



Republic of Botswana



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Project Title: Support to Economic Diversification and Inclusive Growth in Botswana

Project Number: 00102694

Implementing Partner: Ministry of Investment, Trade and Industry (MITI)

Start Date: January 2017 End Date:

Brief Description

Guided by the UNDP strategy on inclusive and sustainable growth, this project will support Botswana in its efforts to address the challenges of diversifying the sources of economic growth, eradicate poverty and reduce inequalities and exclusion. These challenges are complex and will require greater collaboration across sectors and partners to deliver impacts at scale and to utilize limited resources efficiently. Addressing these fundamental development challenges require multi-sector, integrated solutions for the provision of adequate employment and incomes for men and women, providing basic social protection and effective services and infrastructure.

The project will contribute to UNDP's role of supporting Botswana to achieve the 2030 Agenda, focusing on poverty eradication and reduction of inequality and exclusion as the highest priorities. The project is aligned with the SDGs that focus on poverty eradication, reduction of inequality, and more inclusive and sustainable growth pathways so that economic growth does not take place at the expense of the poor and vulnerable groups. The project contributes directly to the implementation of Goals 1, 8 and 10 of the SDGs: poverty eradication, sustained, inclusive and sustainable growth, full and productive employment, and decent work for all; reduced inequalities.

Contributing Outcome (UNSD/CPD, Indicative Output(s) with gender marker: 1. Policy environment to promote economic diversification and inclusive growth developed (Gen1) 2. Policy environment to promote multi-dimensional poverty measurement developed (Gen2) 3. Institutional capacity to plan and implement LED strengthened (Gen2) 4. Institutional capacity to implement SDP strengthened (Gen1) 5. Institutional capacity to implement revised EDD strengthened (Gen2) 6. Enabling policy environment for informal sector participation in the economy enhanced (Gen2)	Total resources required:	5,924,858	
	Total resources allocated:	5,924,858	
		UNDP TRAC:	
		Donor:	
		Government:	
	In-Kind:		
	Unfunded:		

Agreed by (signatures):

UNDP	Implementing Partner
Print Name: <i>JACINTA BARRETT</i> <i>Jacinta Barrett</i>	Print Name: <i>PEGGY O. GERAME</i>
Date: <i>29/1/2018</i>	Date: <i>29/01/2018</i>

I. INTRODUCTION

The overall objective of this project is to strengthen the capacities of institutions that are responsible for the development, implementation, monitoring and evaluation of inclusive growth policies and programmes to achieve economic diversification and growth, job creation and poverty eradication.

Both integrated and inclusive policies and programmes at the national and district levels, and enhanced capacities of public and private sector institutions will enhance the achievement of Vision 2036; the NDP 11 and *Agenda 2030 for Sustainable Development*. Specifically, a coordinated implementation approach will close capacity gaps across key institutions responsible for economic development.

The project is anchored on the three outcomes (policy and programme design; implementation; data, monitoring and evaluation) of the Government of Botswana/United Nations Sustainable Development Framework (2017-2021); UNDP Botswana Country Programme Document (2017-2021); and the UNDP Strategic Plan. The project focuses on achieving SDG 1- ending poverty in all its forms everywhere; SDG 8 - promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; SDG 10 – reduced inequalities.

II. DEVELOPMENT CHALLENGE

Botswana is one of the few upper middle-income countries in Sub-Saharan Africa with a *per capita* Gross National Income (GNI) of US\$ 14,663.¹ The development record of Botswana over the past 50 years has been impressive – going from being one of the poorest African countries at independence in 1966 to one of the most successful.²

Growth has been based on diamond revenues, with subsequent high investment in social protection, health and education (4.4, 5.4 and 9.5 per cent of gross domestic product, respectively), which has extended the reach and accessibility of services.³ Pro-poor growth and social protection have helped reduce poverty, which fell from 47 per cent (1993-1994) to 19.4 per cent (2009-2010),⁷ while extreme poverty declined substantially, from 23.4 per cent (2002-2003) to 6.5 per cent (2009-2010).⁴ This impressive performance was mainly due to fiscal discipline and sound macroeconomic management resulting in Botswana graduating from the world's poorest country category to a middle-income country status.

Despite Botswana's impressive growth, recent studies point to the following four (4) specific issues which must be addressed in the short to long-term. **First, Botswana must generate diversified export-led economic growth and employment.**⁵ Botswana is faced with the dual problem of declining growth rates on one hand and low job-creating capacity of growth on the other, and both need to be tackled urgently.⁶ The post-independence average annual GDP growth rates of above 10 percent have been difficult to achieve in the recent past. To date, the country remains highly reliant on diamonds and the public sector, making the country more vulnerable to external shocks.

Second, the sources of growth should aim at growing the economy, and generate substantial employment opportunities to ensure equal access to economic opportunities by most of the population.⁷ Unemployment (20 percent) is higher among the youth aged between 18 and

¹United Nations Development Programme 2016

²*ibid*

³ UNDP Country Programme Document for Botswana (2017-2021)

⁴*ibid*

⁵National Development Plan 11

⁶*ibid*

⁷National Development Plan 11

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25, with females and those with lower academic achievements - never attended school, as well as those with certificate and general education levels - constituting the highest numbers.

Third, productivity growth is key to achieving faster and more inclusive growth, because it is the foundation on which to build the global competitiveness of the private sector.⁸ The much-desired prosperity will be driven by productivity growth that the current economic model has not delivered.⁹ Productivity ultimately depends on improving the microeconomic capability of the economy and the sophistication of local competition, hence the need to grow the SME and informal sectors. Improving input factor productivity through investment in workforce development (skills, training, and work ethic) and the adoption of technology will be critical to developing more competitive firms.¹⁰

Government recognizes that reliance on a single sector is unsustainable, and that economic diversification is essential. To address the challenges above, the Botswana Excellence Strategy for Economic Diversification and Sustained Growth (BESEDSG) was approved in 2008 as the overarching framework to drive economic diversification. Prior to this, several government led programmes including the Local Preference Scheme (1976); the Reserved Sectors Policy (1982); the Financial Assistance Programme (1982); along with establishment of support agencies (CEDA, LEA, NDB, BDC, BOBS, etc.) were adopted to promote diversification and the development of the domestic private sector.

Post 2008, government approved the 2010 Short-Term Economic Diversification Drive (EDD) Strategy, which aims to develop a diversified private sector through a two-stage process involving: i) local preferences in government procurement; followed by, ii) facilitating competitiveness for firms to participate in regional and global export markets. The Medium to Long-Term Strategy 2011 – 2016 was also approved emphasising a vibrant and globally competitive private sector. This is to be achieved through the development of a modern technology and skills driven knowledge economy in which Botswana firms will compete based on quality of the labour force and productivity; quality of goods and services; technological innovation and adaptation; quality of business environment and infrastructure; and the extent and diversity of business linkages.

The National Export Strategy (NES) approved in 2010 aims to make Botswana globally competitive with a view to expanding current levels of exports and placing new ones in the international markets as well as diversifying the country's export base. The specific objectives of the NES are: (i) To make the export sector a major engine of growth by maximising the growth of the sector and its contribution to overall economic growth as well as diversifying the export base; (ii) To maximise the export sector's contribution to employment creation, rural development, gender equality and poverty reduction; and (iii) To increase production and productivity as well as the level of value addition within the identified export sectors, among other things. The Strategy acknowledges the benefits of export trade in rural development, employment creation, citizen economic empowerment, poverty reduction, more especially among women and youth, environmental sustainability and fast-tracking achievement of the Sustainable Development Goals (SDGs).

In 2012, a cluster-based agenda was adopted by government to focus on sectors where the economy has some comparative advantages such as diamond, beef, tourism, financial services, and mining. The cluster-based agenda has not taken traction yet, though work is ongoing to develop the diamond cluster. In addition, not much work has been done on national value chains in Botswana save for the beef and poultry value chains. The constraints identified in these value

⁸World Bank, Botswana systematic country diagnostic, 2015

⁹Vision 2036

¹⁰World Bank, Botswana systematic country diagnostic, 2015

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chains include limited capacity, skills, entrepreneurship, infrastructure and regulatory, quality of the institutional support issues.

