This study is to scope out Public Expenditure Review – Environment & Natural Resources for Botswana. The study was commissioned by PEI UNDP-UNEP Botswana and was undertaken during the month of July 2013. This report is based on various consultations, desk reviews, research and analysis.
PREFACE

The scoping study on the public expenditure of the Environment and Natural Resources sector in Botswana was conducted at the instance of the joint UNDP UNEP Poverty Environment Initiative in Botswana. This study was conducted in Botswana by NCR Consultants Limited, India during the month of July 2013.

The scoping study was based on an analysis of various policy documents of the Government of Botswana, various documents of the MEWT, UNDP and other organisations, and financial information of MEWT and the government. The study based its synthesis not only on the review of these documents and research, but also on detailed consultations with the officials of the Government of Botswana.

This study has taken into account the requirements and the status of data availability, the scope of the proposed study, and the terms of reference for the same along with other requirements that will make the study purposeful.

The study would not have been possible without the support and cooperation of various officials of the Ministry of Finance and Development Policy, the Ministry of Environment, Wildlife, and Tourism, and Statistics Botswana. We thank them for their time, support, sharing of data and inputs to make this study fruitful.

NCR Consultants Limited thanks PEI and Government of Botswana for providing this opportunity to do a professionally satisfying work. We thank Mr.Ruud Jansen and Mr.Boatametse Modukanele of UNDP-UNEP PEI, Botswana for their constant and complete support to make this study possible.

The scoping study is a very important milestone in the environment related initiatives in Botswana. Though this study is a small step, it is a definite first step towards environmental and natural resource governance which Botswana will be proud of...

NCR Consultants Limited
Gaborone, Botswana
August 2013
EXECUTIVE SUMMARY

This study on the Scoping of Public Expenditure Review of the Environment and Natural Resource Sector (PER-ENR) of Botswana was done with the objectives of analysing the public expenditure and revenue architecture, identifying key institutional partners, assessing environmental and natural resources sub-sectors, and data availability, and providing the scope and contents for a full PER-ENR. The study was done by NCR Consultants Limited, represented by Dr. R.S.Murali. The study is based on analysis of various documents, data, and detailed consultations with various stakeholders. This study was done with the support of PEI of UNDP-UNEP, Botswana.

The country

Land locked in the southern part of Africa, Botswana is one of the youngest countries in the world with an average age of 22.5 years and a population of 2.1 million. With literacy at about 84.5 per cent the country is predominantly urban (61 per cent). The country is covered by the Kalahari Desert for about 70 per cent of its area, and water resources are limited. The country has a variety of wild life and natural resources like minerals, of which diamond is predominant.

The economy

Thanks to the diamond industry the country, after its independence in 1966, moved up the economic ladder from being a low income country to an upper middle income country, with per capita income of USD 7,047, and GDP per capita at constant prices of about USD 4378 (2012) and USD 16,200 (2011) at PPP. After a dip during 2009/10 the country has improved in its performance with GDP at 14.41 Billion USD as at the end of 2012. The country produces agricultural and industrial products, with both exports and imports. The country has an unemployment rate of 17.8 per cent and inflation of 7.5 per cent.

Environment and Natural Resources (ENR)

Large areas of land have been subjected to environmental degradation, especially those near villages and other settlements. The country is prone to drought and is highly vulnerable to the impact of climate change. Environmental sustainability is central to many of Botswana’s key development issues, including the exploitation of mineral resources, the use and re-use of scarce water resources, and the development of the cattle industry and arable agriculture.

Governance and policy initiatives

The country has a well-established governance structure that has resulted in stable governments since Independence. Several global indicators like global peace index,
corruption perception index, global competitiveness index, management index, open budget index, and status (transformation) index position Botswana at par with many of the “highly developing” countries.

Botswana has a multiparty constitutional democracy. The President is the leader of the State, supported by the judiciary, the legislature and the executive. Court of Appeals is the apex judicial body supported by High Courts and Magistrates. The National Assembly is the legislature for the country and is headed by the President. The executive wing is supported by the Cabinet and service commissions. The ministries with their Ministers and Permanent Secretaries, and local authorities with their elected representatives, manage the administration. At the district level local authorities (District Council, District Administration, Tribal Administration and Land Board) take care of the administration.

Botswana’s policy initiatives in the area of environment related matters are supported by documents such as: Vision 2016, NDP 10, Budget Strategy Paper, Budget Speech, State of the Nation Address, Environment Keynote Paper, MDG Status Report, and Mid Term Review NDP 10.

**ENR management and MEWT**

ENR management in Botswana is not very structured as ENR related activities are carried out by various departments. However, the Ministry of Environment, Wildlife and Tourism (MEWT) plays a major role in handling various initiatives directly related to environment and natural resources. The MEWT works with eight departments, one parastatal, and one company. The ministry works with a two pronged strategy of environment conservation and protection. Accordingly the overall mandate of the ministry seeks to: address policy and regulatory framework, manage/protect/conserve natural resources, ensure that benefits of the natural resources are spread equitably, and disseminate information to the stakeholders in this regard. Botswana has several legislations related to environment, and the study identified thirty-three legislations administered by Ministry of Agriculture (10), MEWT (6), Ministry of Health (3), Ministry of Land and Housing (5), Ministry of Local Government (1), Ministry of Minerals, Energy and Water Affairs (8). This reiterates the fact that the PER-ENR needs to be done covering various ministries across the Botswana government.

**Budgeting and tracking of ENR expenditures**

In Botswana two types of budgets are prepared: the development budget and the recurrent (consolidated) budget; the former looks at developmental aspects, particularly long term infrastructure and initiatives, while the latter takes care of operational aspects. The recurrent revenues vary with the specialization of the departments/organisations under
ministries. The development initiatives are funded by surpluses from recurrent budget and developmental funds that are basically financed from a domestic development fund, though some internal and external borrowings are also used. The recurrent budget planning exercise commences in June/July each year while the development budget is made during the latter part of the year, around October; this phase difference between these budgets sometimes results in mismatch in the planning of development and operations. The Budget Analysis wing of the MFDP monitors the budget variances and cash flow statements. The cash flow statement is part of annual budget documents.

