/85
9/85	Quarterly Report on Training and General Support Fund	MCI, MFDP	9/85
12/85	Quarterly Report on Training and General Support Fund	MCI, MFDP	12/85
1/86	Diploma training for ARIOs	MCI	6/86
3/86	Quarterly Report on Training and General Support Fund	MCI, MFDP	3/86
5/86	RIO in-service training	MCI	5/86
6/86	Quarterly Report on Training and General Support Fund	MCI, MFDP	6/86
7/86	RIO counterpart training	MCI	8/86
9/86	Quarterly Report on Training and General Support Fund	MCI, MFDP	9/86
12/86	Quarterly Report on Training and General Support Fund	MCI, MFDP	12/86
1/87	Acquisition of office and camping equipment for Ghanzi and Tshabong	MCI	3/87
1/87	Diploma training for ARIOs	MCI	6/87
3/87	Quarterly Report on Training and General Support Fund	MCI, MFDP	3/87
5/87	RIO in-service training	MCI	5/87
6/87	Quarterly Report on Training and General Support Fund	MCI, MFDP	6/87
7/87	RIO counterpart training	MCI	8/87
9/87	Quarterly Report on Training and General Support Fund	MCI, MFDP	9/87
12/87	Quarterly Report on Training and General Support Fund	MCI, MFDP	12/87
3/88	Quarterly Report on Training and General Support Fund	MCI, MFDP	3/88

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
6/88	Quarterly Report on Training and General Support Fund	MCI, MFDP	6/88
9/88	Quarterly Report on Training and General Support Fund	MCI, MFDP	9/88

ANNEX F 3

Implementation Schedule for Productive Employment Development Fund

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
8/83	Approval of funds by USAID/B for PEDF	USAID	8/83
1/84	Quarterly Progress Report (Final 1983) (two reports)	NDB, RIO	1/84
2/84	Evaluation of the Financial Assistance Program		4/84
2/84	MFDP Progress and Monitoring Report to districts (Final 1983)	MFDP	2/84
4/84	Quarterly Report to MFDP (No. 1 of 1984)	NDB, RIO	4/84
5/84	MFDP Progress and Monitoring Report to districts	MFDP	5/84
7/84	Quarterly Report (No. 2 of 1984) to MFDP	NDB, RIO	7/84
8/84	MFDP Progress and Monitoring Report to districts	MFDP	8/84
10/84	Quarterly Report (No. 3 of 1984) to MFDP	NDB, RIO	10/84
11/84	MFDP Progress and Monitoring Report to districts	MFDP	11/84
1/85	Quarterly Report (No. 4 of 1984) to MFDP	NDB, RIO	1/85
2/85	MFDP Progress and Monitoring Report to districts	MFDP	2/85
4/85	Quarterly Report to MFDP (No. 1 of 1985)	NDB, RIO	4/85
5/85	MFDP Progress and Monitoring Report to districts	MFDP	5/85
7/85	Quarterly Report to MFDP (No. 2 of 1985)	NDB, RIO	7/85
8/85	MFDP Progress and Monitoring Report to districts	MFDP	8/85
10/85	Quarterly Report to MFDP (No. 3 of 1985)	NDB, RIO	10/85
11/85	MFDP Progress and Monitoring Report to districts	MFDP	11/85
1/86	Quarterly Progress Report (No. 4 of 1985)	NDB, RIO	1/86
2/86	MFDP Progress and Monitoring Report to districts	MFDP	2/86
4/86	Quarterly Report to MFDP (No. 1 of 1986)	NDB, RIO	4/86
5/86	MFDP Progress and Monitoring Report to districts	MFDP	5/86
7/86	Quarterly Report to MFDP (No. 2 of 1986)	NDB, RIO	7/86

