

Annex: Empowerment of non state actors in Botswana

1. IDENTIFICATION

Title/Number	Empowerment of non state actors in Botswana BW/FED/022-316		
Total cost	EUR 10 000 000 European Union contribution : EUR 8 000 000 – A Envelope <u>Parallel co-financing (in kind):</u> Centre of Development for Enterprise (CDE): EUR 500 000 Government of Botswana: EUR 1 500 000		
Aid method / Method of implementation	Project approach : Partially decentralised management. Joint management with the Centre for the Development of Enterprise (CDE)		
DAC-code	15150 92010 25010	Sector	Democratic participation and civil society Support to National NGOs Business support services and institutions

2. RATIONALE

2.1. Sector context

The Government of Botswana has long recognised the role that the Non-State Sectors (NSAs) have in national development. Vision 2016, Botswana's long-term strategy, singles out the principle of partnership with civil society and the private sector as a key factor to achieve the development target to become a 'prosperous, just, open, democratic and accountable nation'. It recognises the important role played by the NSAs in socio-economic development and calls for the strengthening of their capacities to ensure that they can play their roles much more effectively together with State Actors (SAs).

The NSA sector in Botswana is characterized by a large number of small organizations. They are required to register with the Registrar of Societies, Registrar of Companies or the Deeds Registry to be able to operate. Most of the NGOs that have that legal status are affiliated to an umbrella body, the Botswana Council for Non-Governmental Organizations (Bocongo). NGOs tend to be located within close proximity to the capital city of Gaborone and far less in remote areas. Community Based Organizations (CBOs) are registered as 'Development Trusts' and most of them are affiliated to the Botswana Community Based Organizations Network (Bocobonet). CBOs are small and often located within the remote communities that they serve. Bocobonet has recently stopped working as an intermediate organization due to lack of financial and operational capacity, a factor that characterises most NSAs. There is an over-representation of NSAs active in the HIV/AIDS sector. The large majority of NGOs and the private sector depend on government spending. This is due to the fact that Botswana's economy is driven by mining activity, from which the Government earns revenue.

The Government recognises and appreciates the important role played by Non Governmental Organisations (NGOs) which have become active players in the social and economic development of Botswana. They have demonstrated their ability to reach the vulnerable and

disadvantaged sections of society, as well as minority groups, and are therefore expected to complement and support the developmental role played by Government at central and local level. However, NGOs face major challenges such as limited perspectives for financial sustainability and irregular and ineffective national funding. They need strengthening on financial and operational levels, to be able to implement their activities and to be able to provide feedback towards government policy making. Other challenges include different mechanisms, procedures and financial regulations used by government and donors to attribute and manage funds to NGOs and the lack of collaboration and coordination among NGO organisations to reach a critical mass. Furthermore, in light of the financial crisis, the "value for money" of the funds allocated to NGOs and the impact of their operations in the sectors supported is increasingly being put into question.

With a view to address the above challenges, the Government of Botswana adopted a national NGO Policy in 2004, following extensive consultations with various stakeholders. One of the major strategic decisions in the NGO policy is the establishment of an NGO Council made up of Government, Private Sector and NGO Representatives. While both the NSA sector and Government are committed to the policy, progress has been hindered by a lack of resources and capacity, and the Council has not yet been established. The Ministry of Finance and Development Planning also elaborated the Policy Guidelines for Financial Support to NGOs (2001) in order to establish a framework for financial support to NGOs. This framework needs to be updated and streamlined throughout the different ministries. To address the challenges in the current context, NGOs need to increase in scale through groupings or networks to be able to survive in the financially restricted context and to be able to provide policy advice.

The need for the *private sector* to play a more prominent role in the economy and foster economic diversification has also been constantly recognised by Government in policy documents. However, Government's commitment towards accelerating economic diversification through private sector growth, which lies at the centre of the 10th National Development Strategy (NDP10) of the government, has been met with limited success so far. Public spending represents about 40% of Gross Domestic Product (GDP) (estimated at 46% in 2009) and employment by the government and its parastatals at about 47% of the formal workforce.