The budgets and accounting are done using the Government Accounting and Budgeting System (GABS). This system has been rolled out everywhere except in a few pockets in the districts. The Auditor General’s office prepares monthly accounts and these are posted in the departmental websites as pdf files through GABS. There are internal audits that take place in every department. Once the annual accounts are ready they are audited by the Auditor General’s office and certified. The audited statements are placed before the Parliament, generally by February each year before the budgets are presented.

Viewed with the objective of tracking the ENR related expenditure, the budgeting system has certain limitations as all the expenditures on environment or natural resources cannot be captured (or compiled) from the budget database as it is. This is due to the structure of the ‘organisation’ based budgeting in the recurrent budget which has four levels: ministry, department, parent and child. The various line items are useful to generate administrative information but not functional information like ‘environment protection’, ‘sustainable natural resource use’, ‘climate change initiatives’, etc. Also since such expenditures are incurred across various departments, it would be extremely difficult to aggregate and analyse various information required for a detailed PER-ENR. With regard to the development budgets under every ministry and department, expenditures are budgeted based on projects under them. Revenue (recurrent) budgets are also organized as per ministry and department. The functional budgeting that is done under the Budget Analysis section of MFDP is very limited as the functional classification does not include ‘environment’ or ‘natural resources’ as classifications. Prima facie the items related to ENR seem to be distributed across various functions. Considering the architecture and limitations of the budgeting system, the PER-ENR study needs to use appropriate methods to aggregate data from GABS and reclassify them according to ENR themes to make useful and meaningful analysis.

Financial analysis

With the available aggregate data, a financial analysis was done at the national, MEWT and department levels to get an initial picture of size and operations. This analysis was limited as the analysis was only done for MEWT. The size of the national budget of Botswana has been
The MEWT expenditure has been less than 2 per cent of the total budget of the country. During 2012/13 it was 1.5 per cent of the total expenditure. This shows that, in terms of public expenditure, MEWT is a rather minor ministry in the country. However, the budget of MEWT by itself provides a limited indication as it does not represent the full expenditure for environmental and natural resource management purposes as such expenditures are being made by a suite of ministries. Hence the actual expenditure on environment and natural resources is much higher than the MEWT 1.5 per cent budget share. In Botswana the environment and natural resources related spends (purely on the basis of MEWT expenditure) as percentage of GDP (December 2012) works out to 0.721 per cent. This in fact is better than the global average of many countries, which is less than 0.3 per cent of the GDP and less than 1 per cent of government spending. The recurrent expenditure of MEWT is less than 1 per cent of the total government expenditure, while the development expenditure of MEWT is at about 5 per cent. In recent times the development and recurrent expenditure of MEWT is almost equal with the 2012/13 recurrent expenditure Pula 427 million (52 per cent) and the development expenditure at Pula 385 million (48 per cent).

Within MEWT the pattern of revenues and expenditures varies drastically across various departments. The analysis of the actual expenditure for 2012/13 shows that:

- Department of Wildlife and National Parks incurs 36.7 per cent of the total MEWT recurrent budget, while Department of Environment Affairs incurs just about 3.4 per cent. This shows the wide variations between departments;
- In the case of development expenditure the Department of Waste Management and Pollution Control consumes 92.7 per cent of the total MEWT budget. This shows the relative size of operations;
- The recurrent revenues collected by the Department of Wildlife and National Parks account for 92.9 per cent of the total revenues of MEWT.

The ‘below the line’ items like external (donor collaborated) funding for MEWT is estimated at around USD 14.75 million, (based on a partial list of projects made available for the study). MEWT gets funding from various donor agencies like the UNDP-UNEP through PEI, UN GEF, UNIDO, World Bank, JICA and so on. Of these the UN agencies account for over 50 per cent of the total donor funds.

The comparison of MEWT budget and the actual accounts indicates variations ranging between 78.6 per cent and 10.3 per cent in the case of development expenditure, between 15.9 per cent and 3.4 per cent in the case of recurrent expenditure, and between 24.9 per
cent and -27.6 per cent in the case of recurrent revenue. This suggests that there are issues in prediction of revenues, scientific estimation and practice of budget cuts.

**Other PEER studies**

The scoping study also looked at some of the earlier PEER studies in five of the similar countries in the region and one from Asia: Tanzania (2004), Mozambique (2012), Kenya (2009), Rwanda (2010), Madagascar (2013), and Bhutan (2009). The analysis of these reviews indicates that for balanced content of a PEER the following need to be included: definition of environment/natural resources and environmental/natural resource-based expenditure/revenue, policy framework, institutional framework, budget mechanism and fund flow, analysis of revenue pattern, analysis of expenditure pattern, funds from multi/bilateral projects, linkages between various institutions, focus on specific issues like poverty, climate change, bio-diversity, etc., key environmental issues that need to be addressed, and capacity analysis of the implementing agencies and capacity building.

The scoping study also considered inputs from various institutions, based on research, in order to cover all aspects of PEER. OECD Policy Research, Toolkit for inclusive green growth (by AfDB, OECD, UN, WB), and UNECE Checklist have been analysed to provide conceptual inputs into the scoping study.

Consultations with various stakeholders were undertaken during the limited study period and subject to the availability of various personnel, meetings were held with officials from MEWT, MFDP, Accountant General, and the Auditor General’s office. These consultations were very useful in making the scoping of the proposed full review relevant and modelled on the actual requirements in Botswana. These consultations validated many of the findings made during the study and also provided clarity on the current status of policies and practices and the intent of the government.