The Industrial Development Policy (2014) was designed to support long-term growth, as well as address constraints to that growth. The major objective of the Industrial Development Policy for Botswana is to expand the country's industrial base through the development of diversified, sustainable and globally competitive industries. This will be done through implementation of the following strategic policy thrusts: Industry Creation and Development; Industry Promotion and Facilitation; Industrialisation and Citizen Economic Empowerment; Development of Infrastructure and Industry Relevant Skills, Private Sector Capacity Development and Other Policy Fundamentals.

In 2016, the government approved a national Local Economic Development (LED) framework to guide and co-ordinate the planning and implementation of local economic growth and diversification initiatives that are expected to be driven by SMMEs owned principally by women and the youths. Implementation of this framework remains a key necessary condition for the realization of economic diversification. Successful rollout of the National LED Framework and Action Plan in all districts requires an effective decentralised governance system, hence the need for the development of Decentralisation Policy and Action Plan. This also requires the development of a robust monitoring and evaluation system to track implementation and impact.

Results of the above outlined policies, strategies and programmes above are mixed. While the structure of the economy has somewhat changed (with a general trend showing that the share of mining and government to GDP has declined), Botswana remains almost fully dependent on diamonds for its exports – indeed, even more so today than it has been in the past. This raises questions over the sustainability of its diversification. It is therefore important that these gains are sustained through exploring opportunities for promoting a wide range of exports.

Reasons for the mixed results are diverse. The 2015 World Bank Systematic Country Diagnostics asserts that there are several structural issues, most notably lack of economies of scale, as well as supply side barriers that hamper diversification, both across the board and in specific sectoral contexts. Work done by Porter (2012) presents three broad fundamental challenges of (i) weak implementation; (ii) failure to set a realistic overall strategy for the country (noting that a strategy that has sufficient ownership to be effective requires a broader, more inclusive process involving larger groups of public and private sector leaders); and (iii) failure to capture the competitiveness challenges Botswana faces. Furthermore, Botswana has its weaknesses mainly in microeconomic competitiveness, especially company sophistication, as well as low presence of related and supporting industries in most parts of the economy.

Fourth, Botswana has high levels of poverty and inequality as well as some low human development indicators for an upper middle-income economy. While poverty rates declined from over 50 per cent at independence to around 19 per cent today, significant pockets of poverty remain, especially in rural areas. Notably, poverty is still more pronounced in the rural areas (Kweneng West 48.6 per cent; Ngamiland West 47.3 per cent; Ghanzi 35.7 per cent; and Kgalagadi North 31.2 per cent)¹¹, is more prevalent in households which are headed by females (58 per cent) and youth (57 per cent); and more pronounced in households headed by those with no formal training¹².

The Gini coefficient of inequality, as measured by per capita consumption, declined from 64.7 percent to 60.5 percent from 2003 to 2010 but remained high¹³. The high levels of poverty in

¹¹ibid

¹²World Bank, Botswana systematic country diagnostic, 2015

¹³ibid

Botswana are tied closely to the country's extraordinarily high inequality, which has restricted the extent to which growth contributed to poverty reduction¹⁴. While inequality has fallen over the last decade from 64.7 to 60.5, Botswana is still among the most unequal societies in the world¹⁵. Inequality in Botswana is explained primarily by within-group differences, most importantly by access to productive livelihoods¹⁶.

The 2003 National Strategy for Poverty Reduction (NSPR) constituted the country's first explicit poverty reduction strategy, and incorporated the key poverty objective of Vision 2016, namely to eradicate 'absolute poverty' by 2016. The central thrust of the NSPR was the achievement of poverty eradication primarily through the expansion of employment opportunities beyond the mining sector. This was to be accompanied by a focus on the strengthening of the capabilities of the poor to enhance their employability.

The NSPR recognized that amongst the key challenges facing poverty reduction initiatives in Botswana were those of ensuring greater coherence and effectiveness of interventions given both coordination and implementation shortcomings in government programmes. Foremost amongst its recommendations was the need for Botswana to develop a systematic monitoring and evaluation system which would enable the tracking of progress on poverty reduction with the necessary level of detail that would permit informed mid-course corrections.

This was to be accompanied by the need for government to provide a set of well-targeted social safety nets for those unable to take advantage of such employment opportunities. Given the primary focus on poverty reducing employment and income-generation, social safety nets were cast in terms of a last resort mechanism to prevent destitution.

One constant feature in all poverty-related policy documents such as the NSPR, successive NDPs and the Vision 2016, has been the need to strengthen the participation of the poor in income and employment generating activities through the promotion of small-scale entrepreneurship. Sustainable employment creation was to benefit from efforts to diversify the economy away from its high level of dependence on the diamond sector considering its limited capacity to generate direct employment. Increases in the contribution of manufacturing, services, tourism and agriculture to national income would be accompanied by increased employment from which the poor would benefit.

Further refinements in the national approach to poverty reduction took place through the launching of the Poverty Eradication Guidelines in 2011. The latter underpins an ongoing initiative entitled the Poverty Eradication Programme (PEP), based in the Office of the President and overseen by the Poverty Eradication Coordination Unit (PECU). This aims to address the specific constraints faced by a range of disadvantaged poor groups in society which impede their participation in productive activities, such as restricted assets and poor entrepreneurship skills and social exclusion. The PEP has involved the gradual rolling out of many income-generating projects aimed at enhancing the capacity of households to exit poverty through self-employment, and is based on the provision of material assistance to beneficiary households in the form of grant asset transfers, as well as the necessary training in enterprise development which is seen as a key guarantor of sustainability.

III. STRATEGY

Guided by the UNDP's Draft Strategic Plan's 2018 - 2021, integrative approach and the UNDP strategy on inclusive and sustainable growth, this project will support Botswana in efforts to

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¹⁵Draft Botswana Human Development Report 2016

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diversify sources of economic growth, eradicate poverty and reduce inequalities and exclusion. It will contribute primarily to the Strategic Plan outcome – growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded. It will also support the achievement in other areas of work, gender equality and women’s empowerment and prioritization of poverty, inequality and exclusion in development debates and actions.

It is directly aligned with the SDGs that emphasize the need to transition to more inclusive and sustainable growth pathways so that economic growth does not take place at the expense of the poor and vulnerable groups. The Strategy contributes directly to Goal 8 of the SDGs: sustained, inclusive and sustainable growth, full and productive employment, and decent work for all.

The concept of inclusive growth typically refers to equity with growth or to broadly shared prosperity resulting from economic growth¹⁷. In development, the concept of inclusive growth has gained widespread currency in recent years, because it has broadened the discourse beyond a concern only with extreme poverty¹⁸. It is globally acknowledged that achieving inclusive and sustainable growth, however, is no easy task. It requires integrated policy frameworks, innovative programming tools and being at the forefront of advancing a key part of the Sustainable Development Goals by supporting achievement of several development goals at national levels.

In line with the NDP 11 theme of Inclusive Growth for the Realisation of Sustainable Employment Creation and Poverty Eradication, this project will support Botswana to (1) design, implement, monitor and evaluate integrated policies and programmes that can tackle the **interconnected issues** of undiversified and declining sources of growth, poverty, inequality, and exclusion, (2) strengthen institutional capacity for use quality and timely data to inform planning, monitoring, evaluation, decision-making while (3) strengthening and amplifying partnerships for inclusive and sustainable growth.

Moreover, the project will place emphasis on specific sectors of the economy, population groups and key institutions responsible for coordination and implementation of the diversification and inclusive growth agenda. These include:

- i. **The informal sector**, defined as all economic activity that contributes to value added, but which is presently not registered by national measurement agencies. The evolution of the informal sector theory throughout the past four decades showed that it can no longer be considered as a temporary phenomenon. Studies have indicated that the informal sector is clearly a potential engine of job and income generation, thus the main challenges exist in developing innovative and supportive policies and programmes that recognize the contributions of the informal economy and finding the correct method of integrating it into the formal economy. The Local Economic Analysis will be used as an innovative tool in developing the informal sector in the districts.
- ii. **The Small, Medium Enterprises (SMEs)**, defined as non-subsidary, independent firms which employ fewer than a given number of employees¹⁹. Many small businesses are associated with low levels of productivity. Achieving inclusive growth needs to consider both improving productivity in these lower tier jobs, as well as overcoming barriers preventing access to better jobs. They rarely get access to financing for innovation, support for exports or access to public procurement tenders. They face unequal relations

¹⁷UNDPs Strategy for Inclusive and Sustainable Growth

¹⁸ibid

¹⁹Botswana SMME policy outlines the following: a ‘micro-’ business is one with six or less employees and an annual turnover of up to P60 000 (US\$6000). A ‘small’ business is one with less than 25 employees and an annual turnover between P60 000 and P1 500 000 (US\$6000–US\$150 000). A ‘medium sized enterprise’ is one with 25–100 employees and an annual turnover of P1.5 million–P5 million (US\$150 000–US\$500 000) (Task Force Report on the Policy on SMMEs in Botswana 1998).