Some of the main challenges facing private sector development in Botswana include: i) small domestic market with a declining population growth rate; ii) dominance of Government sector in economic activities including the Government led agenda for private sector initiatives; iii) vulnerability of the private sector to exogenous shocks; iv) dependence on the domestic market and Government activity; v) economy's dependence on a few sectors, especially mining; vi) weak labour market characterised by skills shortage and low productivity; vii) competition from neighbouring South Africa, and viii) limited research and development activity.

With a view to address these challenges, the Government developed, in close partnership with private sector organisations and various other stakeholders, a Private Sector Development Strategy (PSDS). This strategy covers the period 2009-2013 and was established by the Ministry of Trade and Industry and the Botswana Confederation of Commerce, Industry and Manpower (Boccim), with support of the Commonwealth secretariat. The Ministry of Trade and Industry and Boccim are the hosts of this strategy and have the responsibility to implement it. Government and related institutions are already in the process of implementing some aspects of the PSDS but due to limited resources and capacity, the Government of

Botswana and Boccim have called on development partners to support the implementation of the strategy.

2.2. Lessons learnt

Lessons have been learned from experience with past and ongoing EU projects, like the micro-projects programme (7th and 8th EDF) or the 9th EDF NSAs programme, the related Results Oriented Monitoring (ROM) and evaluation reports, the EDF mid-term review as well as the experience of other donors in their support to NSAs.

Following the experience of other programmes, a number of lessons learned have been formulated and addressed in the programme. It concerns mainly the need for preparatory activities before the start of the project, the need to focus the limited financial resources available, the need for sufficient duration of the project, the need for increased ownership by government, and the role of technical assistance which should be limited. The project design has taken into account these lessons learned. A positive lesson is that vulnerable and marginalised sections of society as well as minority groups can be reached and supported through calls for proposals under an EDF project, as proven by the ongoing 9th EDF Non State Actors programme.

2.3. Complementary actions

The main EU-funded complementary actions under the EDF are the on-going EDF9 'NSA capacity building' and 'Strengthening the capacity for community development in the Ministry of Local Government and Councils' programmes. Regarding the Commission's budget, there are three thematic projects, two focusing on gender-based violence and one on capacity building for remote area dwellers, especially the Bushmen. The latter is another example of the fact that vulnerable and minority groups can be reached through our projects. In addition, the position of vulnerable groups and minorities is also an important component of the education sector budget support programme and its related policy dialogue, and also an important component of the political dialogue within the framework of Article 9 of the revised Cotonou Agreement. At the regional level (Southern African Development Community (SADC)) there are several projects related to the improvement of the economic environment are supported by the EU.

Other NSA funding mechanisms include the World Bank-funded Botswana National Aids Prevention Project (BNAPS) with an important grant component, the United States President's Emergency Plan for Aids Relief (Pepfar), the United Nations Development Programme (UNDP) Global Environmental Facility (GEF) Small Grants Scheme; the NGO Assistance Fund of the Department of Environmental Affairs and private sector funded initiatives, although on a very limited scale, like the Debswana Social Investment Programme; the First National Bank Foundation; the Kellogg Foundation and the Friedrich Ebert Foundation.

With regards to complementary actions in the private sector, the implementation of the PSDS has not been supported by any development partner until now and there are very few donor-funded projects directed specifically to the private sector in Botswana. This project will complement the ongoing programmes by its focus on a structural strengthening of the regulatory environment of the NSAs, through the strengthening of networks or intermediate representation bodies, as well as the focus on a number of priority sectors. NSAs that need a high degree of independence from government have the opportunity to be supported through calls for proposals that will be part of the 10th EDF project.