**Defining ENR related terms**

In Botswana the term environment has been defined only in the Environment Impact Assessment Act (2005, amended in 2011). Since there has been no inclusive definition of environment/natural resources related terms, the scoping study made the following working definitions:

Environment is defined as the medium in which human beings and other beings like plant and animals including micro-organisms live and interact among them and with the medium itself, and includes:

- Air, light, land and water
- Eco-systems, bio-diversity, natural resources and ecological relationships
- All organic and inorganic matter, and
• All archaeological, aesthetic, cultural, health, economic institutions and conditions that affect lives of humans and other beings.

Natural Resources means some attribute of the natural or bio-physical environment or any component of nature, capable of being regarded and utilised by humans for development, including air, land, water, soils, minerals, energy, living organisms other than humans and genetic resources, and for the purposes of this definition, “genetic resources” means any material of plant, animal, microbial or other origin containing functional units of heredity, of any actual or potential economic and developmental value.

Environment and natural resources’ expenditure: Expenditures by public institutions for purposeful activities aimed directly at the prevention, reduction, and elimination of pollution or any other degradation of the environment/natural resources resulting from human activity, as well as natural resource management activities not aimed at resource exploration or production (adapted from World Bank).

Environment/Natural Resources Management System: A management approach, which enables a government to identify, monitor and control its environmental and natural resources aspects. An environmental/natural resources management system is part of the overall management system that includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the environmental policy.

These three definitions need to be explored during the first phase of the detailed PER-ENR exercise in order to provide a robust framework for analysing environment/natural resources expenditure. The focus has to be clearly on sustainable use of natural resources.

Data requirements and data quality

The data requirements for the proposed PER-ENR come out of the analysis of other PEERs, conceptual models built by various researchers, and also requirements of Botswana based on the understanding of the discussions and document analysis. The scoping study lists out the expenditure and revenue data requirements and the data characteristics.

Analysis of the data quality and integrity of the current level of data maintenance in Botswana shows that for the full PER-ENR study, the audited data committed to the GABS data base are the authoritative data that should be used for the review. Though there are several published sources for financial data, they seem to be rather weak on the reliability aspect.
Contents of the proposed PER-ENR

Based on the various discussions and analysis given in the scoping study, a table of content has been arrived at, highlighting important points. The study has provided detailed rationale and approach for each of the chapters and sub-chapters identified.

1. EXECUTIVE SUMMARY

2. INTRODUCTION
   2.1 Background
   2.2 Objectives
   2.3 Approach & Methodology
   2.4 Structure of the Report

3  POLICY & GOVERNANCE
   3.1 Definition of Environment, Natural Resources Management, and analysis of ENR management related Policies
   3.2 Governance Structure, Institutional Mechanism & Stakeholders
   3.3 Review of various Acts & Regulations related to ENR
   3.4 Analysis of various programs, projects and initiatives related to ENR (including those by multilateral agencies and NGOs)
   3.5 Analysis of periodic reporting and review mechanism
   3.6 Review of the audit process

4  BUDGETING & TRACKING
   4.1 Budgeting process, including its limitations with regard to tracking of environmental/natural resources related revenues and expenditures
   4.2 Issues in tracking ENR Revenues
   4.3 Issues in tracking ENR Related Expenditure
   4.4 Mapping of various ENR related revenues and expenses to various ministries, departments, agencies, projects, institutions, etc. (including external agencies, NGOs, etc.)
   4.5 Identification of ENR related themes/sub-themes and mapping of the same to various budget line items for both revenue and expenditure

5  ANALYSIS OF ENVIRONMENTAL & NATURAL RESOURCE REVENUES
   5.1 Definition and list of ENR revenues and processes
   5.2 Analysis of ENR revenues – government sources
   5.3 Analysis of ENR revenues – donor, multilateral environment agreements, & other sources
   5.4 Issues & suggestions in relation to enhancing ENR revenues

6  ANALYSIS OF ENVIRONMENTAL & NATURAL RESOURCE EXPENDITURE
   6.1 Definition and list of ENR expenditure and processes
   6.2 Analysis of ENR expenditure – government funds
   6.3 Analysis of ENR expenditure – donor, multilateral environment agreements & other funds
6.4 Issues & suggestions in relation to ENR expenditure management and control
6.5 Issues & suggestions in relation to harmonization of ENR expenditure management & control

7 ANALYSIS OF ENVIRONMENTAL & NATURAL RESOURCE EXPENDITURE MANAGEMENT
7.1 Gaps in policy initiatives
7.2 Gaps in processes
7.3 Gaps in human resources
7.4 Gaps in technology
7.5 Gaps in institutional arrangements
7.6 SCOT Analysis of environmental/natural resources expenditure management

8 FINDINGS & RECOMMENDATIONS
8.1 Summary of Findings
8.2 Summary of Recommendations
8.3 Suggested Action Plan

9. Annexes (including policy briefs)

10. References

Other requirements for the project like the team composition, duration, competencies of the team members, etc. have also been spelt out. The study has suggested that a Coordination Committee or Reference Group be formed with the various stakeholders, particularly the government departments, in order to make the study meaningful with total buy-in. This is required for the implementation of various recommendations that have come out of the study.

This report has also listed out a set of dozen key issues that should be considered during the PER-ENR study. These consider various aspects from policy, institutional arrangement, capacity building and performance management to KRA/KPI, reporting mechanism, etc.