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<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
8/86	MFDP Progress and Monitoring Report to districts	MFDP	8/86
10/86	Quarterly Report to MFDP (No. 3 of 1986)	NDB, RIO	10/86
11/86	MFDP Progress and Monitoring Report to districts	MFDP	11/86
1/87	Quarterly Report to MFDP (No. 4 of 1986)	NDB, RIO	1/87
2/87	MFDP Progress and Monitoring Report to districts	MFDP	2/87
4/87	Quarterly Report to MFDP (No. 1 of 1987)	NDB, RIO	4/87
5/87	MFDP Progress and Monitoring Report to districts	MFDP	5/87
7/87	Quarterly Report to MFDP (No. 2 of 1987)	NDB, RIO	7/87
8/87	MFDP Progress and Monitoring Report to districts	MFDP	8/87
10/87	Quarterly Report to MFDP (No. 3 of 1987)	NDB, RIO	10/87
11/87	MFDP Progress and Monitoring Report to districts	MFDP	11/87
1/88	Quarterly Report to MFDP (No. 4 of 1987)	NDB, RIO	1/88
2/88	MFDP Progress and Monitoring Report to districts	MFDP	2/88
4/88	Quarterly Report to MFDP (No. 1 of 1988)	NDB, RIO	4/88
5/88	MFDP Progress and Monitoring Report to districts	MFDP	5/88
7/88	Quarterly Report to MFDP (No. 2 of 1988)	NDB, RIO	7/88
8/88	MFDP Progress and Monitoring Report to districts	MFDP	8/88

IMPLEMENTATION PLAN

OBJECT _____ **Productive Employment Development Fund**

ACTIVITY	YEAR 1983												YEAR 1984												YEAR 1985												YEAR 1986												YEAR 1987								
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J		
USAID/B approval for PEDF																																																									
Quarterly Report (Final 1983)																																																									
FDP Report to Districts																																																									
AP Evaluation																																																									
Quarterly Report to MFDP (No. 1) 1984																																																									
FDP Report to Districts																																																									
Quarterly Report to MFDP (No. 2) 1984																																																									
FDP Report to Districts																																																									
Quarterly Report to MFDP (No. 3) 1984																																																									
FDP Report to Districts																																																									
Quarterly Report to MFDP (No. 4) 1984																																																									
FDP Report to Districts																																																									

IMPLEMENTATION PLAN

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OBJECT Productive Employment Development Fund (continued)

ACTIVITY	YEAR 1986												YEAR 1987												YEAR 1988												YEAR 1989												YEAR 1990												
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A					
Quarterly Report to MFDP (No. 3) 1986																																																													
FDP Report to Districts																																																													
Quarterly Report to MFDP (No. 4) 1986																																																													
FDP Report to Districts																																																													
Quarterly Report to MFDP (No. 1) 1987																																																													
FDP Report to Districts																																																													
Quarterly Report to MFDP (No. 2) 1987																																																													
FDP Report to Districts																																																													
Quarterly Report to MFDP (No. 3) 1987																																																													
FDP Report to Districts																																																													
Quarterly Report to MFDP (No. 4) 1987																																																													
FDP Report to Districts																																																													

Cross Reference:
Annex F 7B - Construction
F 8 - Personnel

ANNEX F 4

Implementation Schedule for Horticultural Estates

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
	<u>RAMANAKA</u>		
6/83	Group formation for Ramanaka, register as an Agricultural Management Association	Horticultural Officer	10/83
6/83	Demonstration by Horticultural Unit by visiting other Estates.	Horticultural Officer	8/83
7/83	MOA on behalf of AMA - water rights from Water Apportionment Board	Water Board AMA	12/83
9/83	Funds warranted from MFDP to MOA	DEA, MFDP	9/83
9/83	Purchase fencing and net house materials	Horticultural Officer	10/83
9/83	Purchase vehicle	Horticultural Officer	10/83
11/83	Purchase irrigation equipment	Horticultural Officer	12/83
2/84	Purchase agricultural tools and draft power	Horticultural Officer	3/84
2/84	Construction of pump assembly, piping and water furrows	Horticultural Officer, AMA	3/84
3/84	Draft power paddock	AMA	4/84
4/84	Land preparation and planting	AMA	5/84
5/84	Bookkeeping coursework for group members	Horticultural Officer	9/84
5/84	Contracting of marketing outlets	AMA	9/84
9/84	First crop harvested	AMA	10/84
	<u>SELEBI PHIKWE</u>		
--	Group is already formed and land has been allocated		7/83
--	Group formally registered as an Agricultural Management Association	Horticultural Officer	7/83
4/83	Water rights issued by Water Apportionment Board to AMA demonstration by Horticultural Unit of other Estates	Water Board AMA	6/83