The calls for proposals managed through the 10th EDF project will target a broad variety of CSOs and will ensure respect for the autonomous character of their initiatives. This assumption is based on the positive lesson learned by the experience of the 9th EDF NSAs programme, which had a similar approach.

In addition, the EU thematic budget lines are a potential alternative support to these NSAs. Further, the dissemination of information regarding the thematic budget lines is an effort the delegation is scaling up to provide increased access to funding.

2.4. Donor coordination

Donor coordination in Botswana is easily facilitated because of the limited number of donors that are still present in Botswana, given its middle income country status. Coordination among the donors and with the government of Botswana is organised through different channels.

The Ministry of Finance and Development Planning (MFDP) is responsible for resource mobilisation and for coordination of activities of development partners. To this end, all requests for donor funding go through the Ministry to ensure they are consistent with government objectives, priorities and policies. The Ministry also signs all financing agreements with cooperating partners on behalf of Government.

Botswana, as a signatory to the Paris Declaration on Aid Effectiveness, launched the Development Partners Coordination Forum (DPCF) in September 2007 through the Ministry of Finance and Development Planning for purposes of coordinating all development partners' activities in the country. The Forum is a two-way channel for information sharing on government policies, aid modalities and aid coordination in general. With regular meetings of the DPCF together with an operational donor database - Botswana Development Assistance Management Information System (Bodamis) - funded through the 9th EDF (Technical Cooperation Facility II), it is expected that the Ministry can play its role fully.

3. DESCRIPTION

3.1. Objectives

The overall objective of the project is to contribute to economic growth promotion and poverty reduction, through the strengthening of the role of Non State Actors in Botswana.

The purpose of the project is to enhance the role of Non State Actors (NSAs) in the development process of Botswana and to enable them to contribute more effectively to the achievement of the national development goals.

3.2. Expected results and main activities

The project is oriented towards a structural improvement of the environment for NSAs in Botswana. Its different components focus on issues which have a long-term effect. The project seeks to strengthen the operational and financial capacity of the Non State Actors through direct support, enhancing structural dialogue between Government and NSAs. It will improve predictability, transparency and rationalisation of Government funding for the NSAs, hence providing a more independent framework to the NSAs and establishing a more conducive environment for the private sector. This is in accordance with the goals of both the NGO Policy and the Private Sector Development Strategy. It is expected that through the project the NSAs will play a more active and more efficient role in the development process

alongside Government, and hence have a greater impact on poverty reduction and economic diversification.

The programme is expected to produce the following results and activities:

Component 1: Support for NGO empowerment

Result 1.1: Structural dialogue between Government and the NGO sector is enhanced through the implementation of the National NGO Policy.

Main activities include:

- launch of the NGO Council and support to its functioning
- support to NSAs representing the civil society on the NGO Council, ensuring deliberations related to the issues addressed by the NGO policy document and on matters of concern by the council members
- provide capacity building for implementation of NGO policy (Ministry, council members, etc.)

Result 1.2: Operational and financial framework in government for the administration of public funds to NGOs is strengthened.

Main activities include:

- review and update government's Policy Guidelines for Financial Support to NGOs
- capacity building on new government guidelines through the different ministries
- selection and monitoring of small grant call for proposals through a number of selected line-ministries
- monitoring of projects implementation

Result 1.3: NGOs capacitated and coordination and cooperation mechanisms among NGOs strengthened in priority sectors¹.

Main activities include:

- selection and funding, through calls for proposals, of projects to strengthen and promote network or intermediate organisations
- selection and funding, through calls for proposals, of projects for implementation of activities within the selected priority sectors
- monitoring of projects implementation

Component 2: Support for the Private Sector Development Strategy

Result 2.1: Capacity and competitiveness of SMMEs and Community Based Organisations (CBOs) including value chains is strengthened.

Main activities include the provision of expertise and development and implementation of programmes to build capacity within selected SMMEs and CBOs

Result 2.2: Service delivery of targeted Intermediary Organisations (IOs) and Business Development Service Providers (BDSPs) is enhanced.