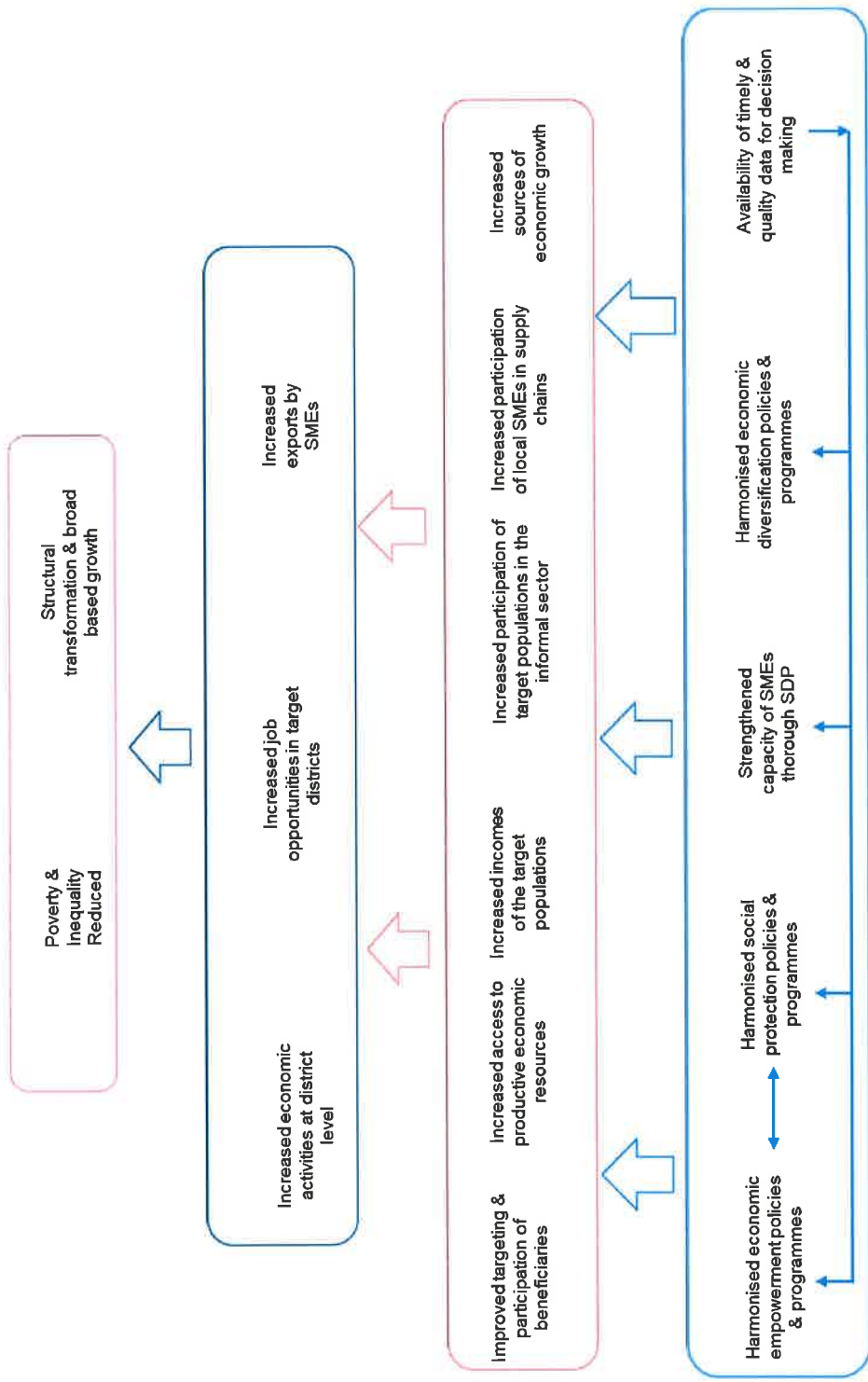
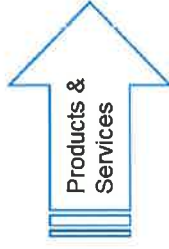
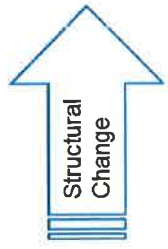
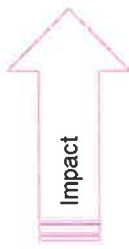
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in supply chains that mean that costs and risks are often pushed down to them by larger firms.

- iii. **Those living in poverty and experiencing the greatest inequalities and exclusion** in terms of access to opportunities and achievements of outcomes, especially women, female-headed households and youth, defined by absolute and relative measures using the international US\$1.90 per day poverty line, the multi-dimensional poverty index (MPI) and national poverty lines.

- iv. **Those institutions responsible for coordination and implementation of the diversification and inclusive growth agenda.** An inclusive economy requires an inclusive society that has the institutions, structures and processes that empower local communities so they can hold their governments accountable. It also requires the participation of all groups in society in decision-making processes. This would require proactive policies such as the decentralization policy for the participation of marginalised groups and capacity strengthening of district level institutions to ensure informed policy and programme interventions.

Theory of Change



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IV. RESULTS AND PARTNERSHIPS

Expected Results

Component 1: Institutional capacity to design integrated diversification and inclusive growth policies and programmes strengthened:

High-quality policies and programmes are crucial to the development process. The project recognizes the complexity of public policymaking, owing to the multiplicity and the interconnectedness of issues, solutions and institutions. Work under this component will entail sharing and promoting good practices in policy and programme development emphasising lessons and experiences from other countries, including new knowledge and innovations.

Several policies in support of the economic diversification agenda highlighted in the previous section have not been evaluated to ascertain their relevance, effectiveness and efficiency and provide a feed-back loop to guide necessary adjustments, hence the need for a robust evaluation programme. The project will seek to establish partnerships with other development partners, research institutions and academia to support this component.

Amongst key economic diversification initiatives to be evaluated is the Economic Diversification Drive (EDD) and the Botswana Export Development Programme (BEDP). The outcomes of these evaluations include the development of the Revised Economic Diversification Drive (REDD) and the Revised Botswana Export Development Programme (RBEDP). Other policies and or strategies will be evaluated as needed. The proposed evaluations will be complimented by robust public private sector dialogues aimed at building consensus while ensuring ownership of sustainable and innovative solutions to the identified challenges. This will be done in partnership with the Ministry of Investment, Trade and Industry (MITI), Botswana Investment and Trade Center (BITC), National Strategy Office (NSO), and Business Botswana.

UNDP will make available lessons learnt from its global network (with emphasis on south-south cooperation) to augment local solutions. In this connection, the project will support the Ministry of International Affairs and Cooperation (MIAC) to develop the South-South & Triangular Cooperation Strategy for Botswana. South-South cooperation has increasingly demonstrated its contribution to development results through a variety of flexible cooperation modalities, including knowledge exchanges, technology transfers, financing, peer support, and neighbourhood initiatives, as well as countries forming common development agendas and seeking collective solutions.

The project will support the Ministry of Local Government and Rural Development, Botswana Association of Local Authorities (BALA), Local Authorities and other development partners to finalize the development of the Decentralisation Policy and Action Plan. The policy will provide a good platform for the effective rollout of the National LED Framework and Action Plan in all the districts.