Moving beyond the Scope

Research shows that the objectives of PER-ENR should have certain basic ingredients like: understanding expenditure/revenue pattern in environment related initiatives, ensuring allocation efficiency of capital into the sector, inputs for effectiveness, efficiency, and sustainability, cost effectiveness of various activities, information for streamlining, strengthening investment in environment, and inputs for reforms towards achieving environment related goals. The scoping study reviewed these requirements and identified current limitations in the Botswana context. Hence the proposed PER-ENR study may not be able to come out with analysis as if it were conducted in an ideal situation.
The scoping study attempts to go beyond the scope provided for the study by suggesting a course of action for effective completion of the PER-ENR study and also towards the successful implementation of a Comprehensive Environment and Natural Resources Management System (CENRMS). This is recommended to be addressed in three phases:

- **Phase I**: PER-ENR study subject to limitations provided in the scoping study.
- **Phase II**: Pilot implementation of PER-ENR recommendations, particularly those with respect to the coding and tracking of environment expenditure items across one pilot department in MEWT.
- **Phase III**: The reform process implementation where the required changes would be rolled out across all the ministries as a separate project.
ABBREVIATIONS

AEC  African Economic Community
AfDB  African Development Bank
AFROSAI-e African Organisation of English-speaking Supreme Audit Institutions
AG   Attorney General
AGC  Attorney General's Chambers
AIDS Acquired Immuno Deficiency Syndrome
AOJ  Administration of Justice
AU   African Union
BADM  Budget Analysis and Debt Management
BIDPA Botswana Institute for Development Policy Analysis
BSP  Budget Strategy Paper
CCA  Common Country Assessment by UNDP
CENRMS Comprehensive Environment and Natural Resource Management System
CF   Cash Flow
CSO  Central Statistics Office
DCS  Department of Corporate Services
DEA  Department of Environmental Affairs
DFID  Department For International Development
DFRR  Department of Forestry and Range Resources
DMS  Department of Meteorological Services
DNMM Department of National Museum and Monuments
DOT  Department of Tourism
DWMPC  Department of Waste Management and Pollution Control
DWNP  Department of Wildlife and National Parks
EIA  Environmental Impact Assessment
EIS  Environment Information System
EMS  Environment Management System
ENR  Environment and Natural Resources
ESP  Environmental Support Programme
FCB  Forest Conservation Botswana
GABS Government Accounting and Budgeting Software
GDP  Gross Domestic Product
GEF  Global Environment Facility
GIS  Geographic Information System
GNI  Gross National Income
GoB  Government of Botswana
HE  His Excellency
HIV  Human immunodeficiency virus
IC  Industrial Court
Table of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consultations with Stakeholders</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Botswana GDP Related Indicators</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Botswana - Global Ranking of Key Macro Indicators</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Botswana Environment Related Legislations</td>
<td>22</td>
</tr>
<tr>
<td>5</td>
<td>Functional Classification Comparison of IMF and Botswana Systems</td>
<td>31</td>
</tr>
<tr>
<td>6</td>
<td>Analysis of Government Budget 2007/08 to 2012/13</td>
<td>37</td>
</tr>
<tr>
<td>7</td>
<td>Analysis of Revenue &amp; Expenditure – National Level</td>
<td>38</td>
</tr>
<tr>
<td>8</td>
<td>MEWT Budget Variance Analysis 2007/08 to 2012/13</td>
<td>47</td>
</tr>
<tr>
<td>9</td>
<td>Actual Development Expenditure 2011/12 from Various Sources</td>
<td>70</td>
</tr>
<tr>
<td>10</td>
<td>PER-ENR Content &amp; Rationale/Approach</td>
<td>71</td>
</tr>
<tr>
<td>11</td>
<td>Team Composition for PER-ENR Study</td>
<td>81</td>
</tr>
<tr>
<td>12</td>
<td>PER-ENR Objectives, Readiness and Status</td>
<td>87</td>
</tr>
<tr>
<td>13</td>
<td>Environment/Natural Resources Theme Analysis</td>
<td>100</td>
</tr>
</tbody>
</table>

Table of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Scoping Study Methodology</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Map of Botswana</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Botswana GDP Growth</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Governance Structure – Government of Botswana</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Botswana Administrative Districts</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Structure of Ministry of Environment, Wildlife and Tourism</td>
<td>21</td>
</tr>
<tr>
<td>7</td>
<td>Budget Codification</td>
<td>27</td>
</tr>
</tbody>
</table>

Table of Graphs

<table>
<thead>
<tr>
<th>Graph</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Botswana Total Expenditure and Revenue 2007/08 to 2012/13</td>
<td>38</td>
</tr>
<tr>
<td>2</td>
<td>Total Expenditure Vis-À-Vis MEWT Expenditure 2007/08 to 2012/13</td>
<td>39</td>
</tr>
<tr>
<td>3</td>
<td>Consolidated Expenditure Total &amp; MEWT 2007/08 to 2012/13</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>Development Expenditure Total &amp; MEWT 2007/08 to 2012/13</td>
<td>41</td>
</tr>
<tr>
<td>5</td>
<td>Incremental Analysis Expenditure Total &amp; MEWT 2008/09 to 2012/13</td>
<td>41</td>
</tr>
<tr>
<td>6</td>
<td>Analysis of Revenue &amp; Expenditure of MEWT 2007/08 to 2012/13</td>
<td>42</td>
</tr>
<tr>
<td>7</td>
<td>Total Expenditure Breakup of MEWT 2007/08 to 2012/13</td>
<td>43</td>
</tr>
<tr>
<td>8</td>
<td>Donor Funding for MEWT</td>
<td>44</td>
</tr>
<tr>
<td>9</td>
<td>Recurrent Expenditure Department Under MEWT 2012/13</td>
<td>45</td>
</tr>
<tr>
<td>10</td>
<td>Development Expenditure of Department Under MEWT 2012/13</td>
<td>45</td>
</tr>
<tr>
<td>11</td>
<td>Recurrent Revenue of Departments Under MEWT</td>
<td>46</td>
</tr>
</tbody>
</table>
CHAPTER 1 - INTRODUCTION

This chapter is divided into two parts: Part I discusses the preliminaries to this report. Part II gives an introduction to Botswana and the governance structure.