Main activities include the provision of expertise and development and implementation of programmes to build capacity within IOs and BDSPs

¹ The selected priority sectors are Education (Early Childhood Care [ECC] and Inclusive Education [IE]); Social Services in particular targeting Orphan and Vulnerable Children [OVCs]; Environment; Gender [Women's empowerment]; Arts and Culture [cultural industries/maintaining cultural identity]. Special cognisance will be taken of cross-cutting criteria for support such as poverty reduction, geographic spread, remote areas, and marginalised groups including those with disabilities.

Result 2.3: Business environment (reduction of red tape and pilot on improved access to finance by SMMEs) for enterprises is improved.

Main activities include a review and establish a programme to reduce red tape and stimulate export; to develop a policy framework to facilitate access to financing by Small Medium and Micro Enterprises (SMMEs).

3.3. Risks and assumptions

The organisational set up of the project has addressed main lessons learned and risks revealed during the identification phase. To address these issues, the contribution from the government on the level of staff and office accommodation has been spelled out in detail, as well as the responsibility of the different governmental departments related to the different sub-components of the project. A number of agreements were made which have to be fulfilled prior to or during the project and will be part of the special conditions of the TAP to the Financing Agreement.

1. The Government of Botswana commits to ensuring that the NGO Council is in place and members of the council have been appointed before the entry into force of the programme.
2. The Government of Botswana commits to second two Ministry of Finance and Development Planning staff to ensure the smooth implementation of results 1.2 and 1.3 (especially for the management of the grant scheme) as well as to allocate project counterpart staff at the Ministry of Labour and Home Affairs for the smooth implementation of result 1.1 and at MTI for the smooth implementation of component 2.
3. The Government of Botswana commits to ensuring that the NGO Council and Secretariat as defined in the Cabinet Memo are fully funded within three years of the entry into force of this programme.
4. The Government of Botswana commits to full evaluation and endorsement of the Policy Guidelines for Financial Support to NGOs by Cabinet.
5. The government of Botswana and in particular the Ministry of Trade and Industry provide sufficient support to the improvement of the business environment, especially the removal of red tape.

In addition, a series of pre-activities have been agreed to prepare the start of the programme and this for both components of the programme.

3.4. Crosscutting Issues

Cross cutting issues such as climate change, gender equality and good governance, are covered by the operational areas of the NSAs and by international treaties and conventions honoured by the Government. More specifically, support to youth and women as well as environmental issues are part of the priority sectors for grant funding and are also the subject of specific activities under component 2 of the project (see section 2.3). Considering the mutual relationship between poverty and environment, the programme will also have an indirect impact on environmental sustainability to the extent it contributes to poverty reduction. The strengthening of NSAs as well as government systems is expected to enhance governance in terms of general participation in the development dialogue and decision-making process, as well as in terms of strengthening decision making, transparency and

accountability within Government and the NSAs. The establishment of transparent operational guidelines for the NGO Council and support to NGOs under component 1 and the strengthening of more conducive business environment under component 2 will also promote good governance.

3.5. Stakeholders

The project proposal has been scoped and discussed with the key stakeholders in respect of the NGO Policy Component (Ministry of Finance and Development Planning, Ministry of Labour and Home Affairs, NSAs, Umbrella organisations, etc.) and the Private Sector Component (Ministry of Trade and Industry, Centre for Development of Enterprise, Business Support Organisations, SMMEs).