To eradicate extreme poverty and reduce inequality, interventions promoting a multi-dimensional approach to poverty eradication will be used to improve analytical and institutional policy-making capacities, thus ensuring that no one is left behind. The project will support the design of policies, facilitating collaboration, coordination and convergence among institutions that work in silos, utilizing emerging global knowledge to ensure policies are coherent. Resilience aspects will be included to ensure that communities can withstand various shocks, particularly economic and climatic.

The project will support the finalization of the Botswana poverty eradication policy/strategy and action plan currently under development. Specific groups (women, youth and people living with disabilities) and locations (Kgalagadi North, Ngamiland West, Ghanzi and Kweneng West) will be prioritized and targeted, based on the findings of national surveys.

Through the new policy/strategy on poverty eradication, the project will support harmonisation of existing economic empowerment programmes as well as coordination of the different implementing agencies.

Design of poverty eradication and economic empowerment programmes in various institutions such as the Poverty Eradication Coordination Unit, Gender Affairs Department, Ministry responsible for Youth Development, Department of Social and Community Development, Ministry of Agriculture as well as districts Committees will be coordinated to guarantee their efficiency and effectiveness. This coordinated approach will ensure proper targeting of empowerment programmes; improved integration of empowerment programmes; and alignment of empowerment programmes with viable livelihood options improved.

For effectiveness, this approach will be combined with innovation and knowledge brokerage through South-South initiatives. Under the leadership of local institutions, the project will address issues of mindset change, aimed at addressing the dependency syndrome prevalent among target populations through south-south initiatives. Tools, best practices and learning will be developed, while building skills and capacities among actors for sustainability.

UNDP will work with civil society, local authorities and other partners to explore options for state and non-state (institutional) arrangements that can support sustainable development goals implementation. International financial institutions will be engaged to leverage their technical and financial support for specific interventions. UNDP will facilitate a process of identifying institutional and service delivery bottlenecks that will have a negative impact on the project expected results. Solutions to these bottlenecks will be developed through public private dialogue to ensure ownership.

Expected results are (i) evaluation reports with approved key recommendations, (ii) approved action plans to facilitate implementation of the key recommendations, (iii) revised EDD programme and its implementation plan, (iv) revised Botswana Export Development Programme and its implementation plan (v) approved decentralisation policy and action plan, (vi) development of LED strategies for 12 districts, (vii) approved South-South Cooperation Strategy for Botswana, (viii) approved Botswana Poverty Eradication Policy and Strategy (BPEPS) and its five (5) year Implementation Plan to address challenges emanating from the absence of an integrated and appropriately targeted national empowerment strategy that harmonises all empowerment policies and programmes that promote the participation of target groups - the youths and women particularly in rural areas and within the urban based informal sector - in the mainstream of the economy. These groups invariably operate as small, medium and micro enterprises bereft of access, control and ownership of productive/ economic resources that are required to sustain their enterprises.

Indicative resources required to achieve the above highlighted results include a direct budget of **USD437,000**. Additionally, the project will require technical support facilities within the UN, government and other partners as well as use of South-South and triangular facilities for additional technical skills, especially in specialised aspects of policy development, coordination and institutional arrangements. UNDP will support piloting of new innovations for transfer to relevant national systems and institutions.

Component 2: Institutional capacity for implementation of integrated diversification and inclusive growth policies and programmes strengthened:

The project seeks to provide support in the delivery of policies, facilitating collaboration, coordination and convergence among institutions that need to be harmonised for effective delivery of the programmes and policies. The project will support Botswana in utilizing emerging global knowledge to strengthen implementation capacity and delivery. Innovative approaches to the delivery of collective results will be promoted through public-private partnerships economic development.

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The Project will support the Ministry of Investment, Trade and Industry to implement the Doing Business Reform Action Plan for Botswana. This is expected to bring improvements in the national business environment. Specifically, the Project will support the implementation of the Regulatory Impact Assessment Strategy approved in 2017 whose main objective is to understand the real-world impact, including both the cost and the benefits of the legislative or Policy decision. Regulatory Impact Assessment is a tool to methodically assess the costs and benefits of proposed and existing regulations. Partnerships with the UNDP, and the World Bank will be strengthened to ensure capacity in the Ministry to implement the Strategy.

Innovative approaches to the delivery of collective results will be promoted to roll out the recently approved Local Economic Development (LED) framework together with district level LED strategies. Lessons learnt from the pilot projects in Chobe, Kgalagadi, Sowa and Francistown will inform the rollout of the LED to all other districts in Botswana. A significant number of tools and systems will be developed and utilised. One such tool is the local economic analysis which informs stakeholders of comparative advantages in each district. It is important that this is highlighted as a strategic action in view of the anticipated traction in diversification of local economies informed by available and viable economic opportunities.

In this connection, implementation support will be availed at both central and local government levels. Implementing LED will contribute significantly to entrepreneurship development through catalysing and resourcing initiatives that promote and stimulate economic activities to grow and diversify local economies. The project will support work aimed at identifying impediments to market access, access to new technologies, relevant industry skills, promotion of linkages, partnerships and joint ventures with established businesses. It will also support initiatives aimed at catalysing the informal sector.

UNDP will partner with the Ministry of Local Government and Rural Development (MLG&RD), the Ministry of Investment, Trade and Industry (MITI), Local Enterprise Authority (LEA), Citizens Entrepreneurship Development Agency (CEDA), Botswana Investment Centre [BITC], Gender Affairs Department (GAD), Ministry of Youth Development, the Botswana Association of Local Authorities (BALA), Local Authorities, the Commonwealth Local Government Forum (CLGF), civil society and the private sector to rollout implementation of LED Framework and Action Plan for Botswana in all the districts. The capacity to drive LED planning and implementation across all the districts in Botswana will include the development of national guidelines and their integration into national institutions responsible for skills development.

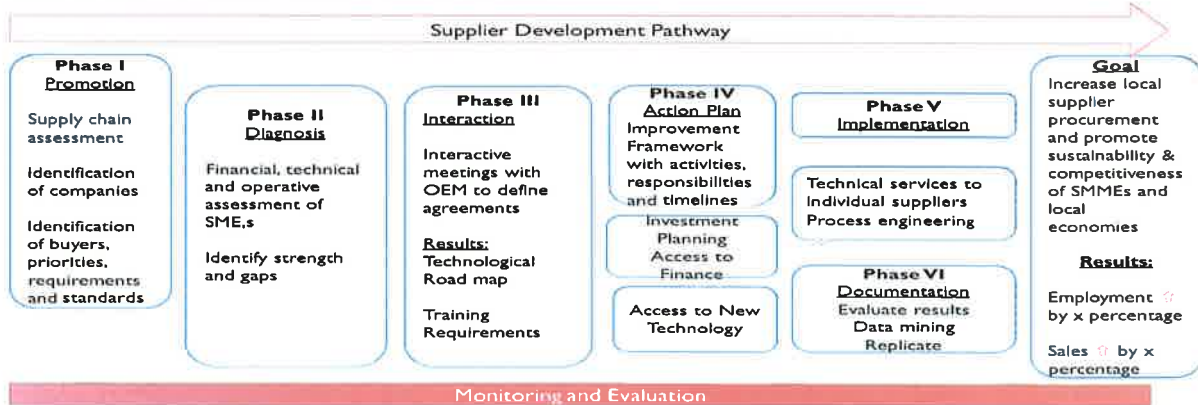
The project will support the adoption of the Supplier Development Programme (SDP) methodology to strengthen the capacity of and grow the SMEs in Botswana. In partnership with the Ministry of Investment, Trade and Industry (MITI), Business Botswana (BB), Botswana Chamber of Mines (BCM), Debswana, Botswana Investment and Trade Center (BITC), Financial Institutions and UNDP, the project will facilitate the localisation of the Supplier Development Programme (SDP) to build the capacity of SMMEs in Botswana. UNDP will facilitate sharing of knowledge and experiences from countries where SDP has been successfully implemented to ensure its success in Botswana. For effectiveness, this approach will be combined with innovation and knowledge brokerage through South-South initiatives. Tools, best practices and learning will be developed, while building skills and capacities among actors for sustainability.

The SDP seeks to implement systems that optimize the participation of suppliers in productive chains characterized by the coexistence of large companies with micro, small and medium enterprises in supplier relations²⁰. The overall objective of an SDP is to boost the national economy by reinforcing the competitive capacities of strategic sectors through strengthening and improving value chain coordination in such a way that the large enterprises demanding goods and services integrate the micro, small and medium enterprises into a strategic relationship that allows these to be developed as their suppliers.