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
11/83	Funds warranted from MFDP to MOA	DEA, MFDP	11/83
11/83	Purchase fencing and net house materials	Horticultural Officer	12/83
11/83	Purchase vehicle	Horticultural Officer	12/83
4/84	Purchase irrigation equipment	Horticultural Officer	5/84
6/84	Install pump assembly, piping and water furrows	Horticultural Officer, AMA	8/84
7/84	Purchase of agricultural tools and draft power	Horticultural Officer	9/84
8/84	Draft power paddock	AMA	8/84
8/84	Final land preparation and planting	AMA	9/84
10/84	Bookkeeping coursework for group members	Horticultural Officer	11/84
9/84	Contracting of marketing outlets	AMA	12/84
12/84	First crop harvested	AMA	1/85
	<u>CHADIBE</u>		
1984	Group formally registered as an Agricultural Management Association	Horticultural Officer	4/85
1984	Water rights issued	Water Board, AMA	4/85
4/85	Demonstrations to Chadibe group by visiting other Estates	Horticultural Officer	5/85
5/85	Funds warranted from MFDP to MOA	DEA, MFDP	5/85
6/85	Purchase of fencing and net house material	Horticultural Officer	7/85
6/85	Purchase of vehicle	Horticultural Officer	7/85
9/85	Purchase of irrigation equipment	Horticultural Officer	11/85
12/85	Install pump assembly, piping and water furrows	Horticultural Officer, AMA	2/86
2/86	Purchase agricultural tools and draft power	Horticultural Officer	4/86
2/86	Draft power paddock	AMA	3/86
3/86	Final land preparation and planting	AMA	4/86
5/86	Bookkeeping coursework for group members	Horticultural Officer	9/86

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
5/86	Contracting of marketing outlets	AMA	9/86
9/86	First crop harvested	AMA	10/86

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IMPLEMENTATION PLAN

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PROJECT Horticulture Estate 2. Selebi Phikwe

ACTIVITY	YEAR 1983												YEAR 1984												YEAR 1985												YEAR 1986												YEAR 1987																							
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D												
AMA Group Registration																																																																								
Water Rights from W.A.B.																																																																								
Site Development Plans																																																																								
Approval of Plans by AID																																																																								
Funds from MFDP to MOA																																																																								
Purchase of materials (Nethouse and fencing)																																																																								
Vehicle Purchase																																																																								
Site Clearance & Nethouse																																																																								
Funds to C.A. for Construction																																																																								
ence Construction																																																																								
ervice Road Construction																																																																								
use Construction																																																																								

ANNEX F 5

Implementation Schedule for Agricultural Small Projects

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
8/83	Inputs officer in MOA post	MOA, DOP	8/83
8/83	Quarterly Reports on Small Projects to MFDP to Reference Group	MOA	8/83
10/83	Review sub-warranting procedures	MOA, MFDP	10/83
12/83	Quarterly Progress Report to MFDP, to Reference Group	MOA	12/83
3/84	Quarterly Progress Report to MFDP, to Reference Group	MOA	3/84
6/84	Quarterly Progress Report to MFDP, to Reference Group	MOA	6/84
9/84	Quarterly Progress Report to MFDP, to Reference Group	MOA	9/84
12/84	Quarterly Progress Report to MFDP, to Reference Group	MOA	12/84
3/85	Quarterly Progress Report to MFDP, to Reference Group	MOA	3/85
6/85	Quarterly Progress Report to MFDP, to Reference Group	MOA	6/85
9/85	Quarterly Progress Report to MFDP, to Reference Group	MOA	9/85
12/85	Quarterly Progress Report to MFDP, to Reference Group	MOA	12/85
3/86	Quarterly Progress Report to MFDP, to Reference Group	MOA	3/86
6/86	Quarterly Progress Report to MFDP, to Reference Group	MOA	6/86
9/86	Quarterly Progress Report to MFDP, to Reference Group	MOA	12/86
12/86	Quarterly Progress Report to MFDP, to Reference Group	MOA	12/86
3/87	Quarterly Progress Report to MFDP, to Reference Group	MOA	3/87

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
6/87	Quarterly Progress Report to MFDP, to Reference Group	MOA	6/87
9/87	Quarterly Progress Report to MFDP, to Reference Group	MOA	9/87
12/87	Quarterly Progress Report to MFDP, to Reference Group	MOA	12/87
3/88	Quarterly Progress Report to MFDP, to Reference Group	MOA	3/88
6/88	Quarterly Progress Report to MFDP, to Reference Group	MOA	6/88
9/88	Quarterly Progress Report to MFDP, to Reference Group	MOA	9/88