The main stakeholders in the project are CBOs, NGOs, Umbrella NSAs, Private Sector Organisations, Government Ministries (in particular Ministry of Finance and Development Planning, Ministry of Labour and Home Affairs, and Ministry of Trade and Industry and parastatals such as Local Enterprise Authority (LEA), Citizen Entrepreneurial Development Agency (CEDA), Botswana Exporters and Manufacturers Association (BEMA), the EU and other development partners. A comprehensive stakeholder's analysis was done during the identification phase and continued during the formulation phase. The project proposal has been shared for feedback and suggestions with the different stakeholders.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

A Financing Agreement will be signed between the Commission and the Government of the Republic of Botswana. The Financing Agreement will include two components that will be managed through different aid methods:

1. Partially decentralised management for component 1 - Support to NGO Empowerment - in accordance with Articles 21 to 24 of the Financial Regulation of the 10th European Development Fund.

The Commission controls ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts > EUR 50,000 and may apply ex post for procurement contracts ≤ EUR 50,000. The Commission controls ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

Works	Supplies	Services	Grants
< EUR 300,000	< EUR 150,000	< EUR 200,000	≤ EUR 100,000

2. Joint management for component 2 – Support to the Private Sector Development Strategy - through the signature of an agreement with an international organisation, Centre of Development for Enterprise (CDE) in accordance with Article 29 of the Regulation (EC) No 215/2008 on the financial regulation applicable to the 10th European Development Fund. The international organisation complies with the criteria provided for in the applicable Financial Regulation. CDE is the ideal partner to support the implementation of the Private Sector Development Strategy (PSDS). It was established as the dedicated EU-ACP agency for private sector development (PSD) under the Cotonou Agreement with a mandate to cover the support for PSD programme implementation and with an emphasis on the assistance to intermediary organisations (capacity building, technical assistance, etc.) among others. The centre has a strong track record on supporting SMMEs and professional associations, and has developed business models for the improvement of the competitiveness of SMMEs. In addition, CDE has an institutional capacity, competence and network within the private sector in Botswana. A regional CDE office is based in the capital of Botswana, covering Southern Africa. CDE will cooperate closely with the Ministry of Trade and Industry and Boccim, the employers' organisations for the implementation.

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegatee body under, respectively, decentralised, joint or indirect centralised management.

The project implementation arrangements and the role and set up of the technical assistance are described below.

The National Authorising Officer (NAO), Ministry of Finance and Development Planning shall delegate supervisory roles to relevant public departments of state as follows:

- Component 1: Support to NGO empowerment
 - Result 1.1: Department of Civil and National Registration (CNR), Ministry of Labour and Home Affairs
 - Result 1.2 & 1.3: Development and Budget Division, Ministry of Finance and Development Planning
- Component 2: Support to the Private Sector Development Strategy
 - Result 2.1, 2.2, 2.3 – Economic Diversification Drive Unit, Ministry of Trade and Industry.

Result 1.1 and 1.2 will be implemented under the same programme estimates (direct decentralised operation with NAO/Ministry of Finance and Development Planning). These programme estimates will cover operating costs, procurement contracts and grant contracts of limited amounts.

A Programme Steering Committee (PSC) shall be set up to oversee and validate the overall direction and policy of the project. The PSC shall meet quarterly and shall be chaired by the Ministry of Finance and Development Planning.

A limited Technical Assistance Team (TAT) will assist the Beneficiary in the implementation of the project and will consist of one Senior Capacity Building Expert. Supplementary TA will be given on a short term basis.

Management Teams (MT), responsible for each component will be responsible for day-to-day project implementation and monitoring. The Ministry of Finance and Development Planning will lead the MT for Component 1 and the Ministry of Trade and Industry will lead the MT

for Component 2. Both the MTs will comprise the long-term Senior Capacity Building expert (see TAT below) and will be supported by short-term consultants who will provide professional/technical services as required.

The MT for component 1 will be strengthened by a Coordinator and Administrative Officer which will be recruited by the government of Botswana for the National NGO Council (under programme estimates) in support of the implementation of Result 1.1. In addition, for Result 1.2 and 1.3 two staff members of the Ministry of Finance and Development Planning will be seconded to the MT for component 1 and dedicated to the management and monitoring of the respective activities.