PART I - PRELIMINARIES

BACKGROUND TO THE ASSIGNMENT

The Government of Botswana with the support of UNDP and UNEP, through the Botswana Poverty-Environment Initiative (PEI), aims to enhance the contribution of sound environmental and natural resources management to the national goals of poverty eradication, sustainable people-centred development, sustained economic growth, and the attainment of the Millennium Development Goals (MDGs) by 2015. The Programme seeks to assist Government in integrating environmental concerns into development management and national planning with a view to maximising Botswana’s long term benefits from environmental resources with specific emphasis on the plight of the poor.

Public Expenditure Reviews (PERs) are a means to analyse the allocation and management of public funds. A scoping study for a comprehensive PER of the Environment and Natural Resources Sector is proposed to be undertaken as part of this PEI. In this connection, the UNDP-UNEP as part of PEI support had called for detailed proposals from eligible consultants to undertake the scoping study. Based on the proposals submitted, NCR Consultants Limited (NCRCL) represented by Dr. R.S. Murali was shortlisted and contracted vide Contract No. 2013/14-002 by the UNDP, Botswana.

OBJECTIVE OF THE ASSIGNMENT

The objective of the assignment as given in the Terms of Reference is to undertake a Scoping Study for a Public Expenditure Review (PER) of the Environment and Natural Resources (ENR) Sector in Botswana with the aim of analysing the public expenditure and revenue architecture, identifying key institutional partners, assessing environmental and natural resources sub-sectors, and data availability, and providing the scope and contents for a full Public Expenditure Review of the Environment and Natural Resource Sector, henceforth referred to in this report as PER-ENR.

SCOPE OF WORK

The summarized scope of work under the scoping study as given in the Terms of Reference includes:

- Analysis of the public expenditure policy of the Botswana Government;
- Identification of key institutional partners in undertaking a PER-ENR;
- Assessment of relevant environment and natural resource sectors and sub-sectors and justification for inclusion in the comprehensive PER-ENR study;
• Assessment and analysis of data availability for a comprehensive PER-ENR study;
• Preparation of overall scope for a full PER-ENR study with an indication of the types of analyses and results. This shall include the consideration and draft contents of a training and capacity building programme for relevant institutions and staff.

**PER-ENR SCOPING STUDY STAGES**

![Diagram of scoping study stages]

**Figure 1** gives an overview of the different stages of the study. During the assignment various documents were reviewed. List of such documents is given in Annex 1. The details of consultations made during the study are given in Table 1.

**CONSULTATIONS**

The consultations were very useful in understanding the environment sector, the working of the government, and also various limitations. Table 1 shows the consultations done. The main points arising out of these discussions are given in Chapter 3 Part III, where the stakeholders’ consultations have been stated.
TABLE 1: CONSULTATIONS WITH STAKEHOLDERS

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<thead>
<tr>
<th>S.No</th>
<th>Person met</th>
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<tbody>
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<td>1</td>
<td>Mrs. Kelebogile Dikole</td>
<td>UNDP</td>
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<td>2</td>
<td>Mr. Ruud Jansen</td>
<td>PEI</td>
<td>Discussion on various aspects of the study</td>
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<td>3</td>
<td>Mr. Boatametse Modukanele</td>
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<td>4</td>
<td>Mr. Pelotshweu Moepeng</td>
<td>BIDPA</td>
<td>General discussion on environment economics and governance</td>
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<td>5</td>
<td>Mrs. Boineelo M Peter</td>
<td>Director, BADM, MFDP</td>
<td>Budget, coding related aspects, compilation, functional expenditure heads and issues</td>
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<td>6</td>
<td>Ms. Kagiso Sedmedi</td>
<td>Senior Finance Officer (CF), MFDP</td>
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<td>7</td>
<td>Dr. Ravindha Singh</td>
<td>Statistics Botswana</td>
<td>Environment statistics</td>
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<td>8</td>
<td>Mr. Stilwell Dambuza</td>
<td>Directorate of Economic Statistics, Agri/Env. Division</td>
<td>Aspects of Environment statistics compilation, issues and limitations</td>
</tr>
<tr>
<td>9</td>
<td>Mr. David R. Aniku</td>
<td>Head Environment Assessments and Audits, DEA, MEWT</td>
<td>Issues in relation to budgeting, management and monitoring of environment related information</td>
</tr>
<tr>
<td>10</td>
<td>Ms. Neo Mokgolodi</td>
<td>Desk Officer, National Environment Fund</td>
<td>Status of the NEF and its operation</td>
</tr>
<tr>
<td>11</td>
<td>Mrs. Portia K. Segomelo</td>
<td>Director, DEA</td>
<td>Issues in the policy and environment expenditure management</td>
</tr>
<tr>
<td>12</td>
<td>Mr. Jimmy Opelo</td>
<td>Deputy Permanent Secretary, DEA</td>
<td>Aspects relating to management of environment aspects including budgets in MEWT and departments. Issues influencing environment management.</td>
</tr>
<tr>
<td>13</td>
<td>Ms. Lucia Segatthe</td>
<td>Chief Economist, DEA</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dr. Ernest N. Mukhwaje</td>
<td>Director, Macroeconomic Policy</td>
<td>On development budget, macroeconomic policy, performance, review mechanism.</td>
</tr>
<tr>
<td>15</td>
<td>Ms. Mmopa E. Juma</td>
<td>Deputy Accountant General (Accounts &amp; General Ledger)</td>
<td>On the government accounting systems, processes, accounts compilation, etc.</td>
</tr>
<tr>
<td>16</td>
<td>Mr. Walter Matekane</td>
<td>Principal Economist, Macroeconomic Policy, MFDP</td>
<td>Medium term fiscal framework, medium term expenditure framework, cash flow forecast</td>
</tr>
<tr>
<td>17</td>
<td>Mr. Sajjad Hossen</td>
<td>Assistant Accountant General (System Support)</td>
<td>Working and operations of GABS. The capabilities of the system to extract required data. Data granularity and technical aspects of GABS.</td>
</tr>
<tr>
<td>18</td>
<td>Ms. Shingani Magazine</td>
<td>Chief Accountant (System Support)</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Ms. Sophia De Bruin</td>
<td>Chief Accountant (System Support)</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Ms. Gloria Selei</td>
<td>Principal Accountant (System Support)</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Mr. Robby B Sebopeng</td>
<td>Auditor General</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Mr. Cosmos G Mogami</td>
<td>Principal Auditor – Central Accounts</td>
<td>The system of government audit, local audit performance audit. The objective and audit process. Various issues in audit, accrual accounting. Making audits meaningful and value for money.</td>
</tr>
<tr>
<td>23</td>
<td>Ms. Pulane D Letebele</td>
<td>Senior Asst Auditor Genera; Central Govt Audit Division</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Mr. David K Kandji</td>
<td>Senior Asst Auditor General, Auditor General Local Government Audit</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Ms. Jayn O Phalalo</td>
<td>Chief Auditor Central Government Audit Division</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Ms. Tebogo J Tszenyo</td>
<td>Ag Principal Auditor (MEWT)</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Ms. Kealeboga Molelowatadi</td>
<td>Ag Deputy Auditor General</td>
<td></td>
</tr>
</tbody>
</table>
PART II – BOTSWANA