ANNEX F 6

Implementation Schedule for District Institutional Development

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
5/83	Finalize arrangement with DOP	MLGL	6/83
6/83	Development of a proposed training program for DO, DOD, DOL	MLGL, DOP	10/83
10/83	Selection of U.S. graduate institutions	MLGL, DOP	1/84
11/83	Identify trainees for first year training	MLGL	12/83
5/84	Participants receive letters of admission	U.S. Institution	6/84
9/84	Seven participants begin training in the U.S.	DOP, USAID/B	
11/84	Second group of participants identified	MLGL	12/84
5/85	Second group receives letters of admission	U.S. Institution	
7/85	First group of participants return	DOP	8/85
9/85	Nine participants begin training in U.S.	DOP, USAID/B	
11/85	Third group of participants identified	MLGL	12/85
1/86	Evaluation of first group of participants	MLGL	3/86
5/86	Third group receives letters of admission	U.S. Institution	6/86
7/86	Second group of participants return	DOP	8/86
9/86	Ten participants begin training	DOP, USAID/B	
11/86	Fourth group of participants identified	MLGL	12/86
5/87	Fourth group receives letters of admission	U.S. Institution	6/87
7/87	Third group returns	DOP	8/87
9/87	Eleven participants begin training in U.S.	DOP, USAID/B	
7/88	Last graduates return to Botswana		8/88

ANNEX F 7A

Implementation Schedule for Construction

RURAL INDUSTRIAL OFFICERS

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
9/83	Acquisition of land for Mahalapye	MCI, DSL	2/84
12/83	AID engineer approves A&E plans	USAID/B	12/83
2/84	Funds to Chief Architect	MFDP, MWC	2/84
5/84	Construction of RIO and ARIO houses and office in Mahalapye		10/84
5/84	Acquisition of land for Molepolole, Mochudi, Ramotswa, Southern II, Kanye, Maun and Gomare	MCI, DSL	10/84
8/84	AID engineer approves A&E plans	USAID/B	8/84
9/84	Funds to Chief Architect	MFDP, MWC	9/84
11/84	AID engineer approves construction in Mahalapye	USAID/B	11/84
1/85	Construction of ARIO house in Mochudi		6/85
1/85	Construction of ARIO house in Ramotswa		6/85
1/85	Construction of RIO and ARIO houses in Molepolole		6/85
1/85	Construction of RIO and ARIO houses and office in Southern II		6/85
1/85	Construction of ARIO house and office in Kanye		6/85
1/85	Construction of RIO and ARIO houses and office in Maun		9/85
1/85	Construction of RIO and ARIO houses and office in Gomare		9/85
1/85	Acquisition of land for Serowe, Tutume, Francistown and Bobonong	MCI, DSL	4/85
4/85	AID engineer approves A&E plans	USAID/B	4/85
5/85	Funds to Chief Architect	MFDP, MWC	5/85
6/85	AID engineer approves construction in Mochudi and Ramotswa	USAID/B	6/85
7/85	AID Engineer approves construction in Molepolole, Southern II and Kanye	USAID/B	7/85

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
3/85	Construction of ARIO house in Serowe		1/86
3/85	Construction of ARIO house in Tutume		1/86
3/85	Construction of ARIO house in Francistown		1/86
3/35	Construction of RIO and ARIO houses and office in Bobonong		2/86
10/85	AID engineer approves construction in Maun and Gomare	USAID/B	10/85
1/86	Acquisition of land for Tshabong and Ghanzi	MCI, DSL	4/86
3/86	AID engineer approves construction in Serowe, Tutume, Francistown, and Bobonong	USAID/B	4/86
4/86	AID engineer approves A&E plans	USAID/B	4/86
5/86	Funds to Chief Architect	MFDP, MWC	5/86
8/86	Construction of ARIO house in Tshabong		2/87
8/86	Construction of ARIO house and office in Ghanzi		2/87
3/87	AID engineer approves construction in Tshabong and Ghanzi	USAID/B	3/87