The MT for component 2, lead by the Ministry of Trade and Industry, will be strengthened by a programme advisor contracted by the CDE, and by a representative of Boccim.

4.2. Procurement and grant award procedures / programme estimates

4.2.1 - Component 1 - Support to NGO Empowerment

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the EDF. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 20 of Annex IV of the revised Cotonou Agreement.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation applicable to the 10th European Development Fund. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10th European Development Fund.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

3) Specific rules on programme estimates:

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

The EDF financial contribution covers the ordinary operating costs deriving from the programme estimates.

4.2.2 – Component 2 – Support to the Private Sector Development Strategy

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the relevant International Organisation.

4.3. Budget and calendar

The execution period of the contract will be 72 months as from signature of Financing Agreement.

Categories	EU contribution	Government contribution (in kind) ²	CDE ³ contribution (in kind)	Total
	EUR	EUR	EUR	EUR
<u>Component 1: Support to NGO Empowerment</u>	3 800 000	1 450 000		5 250 000
Programme estimate	1 500 000	1 000 000		2 500 000
Result 1.1	1 150 000	1 000 000		2 150 000
Result 1.2	300 000			300 000
Communication and Visibility	50 000			50 000
Result 1.3 (large grants)	2 300 000	450 000		2 750 000
<u>Component 2: Support to the Private Sector Development Strategy</u>	2 300 000	0	500 000	2 800 000
<u>All components</u>	1 900 000	50 000		1 950 000
Technical Assistance	1 100 000	0		1 100 000
Monitoring, External Evaluation and Audit	300 000	0		300 000
Contingencies*	500 000	50 000		550 000
TOTAL	8 000 000	1 500 000	500 000	10 000 000

* The EU contribution to the 'Contingencies' heading may be used only with prior agreement of the Commission.

For procuring TA, a service tender will be launched with prior approval of a suspension clause. Fielding TA early is crucial to ensure progress in the implementation of the project and especially the call for proposals.

4.4. Performance monitoring

An indicative logical framework with a range of indicators has been prepared. They relate in general terms to the performance in the different components of the programme. It relates to the functioning of the NGO Council and the implementation of the NGO policy, the results of the support to umbrella/network organisations, and the increased "value for money" of public funds directed to NSAs. The organisational set-up of the project, with a project steering committee and the support of technical assistance, will allow for regular verification on the

² The Government contribution in Euros was estimated at a rate of EUR 1 to 10 BWP and will provide for staff (salaries) and offices, etc

³ The CDE contribution will provide for staff (salaries) and offices, etc

operational level of the progress towards the realisation of the expected results. For each result area a list of activities has been defined.

4.5. Evaluation and audit

Audits:

Component 1- Support to NGO Empowerment

(a) The Commission shall appoint, in accordance with EU procurement rules, a reputable external auditor for the expenditure verification of all programme estimates for which the expenditures incurred in the imprest part of their budgets amount to EUR 200,000 or more.

Component 2 – Support to the Private Sector Development Strategy

Since the implementation of component 2 of the action will be through a contribution agreement signed with an international organisation, CDE, the audit of the expenditure made for these actions and the tasks of internal control will be carried out by CDE in accordance with its own rules and procedures.

For both components, the EU is entitled to order any additional audit which might be deemed necessary. A total budget of EUR 150,000 is foreseen to cover all necessary audits.

Evaluations:

Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external evaluations, as follows: a mid-term evaluation mission; a final evaluation, at the beginning of the closing phase and possibly, an ex-post evaluation. An amount of EUR 150,000 is foreseen for this activity.

4.6. Communication and visibility

Visibility actions will be financed partially under the Programme Estimates of the project. Complementary visibility actions will be financed from the existing Botswana European Union Cooperation (BEUC) project, which include specific budget lines for communication, and targets communications activities which provide an overview of the EU activities in Botswana. All communication and visibility actions will be in compliance with the Communication and Visibility Manual for External Actions.