BOTSWANA – COUNTRY PROFILE

General: A landlocked country situated in the centre of southern Africa, Botswana shares borders with South Africa (to the south and east), Namibia (west), Zimbabwe and Zambia (north). The country has an area of about 550,000 square kilometres. The country has a population of 2.031 million (2011) and continues to be one of the most sparsely populated countries in the world. The population density is more towards the eastern regions of the country.

Geography: The country’s climate is generally arid, like its terrain. Most of the country is unsuitable for agriculture as most parts of the country are covered with Kalahari sands and water sources are highly limited. The country is rich in minerals.

Demography: The country is a very young country with average age at 22.5 years (0-14 years 33.5 per cent, 15-24 years 21.9 per cent, 25-54 years 36.4 per cent, 55-64 years 4.2 per cent, 65 years plus 3.9 per cent) and a population of 2.1 million (July 2012). The population growth rate is about 1.477 per cent. As at 2010 the urban population was at 61 per cent with annual urbanization rate of 2.3 per cent. Sex ratio is 1.02 males for a female (2011). HIV/AIDS prevalence is at 24.8 per cent (2009). Literacy rate is 84.5 per cent with women marginally more literate than men.

1 Botswana Demographic Profile 2013, from CIA World Fact Book, http://www.indexmundi.com/botswana/demographics_profile.html
Geography: At 581,730 km² (224,607 sq mi) Botswana is the world’s 48th-largest country. It is comparable in size to Madagascar, and is slightly smaller than the U.S. state of Texas and the Canadian province of Manitoba. It lies between latitudes 17° and 27°S, and longitudes 20° and 30°E. The country is predominantly flat, tending toward gently rolling tableland. Botswana is dominated by the Kalahari Desert, which covers up to 70 per cent of its land surface. The Okavango Delta, one of the world’s largest inland deltas, is in the northwest.

The Makgadikgadi Pan, a large salt pan, lies in the north. The Limpopo River Basin, the major landform of all of southern Africa, lies partly in Botswana, with the basins of its tributaries, the Notwane, Bonwapitse, Mahalapsw, Lotsane, Motloutse and the Shashe rivers, located in the eastern part of the country. The Notwane provides water to the capital through the Gaborone Dam. The Chobe River lies to the north, providing a boundary between Botswana and Namibia, in the Caprivi Region. The Chobe River meets with the Zambezi River at a place called Kazungula.

Economy: Botswana was one of the poorest countries in the world at independence in 1966, but in the last 45 years plus the country has grown rapidly, and has been transformed from a low-income to an upper-middle income country. Botswana has a mixed economic system in which the economy includes a variety of private freedom, combined with centralized economic planning and government regulation. Botswana is a member of the African Union (AU) and the African Economic Community (AEC).

According to World Bank, Botswana ranks 76th in the global ranking of countries in per capita income. The GDP per capita at constant prices is about USD 4378 (2012) and USD 16,200 (2011) at PPP (Purchase Price Parity). The per capita GNI (Gross National Income) is stated to be USD 7,047 (2011)³. Economically, Botswana has thrived on the basis of the production and export of diamonds, which has driven very high rates of economic growth and increases in per capita incomes, as well as a healthy government fiscal position and balance of payments. However due to global slowdown and consequent reduction in diamond trade, the country’s economy has slowed down.

FIGURE 3: BOTSWANA GDP GROWTH

³ http://www.indexmundi.com/facts/botswana/gni-per-capita
The International Monetary Fund (IMF) has upped its forecast for Botswana’s 2012 growth to 3.8 per cent but warned of the potential for adverse spillover from the expected slowdown in the South African economy this year. IMF’s World Economic Outlook (WEO) projects that Botswana’s real Gross Domestic Product (GDP) will grow by 3.8 per cent this year, up from the 3.3 per cent forecast in the April edition of the same study. The October WEO also expects inflation to average 7.5 per cent this year and the current account balance to be positive at 3.9 per cent of GDP, pointing to stronger exports of goods, services and assets over imports. As at end of 2012 the GDP of the country stood at 14.41 Billion US dollars.