²⁰ <http://www.pdp.com.sv/main/eng/inst/inst-vincinst.jsp>

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Figure 2: Supplier Enterprise Development Pathway



- Training of trainers focusing on local business consultants who will form the core of a team that will be responsible for capacity building of participating SMMEs
- Building the capacity of participating SMMEs for integration into the mining sector supply chain;
- Continuous monitoring and programme evaluation to inform policy dialogue and anticipated national scale up.
- Policy dialogue informed by experiences and evidence from implementation

Using the UNDP Supplier Development Programme Methodology above, the Project will support the implementation of Botswana's Export Development Programme (BEDP) which provides opportunities for companies to achieve their market expansion objectives in Botswana. The EDP aims to increase exports, of products and services that add domestic value and contribute to the diversification of the economy. It provides a platform to ensure participating companies are given intensive support to enhance their export competitiveness establish a significant foothold in regional and international markets. The programme offers an integrated approach to training and educating potential exporters, and takes into account the needs of larger and established exporters.

Because at the implementation level, the challenge is the absence of an institutional and governance framework that bears sufficient mandate and authority to ensure the integrated planning, programming and financing and implementation of the national diversification and inclusive growth agenda, the expected results at the level of SMEs are (i) improved capacity of MITI and key priority sectors (AG, LAs, etc) to implement the Better Regulation Strategy (ii) audit of existing laws and regulations to determine gaps and challenges for better regulation (iii) integrated RIA into legislation and policy making to reduce red tape (iv) effective institutional arrangements for the implementation of the Better Regulation Strategy (v) strengthened institutional capacity to implement the SDP methodology, (vi) a pool of trained and certified SDP Consultants, (vii) established value chains with participating anchor businesses and SMEs, (viii) increased participation of local SMEs in supply chains, (ix) technical advisory for the implementation of LED. At the level of the informal sector, expected results are increased (x) increased participation of the poor in the economy, (xi) increased incomes of the target population through jobs (informal employment), and (xii) reduced poverty in target districts.

Indicative resources required to achieve the above highlighted results include a direct budget of **USD2,900,000**. Additionally, the project will require technical support facilities within the UN, government and other partners as well as use of South-South and triangular facilities for additional technical skills, especially in specialised aspects of policy implementation. Focus will be placed on development of implementation tools and models as a way of strengthening

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national and sub national governments. UNDP will support piloting of new innovations for transfer to relevant national systems and institutions.

Component 3: Institutional capacity for use of quality and timely data to inform planning, monitoring, evaluation, decision-making strengthened.

Achievement of the sustainable development goals requires the availability of comprehensive data to design, prioritize and track progress. However, the national data systems lack the required robustness to achieve this. Focus will be placed on the need for reliable data on the performance - or lack thereof - of specific interventions to promote economic diversification, poverty, inequality and exclusion in Botswana. Activities under this component will address three major sets of issues, namely (i) nonproduction of statistical indicators; (ii) non-availability of tools to collect data to produce indicators; (iii) structural issues hampering production of quality data.

The project will support the formulation and implementation of coordinated responses to sectoral statistical capacity-building; explore methods for data generation in line with SDGs indicator framework; and strengthen capacities to adapt the goals indicator framework to the sectoral context.

At activity level (i.e. BEDP/LED/EDD/RIA/SDP/Poverty Eradication), the project will advocate for and support the development of comprehensive results-based monitoring, evaluation and learning systems aligned with the broader national data and monitoring and evaluation frameworks articulated in the national indicator frameworks for Vision 2036; the National Development Plan 11. UNDP will work in partnership with Statistics Botswana, National Strategy Office (NSO), Ministry of Investment, Trade and Industry, Office of the President, United Nations agencies, other development agencies such as the World Bank, research and academic institutions to address data gaps and to develop a monitoring and evaluation system for the economic and social sectors.

The economic and social policies highlighted in the previous section have not been evaluated to ascertain their relevance, effectiveness and efficiency and provide a feed-back loop to guide necessary adjustments, hence the need for a robust evaluation programme. UNDP seeks to establish partnerships with other development partners, research institutions and academia to support this component. Amongst the key economic diversification initiatives to be evaluated is the Economic Diversification Drive. Other policies and or strategies will be evaluated as needed. The proposed evaluations will be complimented by public private sector dialogues to build consensus and ensure ownership of sustainable and innovative solutions to the identified challenges. UNDP will avail lessons learnt from its global network (with emphasis on south-south cooperation) to augment local solutions.

Expected results are (i) increased institutional capacities to collect, manage, analyse, package and utilize data to improve planning, monitoring, evaluation and decision-making (ii) availability of high-quality, timely and reliable sectoral data (disaggregated by income, gender, age, and geographic location) available for use by decision-makers and citizens, (iii) evaluation reports with approved key recommendations, (iv) approved action plans to facilitate implementation of the key recommendations, (v) Evaluation of the Economic Diversification Drive (EDD), (vi) evaluation of Botswana Export Development Programme (BEDP), (vii) development of the Monitoring & Evaluation System for LED Framework for Botswana, (viii) development of a Monitoring & Evaluation System for the Revised Botswana Export Development Programme, (ix) development of a Monitoring & Evaluation System for Revised Economic Diversification Drive, and (x) development of a Monitoring & Evaluation System for Better Regulation Strategy.

Indicative resources required to achieve the above highlighted results include a direct budget of **USD920,000**. Additionally, the project will require technical support facilities within the UN, government and other partners as well as use of South-South and triangular facilities for

additional technical skills, especially in specialised aspects of monitoring and evaluation. UNDP will support piloting of new innovations for transfer to relevant national systems and institutions.

Partnerships

The project will pursue a strategy of partnership with relevant development partners such as the World Bank, European Union and the African Development Bank to maximize the impact of interventions. Resource mobilisation will be actively undertaken to augment available resources. Collaboration with the Private Sector, Civil Society Organisations, Media, Academic and Research institutions will be encouraged to facilitate support in kind.

Risks and Assumptions

Botswana is susceptible to economic shocks especially those that have global dimensions, as such, the project will focus solely on strategic interventions with a multiplier effect. The Project will also support interventions which strengthening the countries financial, institutional and project management to reduce unnecessary losses. A key risk is the difficulty of mobilizing resources in an upper-middle-income country. Related to this is the unsustainable nature of the over-reliance of the Government on a single sector for revenue. To mitigate those risks, the existing resource mobilization strategy will be reviewed with a focus on partnerships with non-state actors and the private sector to mobilize skills and resources for sustainability.

Stakeholder Engagement

A national steering committee and one or more working groups will be proposed to drive the project. The National Steering Committee will be composed of a high-level representative (director level) of each of the implementing partners out lined.

South-South and Triangular Cooperation (SSC/TrC)

UNDP will promote South-South and triangular cooperation into programming of operational with a view to maximise knowledge sharing to the end of realising of national goals and internationally agreed development goals, including the Sustainable Development Goals.

Knowledge

The project will create visibility for knowledge and lessons learned generated by the project so others can benefit including publications, documentaries and educational materials.

Sustainability and Scaling up

The project intends to scale up these initiatives through ensuring a culture of capacity building through-out the project. UNDP will focus its initiative on piloting initiatives with a strong multiplier effect, which can easily be taken over and up-scaled by Government.

V. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The project is intended to have a catalytic role in developing capacities and changing the enabling environment, benefits and cost-effectiveness cannot be quantified meaningfully in monetary terms. Instead, incremental reasoning is used below to show how an integrated response to issues of economic diversification and inclusive growth emerges as the most cost-effective among options.

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The proposed scope, strategic positioning and timing of this project make it the best alternative to respond to the national priorities of developing diversified sources of economic growth as well as ensuring that the benefits of such growth accrue to the disadvantaged and vulnerable groups in Botswana. Strengthening the capacity of institutions driving these agendas is equally important as stated in the Country Programme Document (2017 – 2021). It is also the most cost-effective way to meet these needs. The project will take an experimental and adaptive approach, using needs assessment and pilot projects to ensure a good fit with national and local community needs. The project will involve diverse government and non-government stakeholders in a catalytic rather than implementation and operational role, thus building in sustainability and replicability.