ANNEX F 7B

Implementation Schedule for Construction

HORTICULTURAL ESTATES

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
6/83	Acquisition of land for Ramonaka	Land Board/ AMA	11/83
7/83	Development of site plans (R)	MOA/WDO	8/83
3/83	AID engineer approves A&E (R)	USAID/B	8/83
9/83	Development of site plans (S/P)	MOA/WDO	10/83
10/83	Funds to Chief Architect (R)	Horticultural Officer	10/83
10/83	Construction of fencing (R)	AMA	11/83
10/83	Construction of service road (R)	AMA	10/83
10/83	Construct house (R)	CA/MWC	4/84
10/83	AID engineer approves A&E (S/P)	USAID/B	10/83
4/83	Construction of fencing (S/P)	AMA	12/83
4/83	Site clearance and nethouse (R)	AMA	1/84
11/83	Site clearance and nethouse (S/P)	AMA	1/84
12/83	Funds to Chief Architect (S/P)	Horticultural Officer	1/84
1/84	Construction of reservoir (R)	AMA	2/84
2/84	Construction of service road (S/P)	AMA	2/84
2/84	Two houses constructed (S/P)	CA/MWC	8/84
3/84	Construction of reservoir (S/P)	AMA	4/84
5/84	AID engineer approves construction in Ramonaka	USAID/B	5/84
9/84	AID engineer approves construction in Selebi Phikwe	USAID/B	9/84
12/84	Acquisition of land for Chadibe	Land Board/ AMA	4/84
4/85	Development of site plans (C)	MOA/WDO	5/85
5/85	AID engineer approves A&E plans (C)	USAID/B	5/85
6/85	Funds to Chief Architect (C)	Horticultural Officer	6/85

<u>Commence Action</u>		<u>Responsible Party</u>	<u>Complete Action</u>
7/85	Construction of fencing (C)	AMA	8/85
8/85	Construction of service road (C)	AMA	3/85
8/85	Site clearance and nethouse (C)	AMA	3/85
8/85	Two houses constructed (C)	AMA	2/86
9/85	Construction of reservoir (C)	AMA	10/85
3/86	AID engineer approves construction in Chadibe	USAID/B	3/86

ANNEX F 8

Personnel Schedule

1. C108 - Rural Industries

A. Expatriate Recruitment of RIOs

<u>Commence Activity</u>		<u>Complete Activity</u>
1/83	Ramotswa	8/83
4/83	Kasane	7/83
6/83	Kanye	2/84
5/83	Tshabong	8/83
6/83	Serowe	1/84
6/83	Maun	1/84
8/83	Mahalapye	8/84
4/84	Southern II	4/85
7/84	Gomare	7/85
8/84	Ghanzi	8/85
9/84	SRIO Extension	10/84
8/85	Training Officer Extension	9/85

B. New Graduates to Train as RIOs

5/83	Serowe	8/83
5/83	Southern	8/83
5/83	Mochudi	8/83
5/83	Headquarters	8/83
5/84	Maun	8/84
5/84	Francistown	8/84
5/84	Ramotswa	8/84
5/84	Mahalapye	8/84
5/85	Unnamed	8/85
5/85	Unnamed	8/85

C. New Assistant Rural Industrial Officers

8/83	Mahalapye	4/84
8/84	Southern II	4/85
10/84	Gomare	7/85
4/85	Bobonong	12/85

2. District Institutional Development

A. Locating/Hiring Replacement Posts for the DOD Trainees

<u>Commence Activity</u>		<u>Complete Activity</u>
5/84	Maun	8/84
5/84	Ghanzi	8/84
5/85	Francistown	8/85
5/85	Molepolole	8/85
5/85	Tshabong	8/85
5/85	Serowe	8/85
5/86	Maun	8/86
5/86	Kasane	8/86
5/86	Kanye	8/86
5/86	Ghanzi	8/86
5/87	Francistown	8/87
5/87	Tshabong	8/87
5/87	Mahalapye	8/87

B. Locating/Hiring Replacements Posts for DCL Trainees

5/84	Molepolole	8/84
5/84	Serowe	8/84
5/84	Ramotswa	8/84
5/85	Tshabong	8/85
5/85	Molepolole	8/85
5/86	Kasane	8/86
5/86	Ramotswa	8/86
5/86	Ghanzi	8/86
5/86	Tutume	8/86
5/87	Maun	8/87
5/87	Mochudi	8/87
5/87	Tshabong	8/87
5/87	Ghanzi	8/87
5/87	Tutume	8/87