<table>
<thead>
<tr>
<th>GDP</th>
<th>INDICATORS</th>
<th>LAST</th>
<th>PREVIOUS</th>
<th>HIGHEST</th>
<th>LOWEST</th>
<th>FORECAST</th>
<th>UNIT</th>
<th>TREND</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td></td>
<td>14.41</td>
<td>Dec-12</td>
<td>16.04</td>
<td>16.04</td>
<td>0.03</td>
<td>17.52</td>
<td>Dec-12</td>
</tr>
<tr>
<td>GDP GROWTH RATE</td>
<td></td>
<td>-2.2</td>
<td>Mar-13</td>
<td>4.5</td>
<td>13.4</td>
<td>-14.4</td>
<td>2.27</td>
<td>Dec-13</td>
</tr>
<tr>
<td>GDP ANNUAL GROWTH RATE</td>
<td></td>
<td>3.2</td>
<td>Mar-13</td>
<td>4.1</td>
<td>18.2</td>
<td>-11.8</td>
<td>4.75</td>
<td>Dec-13</td>
</tr>
<tr>
<td>GDP PER CAPITA</td>
<td></td>
<td>4377.56</td>
<td>Dec-11</td>
<td>4189.69</td>
<td>4377.56</td>
<td>249.77</td>
<td>4391.76</td>
<td>Dec-12</td>
</tr>
<tr>
<td>GDP PER CAPITA PPP</td>
<td></td>
<td>14745.75</td>
<td>Dec-11</td>
<td>13805.29</td>
<td>14745.75</td>
<td>1638.89</td>
<td>14820.87</td>
<td>Dec-12</td>
</tr>
</tbody>
</table>

The Bank of Botswana serves as a central bank in order to develop and maintain the Botswana Pula, the country’s currency. Since independence, Botswana has had one of the fastest growth rates in per capita income in the world. Botswana has transformed itself from one of the poorest countries in the world to a middle-income country. By one estimate, it has the fourth highest gross national income at purchasing power parity in Africa, giving it a standard of living around that of Mexico and Turkey.

According to African Development Outlook, amongst other major challenges confronting the government are the national unemployment rate of 17.8 per cent and a poverty rate higher than 19 per cent, combined with high income inequality. As part of the country’s National Development Plan (NDP-10), the government is addressing these challenges through a number of initiatives including the adoption of a new National Economic Diversification Strategy, which focuses on private-sector-led economic diversification.

- **Agricultural Products**: livestock, sorghum, maize, millet, beans, sunflowers, groundnuts
- **Industries**: diamonds, copper, nickel, salt, soda ash, potash, coal, iron ore, silver, livestock processing, textiles
- **Exports**: diamonds, copper, nickel, soda ash, meat, textiles
- **Imports**: foodstuffs, machinery, electrical goods, transport equipment, textiles, fuel and petroleum products, wood and paper products, metal and metal products

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7. The statistics given updated by author based on Botswana Core Welfare Indicators Survey 2009/10 (July 2013)
**Poverty:** Poverty rates are fairly high for a country of Botswana’s income level (headcount poverty was recorded at 19.3 per cent in 2009/10⁶), and income inequality is also high. Nevertheless, poverty rates have been falling steadily as the economy has grown. While Botswana has made remarkable progress in social and human development, as reflected by impressive education and health indicators, the level of poverty remains a major concern for an upper-middle-income country, with 6.4 per cent of the population classified as extremely poor (earning less than one dollar a day). According to CCA by UNDP, “With regard to MDG 1 (Eradicating extreme poverty), although poverty has declined, data availability is not good enough to enable an accurate assessment of the rate of poverty reduction”⁹.

**Environment & Natural Resources:** According to CCA report (UNDP, 2007), environmentally, Botswana is fragile with very limited water resources. Large areas of land have been subject to environmental degradation, especially those near villages and other settlements. The country is prone to drought and is highly vulnerable to the impact of climate change. Environmental sustainability is central to many of Botswana’s key development issues, including the exploitation of mineral resources, the use and re-use of scarce water resources, and the development of the cattle industry and arable agriculture. The future of tourism is also dependent upon the maintenance of Botswana’s considerable wildlife resources and finely balanced ecological zones such as the Okavango Delta and the Kalahari Desert. Environmental sustainability and maintaining the country’s natural resources are particularly important in ensuring the future viability of various economic activities upon which raising incomes in the rural areas, and hence reducing poverty, depend.

**GOVERNANCE & INSTITUTIONAL STRUCTURE**

**GOVERNANCE RANKING OF BOTSWANA**

The politics of Botswana works in a framework of a representative democratic republic, whereby the President of Botswana is head of state and head of government, and also, head of a multi-party system. Executive power is exercised by the government. Legislative power is vested in both the government and the Parliament of Botswana.

Since independence was declared, the party system has been dominated by the Botswana Democratic Party (BDP). The judiciary is independent of the executive and the legislature. According to Transparency International, Botswana is the least corrupt country in Africa and ranks similarly to Portugal and South Korea.

Global Ranking of key macro indicators (Table 3) shows the position of Botswana in a global perspective. Considering the country’s history and geography, the country has been performing well.

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⁶ Statistics Botswana (2013), Botswana Core Welfare Indicators Survey 2009/10, pp-6
### TABLE 3: BOTSWANA - GLOBAL RANKING OF KEY MACRO INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Score</th>
<th>Ranking</th>
<th>Organisation</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index 2012</td>
<td>Score 65</td>
<td>30 out of 174</td>
<td>Transparency International</td>
<td><a href="http://www.transparency.org/country#BWA">http://www.transparency.org/country#BWA</a></td>
</tr>
</tbody>
</table>

Apart from the above indices, three specific global level macro indicators provide excellent perspective on Botswana’s governance:

- **The Management Index** for 2012 states that Botswana ranks 8 out of the 128 countries with an index of 7.02 (very good). This index is a comprehensive indicator comprising of: level of difficulty 3.4, management performance 8.23, steering capability 7.7, resource efficiency 8.0, consensus building 8.3, international cooperation 9.0.

- **The Open Budget Index** (higher the index, the better) for 2012 gives Botswana a score of 50 which is a mid-level score. This indicates that the country has to work hard to reach higher ranks. However, the review has clearance to: pre-budget statement, executive’s budget proposal, citizens’ budget, enacted budget, year-end report and audit report. However the country gets yellow (needs improvement) in the areas related to: in-year report and mid-year review. With regard to public engagement, legislative strength and SAI (supreme audit institution) strength Botswana gets 19, 58 and 100 respectively, indicating that the public engagement with regard to budgeting is weak.