Project Management

This project will be implemented via National Implementation Modality (NIM). However, where expedient, procurement of assets and selection of implementing partners and activities will be conducted via the UNDP Programme and Procurement Services in line with the organization's rules and regulations, under the rubric of the principle value for money. The management of project funds will be carried out according to UNDP financial rules and regulations against the budget presented in this project document.

A Project Steering Committee (PSC) will be established to ensure overall management and supervision of the project including the approval of annual work plan (AWP) and quarterly plans. In addition, two (2) Technical Committees will be appointed to provide technical guidance and also provides support to performance improvement issues. The PSC and the TCs will meet at the inception of the project and every quarter to review progress. Two (2) project management teams will be constituted to drive day to day management and implementation of the Project. The first team consists of three (3) officers responsible for the day to day management of the Supplier Development Programme (located in a neutral venue); while the second team will have two (2) officers responsible for the day to day management of the rest of the programme (based at the Ministry of Investment, Trade and Industry); supported by UNDP officers led by a Programme Specialist responsible for ensuring the sound management of financial, accounting, operations and realization of the Project outputs in compliance with UNDP Financial Rules and Regulations, and supporting the Project Managers in the management of the PMU in all staffing, financial, planning, administrative and monitoring matters among other things. Technical support to the technical committees and the project management teams will be provided by UNDP Economic Advisor. Indicative resources required to achieve the above highlighted results include a direct budget of **USD1,667,858**.


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VI. RESULTS FRAMEWORK²¹

Intended Outcome as stated in the UNSDF Programme Results and Resource Framework:

- By 2021 Botswana has high-quality policies and programmes towards the achievement of sustainable development goals targets and national aspirations
- By 2021 Botswana fully implements policies and programmes towards the achievement of sustainable development goals targets and national aspirations
- By 2021 state and non-state actors at different levels use high-quality, timely data to inform planning, monitoring, evaluation and decision-making

Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:

Applicable Output(s) from the UNDP Strategic Plan: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.

Project title and Atlas Project Number: Support to Economic Diversification and Inclusive Growth (00102694)

CPD EXPECTED OUTPUTS	CPD OUTPUT INDICATORS	PROJECT EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS			DATA COLLECTION METHODS & RISKS	
					Value	Year	Year 1	Year 2	Year 3		FINAL
Output 1.1: Enhanced national capacities to develop integrated policies, strategies and programmes for sustainable development of the economy	# of inclusive policies/strategies integrating environment, social and economic dimensions	Policy environment to promote economic diversification and inclusive growth developed Gender Marker: 1	# of policies, programmes and strategies revised to address context specific economic diversification and growth	Project Reports	0	2017	0	2	1	3	DCM: Project quarterly reports R: None
Output 1.2: Enhanced national capacities to develop integrated policies, strategies and programmes for addressing multi-dimensional poverty	Existence of a comprehensive Botswana poverty eradication policy and strategy (BPEPS) targeting vulnerable populations in target areas	Policy environment to promote multi-dimensional poverty measurement developed Gender Marker: 2	# of policies, programmes and strategies developed to address context specific economic diversification and growth policies	Project Reports	0	2017	0	2	1	3	DCM: Project quarterly reports R: None
			Botswana Poverty Eradication Policy & Strategy adopted	Project Reports, SONA, NDP 11	Draft BPEPS	2017	No	Yes	Yes	Yes	DCM: Project quarterly reports R: None
			Implementation plan for BPEPS developed, approved	Project Reports, SONA, NDP 12	No	2017	No	Yes	Yes	Yes	DCM: Project quarterly reports R: None

²¹ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

Output 2.1: Improved capacities to plan for delivery, identify and resolve challenges, and implementation account for the delivery of quality interventions for sustainable development of the economy.	# of new full-time equivalent jobs (from local economic development [LED] initiatives in target areas) disaggregated by sex, age and location	Institutional capacity to plan and implement LED strengthened Gender Marker: 2	# of new LED related enterprises registered and operating in target districts	Project Reports	0	2017	10	10	10	30	DCM: Project quarterly reports R: Capacity constraints
					# of districts with approved LED strategies	4/16	2017	4/16	4/16	16/16	DCM: Project quarterly reports R: Capacity constraints
						# of SMEs participating in local supply chains	0	2017	50	150	DCM: Project quarterly reports R: None
					# of jobs created by SMEs in targeted value chains		0	2017	tbd	tbd	DCM: Project quarterly reports R: None
						Proportion of lead companies' procurement on local SMEs of their total budget	BWP694	2017	tbd	tbd	DCM: Project quarterly reports R: None
					% increase in the value of exports of participating SMEs		0	2017	tbd	tbd	DCM: Project quarterly reports R: None
						# of SMEs participating in global supply chains	0	2017	0	10	30
					e One Stop Shop for coordination RIA		No	2017	No	Yes	Yes
						extent to which audit recommendations are implemented	No	2017	No	Yes	Yes
					% increase in government procurement on local SMEs		tbd	2017	tbd	tbd	tbd
# of SMEs participating in global supply chains	tbd	2017	tbd	tbd		tbd	DCM: Project quarterly reports R: None				
	Output 2.2: Improved capacities to plan for delivery, identify and resolve challenges related to addressing multidimensional poverty	Existence of integrated implementation strategy to effectively coordinate the BPEPS	Enabling regulatory environment for informal sector participation in the economy enhanced Gender Marker: 2	Platforms promoting informal sector dialogue and interest.	Project Reports	No	2017	No	No	Yes	DCM: Project quarterly reports R: None
0						2017	0	tbd	tbd	tbd	DCM: Project quarterly reports R: None

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Output 3.1: Increased institutional capacities to collect, manage, analyses, package and utilize data	No. of knowledge products (bulletins, policy briefs) from the knowledge management system and South-South initiatives	District LED databases established Gender Marker: 2	availability of quality disaggregated data	Project Reports	No	2017	No	No	Yes	Yes	DCM: Project quarterly reports R: None
			# of thematic analysis reports generated	Project Reports	tbd	2017	tbd	tbd	tbd	tbd	DCM: Project quarterly reports R: None
			# of knowledge products (bulletins, policy briefs) from the knowledge management system and South-South initiatives	Project Reports	tbd	2017	tbd	tbd	tbd	tbd	tbd

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VII. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	Project Manager, MITI, MLGRD, PECU, BITC, MIAC, UNDP, DEBSWANA	0
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	Project Manager, MITI, MLGRD, PECU, BITC, MIAC, UNDP, DEBSWANA	
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	Project Manager, MITI, MLGRD, PECU, BITC, MIAC, UNDP, DEBSWANA	
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNDP Programme Specialist	
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	Project Manager, MITI, MLGRD, PECU, BITC, MIAC, UNDP, DEBSWANA	
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)		Project Manager, MITI, MLGRD, PECU, BITC, MIAC, UNDP, DEBSWANA	
Project Review (Project Steering Committee)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of-project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	PSC, Project Manager, MITI, MLGRD, PECU, BITC, MIAC, UNDP, DEBSWANA	

Evaluation Plan

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Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNSD/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Project Evaluation	MITI	TBD	<ol style="list-style-type: none"> 1. By 2021 Botswana has high-quality policies and programmes towards the achievement of sustainable development goals targets and national aspirations 2. By 2021 Botswana fully implements policies and programmes towards the achievement of sustainable development goals targets and national aspirations 3. By 2021 state and non-state actors at different levels use high-quality, timely data to inform planning, monitoring, evaluation and decision-making 	31 December 2019	MLGRD, PECU, BITC, MIAC, UNDP, DEBSWANA	Cost sharing: 60,000