C. Locating/Hiring Replacement Posts for District Officer Trainees

5/84	Two District Officers	8/84
5/85	Three District Officers	8/85
5/86	Two District Officers	8/86
5/87	Three District Officers	8/87

3. Horticulture

<u>Commence Activity</u>		<u>Complete Activity</u>
5/83	Ramonaka Horticultural Advisor	9/83
5/83	Selebi Phikwe Horticultural Advisor	1/84
6/84	Chadibe Horticultural Advisor	6/85

IMPLEMENTATION PLAN

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PROJECT Personnel Schedule - Rural Industries (Continued)

ACTIVITY	YEAR 1983												YEAR 1984												YEAR 1985												YEAR 1986												YEAR 1987						
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
B. New Graduates to Train																																																							
Southern																																																							
Serowe																																																							
Mochudi																																																							
Headquarters																																																							
Maun																																																							
Francistown																																																							
Ramotswa																																																							
Mahalapye																																																							
Unnamed																																																							
Unnamed																																																							

IMPLEMENTATION PLAN

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CT Personnel Schedule - Rural Industries (continued)

Form C

ACTIVITY	YEAR 1983				YEAR 1984				YEAR 1985				YEAR 1986				YEAR 1987																							
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D				
New ARIOs																																								
Mahalapye																																								
Southern II																																								
Gomare																																								
Bobonong																																								

ANNEX G

Justification for Source and Origin Waiver from Code 941 to Code 935 for Project Vehicles, Construction Materials and Shelf Items.

Co-operating Country:	Botswana
Project:	Botswana Rural Sector Grant Amendment
Funding:	Grant
Description:	<ol style="list-style-type: none"> 1. Vehicles - three pick-up trucks for the horticulture component and four pick-up trucks for the RIO component (\$ 91,500) (Code 935) 2. Construction Materials - cement, pipe, pumps, fencing, etc. for site development of horticulture estates; building materials for houses at horticulture estates and for offices and houses at RIO stations (\$382,000) (Code 935) 3. Shelf Items - hand tools, planting supplies for horticulture estates; cement, wood and hardware for small agriculture projects; office and camping equipment for RIO stations. (\$360,500)
Probable Source:	South Africa, Botswana
Total Value (approximate):	\$ 1,000,000 including inflation

Discussion

1. Vehicles - Blanket source/origin waivers from Code 000 to Code 935 for the procurement of right-hand drive (RHD) light-weight vehicles in Southern Africa have been approved for calendar years 1981, 1982 and 1983 based on the unavailability of RHD vehicles of U.S. origin and the safety and maintenance implications of using LHD vehicles. These factors remain unchanged for the foreseeable future.
2. Construction Materials - Construction specifications for Botswana are based on building codes modeled after South Africa and the U.K. All materials except sand and gravel are normally imported from South Africa by merchants and contractors operating in Botswana. Stocks of materials necessary for maintenance of buildings are also of South African origin.

3. Shelf Items - agricultural inputs, office equipment and camping supplies will be purchased in small lots or by government stores from local suppliers. Items will be largely of South Africa, U.K. and Japan origin. The authorization therefore requests approval to exceed the \$ 250,000 cumulative limitation on off-shelf procurement

ANNEX H

611(e) Certification

The Rural Sector Grant Amendment (633-0077) includes development of horticulture estates at three sites in the east and construction of Rural Industrial Officer housing and offices at fourteen locations throughout Botswana. Site development and construction will follow standard Government of Botswana practice for plans, specifications and construction methods. Maintenance of buildings will be the responsibility of the same GOB department that will organize the construction, the Buildings Department of the Ministry of Works and Communications. Agriculture Management Associations at each horticulture estate will take part in the development of the estates and will also be responsible for the maintenance, with technical support from the Ministry of Agriculture.

Similar types of buildings and facilities constructed for the original Rural Sector Grant and for other projects such as Crop Production have been adequately maintained and utilized. MWC has an annual maintenance budget and has staff experienced with the maintenance requirements of the project facilities.

As Principal Officer for the Agency for International Development in Botswana, I hereby certify that the Government of Botswana has the capability to effectively utilize and maintain the Rural Sector Grant Amendment Project.



Paul Guedet

Director

July 5, 1983
Date