VIII. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET			ANNUAL BUDGET			
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount	2017	2018	2019	2020
Output 1.1: Enhanced national capacities to develop integrated policies, strategies and programmes for sustainable development of the economy	Development of a Revised Economic Diversification Drive Programme (REDD)	x	x			MITI	30071	Technical Assistance	65,000	60,000	5,000	0	0
	Development of an Action Plan for key actions from the strategy		x			MITI	30071	Technical Assistance	20,000	0	20,000	0	0
	Development of a Revised Botswana Export Development Programme (RBEDP)		x			BITC	30071	Technical Assistance	65,000	0	65,000	0	0
	Development of an Action Plan for key actions from the Revised Botswana Export Development Programme		x			BITC	30071	Technical Assistance	20,000	0	20,000	0	0
	Development of the South-South Cooperation Strategy for Botswana	x	x			MIAC	30071	Technical Assistance	40,000	30,000	10,000	0	0
	Support formulation of the Decentralisation Policy and Action Plan	x	x			MLG&RD	30071	Technical Assistance	40,000	40,000	0	0	0
	Support the development of LED Strategies for 12 districts in Botswana		x	x		MLG&RD/LAS	30071	Technical Assistance	120,000	120,000	0	0	0
	MONITORING		x	x	x	PSC	30071	Technical Assistance	5,000	0	5,000	0	0
	Sub-Total for Output 1.1								375,000	250,000	125,000	0	0
	Output 1.2: Enhanced national capacities to develop integrated policies, strategies and programmes for addressing multi-dimensional poverty	Support the Development of Botswana Poverty Eradication Policy and Strategy	x	x			PECU	30071	Technical Assistance	50,000	20,000	30,000	0
Development of an Action Plan for key actions from the Botswana Poverty Eradication Policy and Strategy		x	x			PECU	30071	Technical Assistance	10,000	0	10,000	0	0
MONITORING			x	x	x	PSC	30071	Technical Assistance	2,000	0	2,000	0	0
Sub-Total for Output 1.2								62,000	20,000	42,000	0	0	
Output 2.1: Improved capacities to plan for delivery, identify and resolve implementation challenges, and account for the	Support the development and roll out of LED business plans in Sowa, Francistown, Kgalegadi and Chobe	x	x			MLG&RD	30071	Technical Assistance	200,000	40,000	160,000	0	0
	Support implementation of selected actions from the LED Review and Action Plan		x	x	x	MLG&RD	30071	Technical Assistance	60,000	0	20,000	20,000	20,000
	Support the development of curriculum for rolling out LED		x	x	x	MLG&RD	30072	Technical Assistance	40,000	0	20,000	2,000	0

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delivery of quality interventions for sustainable development of the economy	Support the implementation of selected activities from the Decentralisation Policy and Action Plan		x	x	x	x	MLG&RD	30071	Technical Assistance	150,000	0	50,000	50,000	50,000	
	Support the implementation of Supplier and Development Programme (SDP) focusing on training, projects (infrastructure), textile, agro processing, and Leather value chains	x	x	x	x	x	Debswana/BITC	30071	Technical Assistance	1,025,000	50,000	325,000	325,000	325,000	
	Support the implementation of selected activities from Revised Economic Diversification Drive Programme		x	x	x	x	MITI	30071	Technical Assistance	150,000	0	50,000	50,000	50,000	
	Support the implementation of selected activities from Revised Botswana Export Development Programme		x	x	x	x	BITC	30071	Technical Assistance	150,000	0	50,000	50,000	50,000	
	Enhancing capacity of MITI and key priority sectors (AG, LAs, etc) to implementing the Better Regulation Strategy.		x	x	x	x	MITI	30071	Technical Assistance	150,000	0	50,000	50,000	50,000	
	Undertaking an audit of existing laws and regulations to determine gaps and challenges for Better Regulation Strategy		x	x	x	x	MITI	30071	Technical Assistance	225,000	0	75,000	75,000	75,000	
	Integrating RIA into legislation and policy making to reducing red tape		x				MITI	30071	Technical Assistance	50,000	0	50,000	0	0	
	Defining institutional arrangements for the implementation of the Better Regulation Strategy		x				MITI	30071	Technical Assistance	30,000	0	30,000	0	0	
	Support the implementation of selected activities from the South-South Cooperation Strategy for Botswana		x	x	x	x	MIAC	30071	Technical Assistance	100,000	0	33,300	33,300	33,400	
	Support the development and implementation of Business Botswana Strategic Plan	x	x	x	x	x	Business Botswana	30071	Technical Assistance	100,000	1,000	40,000	40,000	19,000	
	Support the design of the National LED fund	x					MLGRD	30071	Technical Assistance	40,000	40,000	0	0	0	
	MONITORING		x	x	x	x	PSC	30071	Technical Assistance	15,000	0	5,000	5,000	5,000	
	Sub-Total for Output 2.1									2,485,000	131,000	958,300	700,300	677,400	
	Output 2.2: Improved capacities to plan for delivery, identify and resolve implementation challenges related to addressing multidimensional poverty	Support the implementation of selected activities in the BPES		x	x	x	x	PECU	30071	Technical Assistance	150,000	20,000	50,000	50,000	50,000
		Support the International Conference on Poverty Reduction in the Context of SDGs		x				PECU	30071	Technical Assistance	70,000	0	70,000	0	0
		Support institutional strengthening of government structures to rollout the poverty eradication policy and strategy implementation Plan		x	x	x	x	PECU	30072	Technical Assistance	40,000	0	40,000	0	0
Support the implementation of a poverty eradication strategy for Chobe District focusing on Fish Farming in Parakanungu		x	x	x	x	x	PECU	30071	Technical Assistance	100,000	20,000	26,500	26,500	27,000	
Support the implementation of selected economic empowerment programmes to develop the informal sector in target areas			x	x	x	x	MLG&RD	30071	Technical Assistance	50,000	0	16,500	16,500	17,000	

General Management Support	Staff Salaries	x	x	x	x	UNDP	30071	Technical Assistance	1,524,858	297,590	409,089	409,089	409,089
	Office Equipment & Supplies		x	x	x	UNDP	30071	Laptops, Printers, Phone	23,000	0	7,500	7,500	8,000
	Office Furniture		x			UNDP	30071	Desks, Chairs, cupboards	15,000	0	15,000	0	0
	Travel (local & international)		x	x	x	UNDP	30071	Travel	45,000	10,000	15,000	15,000	15,000
	Sub-Total for Output 3.1								1,667,858	307,590	446,589	491,589	432,089
TOTAL								5,924,858	838,590	2,195,539	1,490,539	1,412,189	

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IX. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will involve a number of actors, each with a different operational environment. These will work together to deliver common results. Efficient and effective coordination is required to ensure timely delivery of the expected results. The project will therefore be coordinated and operated at level of a Project Steering Committee (PSC) that will be chaired at a senior level.

A Project Steering Committee (PSC) will be established at the inception of the project to monitor its progress, to guide its implementation and to support the project in achieving its listed outputs and outcomes. It will be co-chaired by Permanent Secretary – Ministry of Investment, Trade and Industry and by the Resident Representative of United Nations Development Programme, and will include Ministry of Local Government & Rural Development, Poverty Eradication Unit in the Office of the President, Business Botswana, Botswana Chamber of Mines, Statistics Botswana and National Strategy Office. Other members will be invited at the discretion of the PSC on an as-needed basis, while ensuring that the PSC remains sufficiently lean to be operationally effective. The final list of PSC members will be completed at the outset of project operations and presented in the Inception Report by considering the envisaged role of different parties in the PSC. The Project Manager serving as the Secretariat will be responsible for compiling a summary report of the discussions and conclusions of each PSC meeting.

The Project Steering Committee is responsible for making executive decisions for the project and providing guidance as required by the Project Manager. The PSC shall receive the reports and make recommendations as well as approving the work-plans and budgets. It also ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems with external bodies. Based on the approved Annual Work Plan, the Project Steering Committee will also consider and approve the quarterly plans (if applicable) and approve any essential deviations from the original plans. The Project Steering Committee decisions will be made in accordance with standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition. In case consensus, cannot be reached within the PSC, the final decision shall rest with UNDP.

Two (2) Technical Committees, one for the Supplier Development Programme and the other for the EDIG will be constituted to provide technical guidance and support to performance improvement issues. Membership of Technical Committees will be selected from participating institutions. Members shall be at the level of the Director in government. This is a quality assurance role that monitors project implementation and reporting by the project management team to the PSC. The Technical Committees will make recommendations for the PSC approval.

The day-to-day management of the project will be carried out by two Project Management Teams (PMTs) reporting on day to day management of the project to the UNDP Programme Specialist. The PMT for the EDIG will be housed at Ministry of Investment, Trade and Industry and under the overall guidance of the Deputy Permanent Secretary responsible for the Project. The Team will also support the Ministry in its role as Coordinator and convenor of the Economy and Employment Thematic Working Group. The Programme Specialist will report to the PSC on a quarterly basis.

The PMT for the SDP will be housed at a neutral venue to allow for the project to have its identity as a private sector led initiative. The Project Manager will report will report will report to Programme Specialist at UNDP on day to day management of the project and to the PSC on a quarterly basis. The project personnel will be selected in consultation with the UNDP. Gender balance will be observed as much as possible.

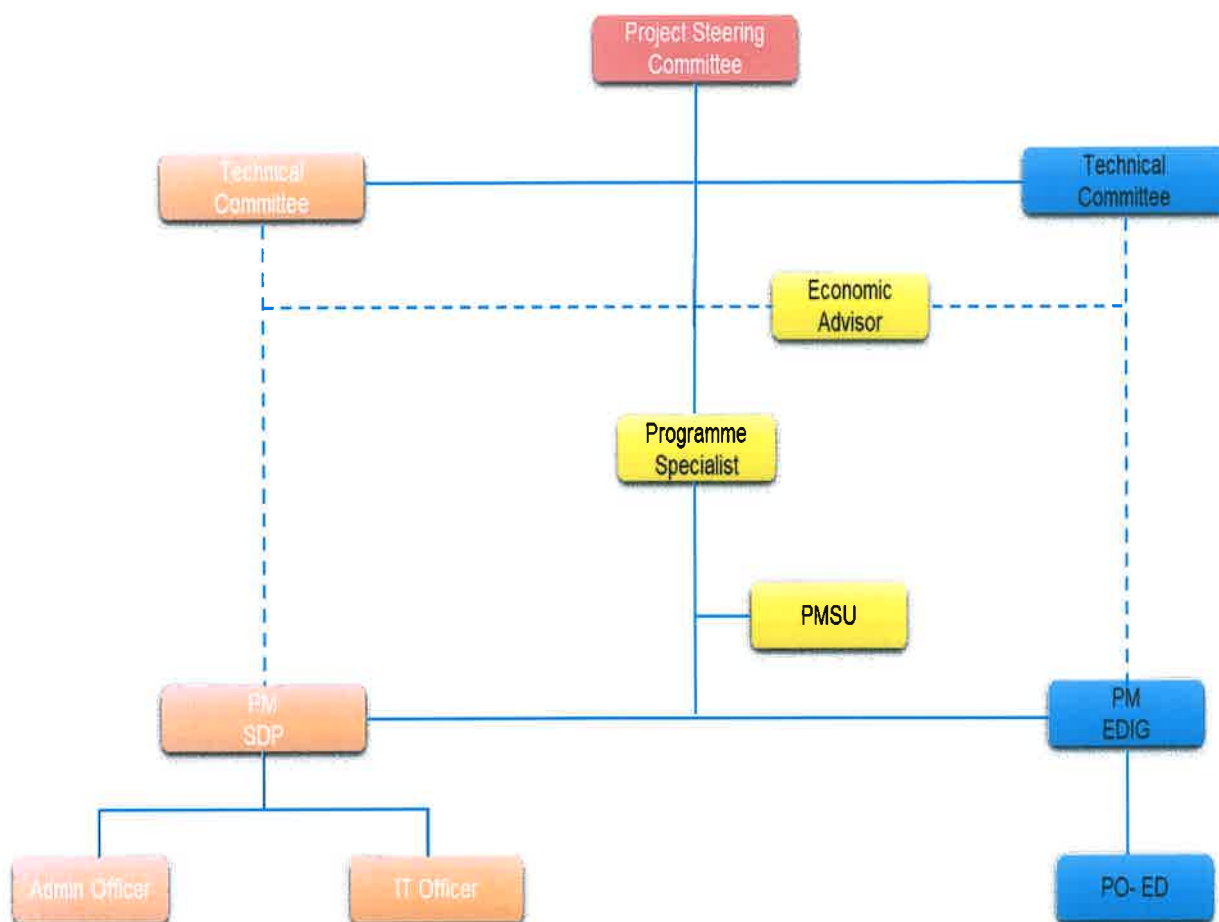
The PMs will produce Annual Work and Budget Plans (AWPs & ABPs) to be approved by the PSC at the beginning of each year. These plans will provide the basis for allocating resources to planned activities. The PM will further produce quarterly operational reports and Annual Progress Reports (APRs) to the PSC, or any other reports at the request of the PSC. As in the case of the

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Annual Work Plans, these reports are sent for approval and clearance to the UNDP. These reports will summarise the progress made by the project versus the expected results, explain any significant variances, detail the necessary adjustments and be the main reporting mechanism for monitoring project activities.

The Project Manager will be supported by international and national experts taking the lead in the implementation of specific technical-assistance components of the project. Contacts with experts and institutions in other countries that have already gained experience in developing and implementing fish farming projects. Recruitment of all specialist services for the project will be done by the PSC, in consultation with UNDP.

For successfully reaching the objective and outcomes of the project, it is essential that the progress of different project components will be closely monitored both by the key local stakeholders and authorities as well as by the project's international experts, starting with the finalization of the detailed, component-specific work plans and implementation arrangements and continuing through the project's implementation phase. The purpose of this is to facilitate early identification of possible risks to the successful completion of the project together with adaptive management and early corrective action, when needed.



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X. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Botswana and UNDP. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by the Ministry of Investment, Trade and Industry (MITI) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

XI. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
 - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.
4. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
5. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
 8. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
 9. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.
 10. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.
 11. Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.
 12. UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.
 13. Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.
- Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.
14. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

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15. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
16. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

XII. ANNEXES

1. Project Quality Assurance Report

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2. Capacity Assessment: MLGRD Risk Assessment Results²²

Tested subject area	Risk assessment*	Comments
1. Implementing Partner	Low	The Department of Local Governance and Development Planning is an established IP with significant experience of implementing UN-funded projects, and with the support of its parent Ministry and the Government of Botswana.
2. Programme Management	Moderate	Detailed work plans are prepared, and UNDP templates completed and submitted. A departmental risk register is maintained identifying key risks. However, monitoring and evaluation is underdeveloped and the IP lacks both capacity and procedures in this area.
3. Organizational Structure and Staffing	Moderate	The level of staffing and HR procedures are broadly satisfactory, and staff are competent for their roles. However, most staff processing transactions do not have financial qualifications and have very limited understanding of UN procedures and reporting requirements.
4. Accounting Policies and Procedures	Low	Strong controls and segregation of duties are in place over the processing of payments and recording of transactions. There are, however, limitations of the "GABS" system common to all Government departments, which does not facilitate UN reporting.
5. Reporting and Monitoring	Low	All government and UN reporting requirements appear to be met, and the organization is subject to regular scrutiny from the Auditor General's office. No significant deficiencies have been identified in recent audits.
6. Information Systems	Moderate	IP staff are users of the "GABS" system, which has strong inbuilt controls, but has some limitations as to reporting for FACE Forms. Limited training as to its capabilities beyond day-to-day transaction processing appears to have been undertaken.
7. Procurement	Low	Procurement procedures are robust and clearly documented, with appropriate thresholds and approvals required for different types of procurement.
Overall risk assessment	Low	

* High, Significant, Moderate, Low

²² Other IPs will be subjected to the assessment once the project is approved

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3. PROJECT RISK ANALYSIS AND RISK LOG

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
1	Limited opportunities for resource mobilisation owing to Botswana being a UMIC		Financial	P = 2 I = 5		UNDP Programme Specialist	UNDP Programme Specialist		
2	Co-financing difficulties		Financial	P = 2 I = 5		UNDP Programme Specialist	UNDP Programme Specialist		
3	Institutional/ Execution Capacity		Organizational	P = 5 I = 5					
4	Poor monitoring and evaluation		Operational	P = 4 I = 5		PSC	UNDP Programme Specialist		
4	Critical policies or legislation fails to pass or progress in the legislative process		Regulatory	P = 5 I = 5		IPs	UNDP Programme Specialist		
5	Stakeholder Relations		Strategic	P = 3 I = 5		PSC	UNDP Programme Specialist		