- **The Status Index** (Transformation) is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated. Botswana’s 19th rank out of 128 grades it as “advanced” from a transformation perspective. This status index consists of two parts: the Political Transformation Index and the Economic Transformation Index. Botswana gets 17 on 128 in political transformation with a score of 8.35 (democracies in consolidation) and a 25 on 128 in economic transformation with a score of 7.21 (functioning). Evaluation of stateness (9.3), political participation (8.8), rule of law (8.0), stability of democratic institutions (8.5), and political and social integration (7.3) form the basis of the political transformation. The economic transformation is evaluated by: levels of economic development (4.0), organisation of market and competition (8.0), currency and price stability (8.0), private property (8.5), welfare regime (7.0), economic performance (8.0), and sustainability (7.0).

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10 [http://www.bti-project.org/index/management-index/](http://www.bti-project.org/index/management-index/)
12 [http://www.bti-project.org/index/status-index/](http://www.bti-project.org/index/status-index/)
These achievements of Botswana, considering its limitations, have been possible through the governance structure of the country.

**GOVERNANCE STRUCTURE**

Botswana has a multiparty constitutional democracy. Once in five years general elections are held; the last one was held in 2009. It is understood that the elections since independence have been freely and fairly contested and have been held on schedule. There are four main parties and a number of smaller parties.

The President of Botswana is indirectly elected. The presidential candidate from the political party that wins the majority of the 57 seats in the National Assembly is sworn in as President. The cabinet is selected by the President from the National Assembly, which consists of a Vice President and a flexible number of ministers and assistant ministers. The National Assembly has 57 elected and 4 specially elected members; it is expanded following each 10-year census based on changes in demographics.

The advisory House of Chiefs represents the eight principal subgroups of the Botswana tribes, five members specially elected by the president, and 22 members elected from designated regions. The eight principal chiefs are members for life, while the elected members hold office for a period of five years. Chiefs and other leaders preside over customary traditional courts, though all persons have the right to request that their case be considered under the formal British-based legal system.

The judiciary, the legislature and the executive are clearly defined as shown in Figure 4. The judiciary is taken care of by the Court of Appeals with magistrates. The National Assembly is the legislature for the country and is headed by the President. The executive wing is supported by cabinet and service commissions. The ministries with their Ministers and Principal Secretaries, and local authorities with their elected representatives manage the administration. At the district level local authorities take care of the administration.
FIGURE 4: GOVERNANCE STRUCTURE – GOVERNMENT OF BOTSWANA
Local government is administered by nine district councils and five town councils. District commissioners have executive authority and are appointed by the central government and assisted by elected and nominated district councillors and district development committees. The governance is carried on through ministries (including sub-ministries), local authorities and parastatals. Administratively Botswana is divided into nine districts. Botswana is further divided into 16 councils through which administration of the country is done.

![Botswana Administrative Districts](image)

**FIGURE 5**: BOTSWANA ADMINISTRATIVE DISTRICTS

The administrative structure comprises of 23 ministries and ministerial level offices, 16 local authorities and 16 parastatals (refer to Annex 2 for the list).

**POLICY DOCUMENTS**

In Botswana there are a few policy enabling documents that shape and guide the overall governance process. The Vision Document, currently called Vision 2016 gives an overall insight into how the government thinks in terms of development. National Development Plan 10 gives the target towards which the government needs to progressively move. This is supported by annual Budget Strategy Paper, Minister’s Budget Speech, and the actual budget document. There seem to be no specific policy pronouncements by various ministries. With regard to environment and natural resources an Environment Keynote Paper was made as part of the Vision 2016 documents.
VISION 2016

The GoB identified seven pillars of growth around which the state would function:

1. An educated, informed nation
2. Prosperous, productive and innovative nation
3. Compassionate, just and caring nation
4. Safe and secure nation
5. Open, democratic and accountable nation
6. Moral and tolerant nation
7. United and proud nation

The Vision 2016 document is frequently articulated and is being monitored by the Office of the President. Of the seven pillars the Pillar 2 on “prosperous, productive and innovative nation” seems to include some aspects of environment management. Performance Report on Botswana’s Vision 2016 states that there has been progress in areas relating to: communities becoming involved in management of environmental assets, and managing some wildlife species. The areas of concern reported are: potential for land-use conflict between competing needs/uses/interests, and dangerous drop in population of some wildlife species (warthog, sitatunga and duiker). There is very little mention about strategic environment management or finance. The PER-ENR study should review the policy and public financial framework in the environment sector.

NDP 10

One of the Key Result Areas (KRA) in NDP 10 is ‘sustainable environment”. According to NDP 10, the concept of sustainable environment can be defined as “a condition that is able to preserve these assets and at the same time be able to meet the needs of current generations without compromising the ability of the future generations to meet their own needs. This includes the utilisation of both fauna and flora”.

The strategies for NDP 10 discuss the ‘mainstreaming Environment and Climate’ in order to making development more sensitive to the impacts that climate change will have on land and water resources in particular, and on how disaster risk management will be integrated into development planning. NDP provides specific strategies on:

- Natural Resource Management
- Waste Management and Pollution Control
- Meteorological Services
- Forestry and Range Resources
- Wildlife and National Parks
- National Museum and Monuments

13 Government of Botswana, From the Booklet Long Term Vision of Botswana
14 Ms. Charity Kgotlafela’s presentation (June 12, 2009) “Highlights from Vision Council’s new progress report on the Vision 2016 Pillars”
15 GoB, NDP 10 Vol 1, pp-265
A Sector Performance Matrix enumerating environment indicators was formulated as part of the NDP 10 strategy:

- Access to sanitation facilities by the population will be improved from 40 per cent to 55 per cent through implementation of the rural sanitation programme and increasing connectivity to the sewerage system;
- Reduction in ozone depleting substances (ODS) by prohibiting import of such substances at ports of entry;
- Improved biomass management through spreading of trans-frontier conservation areas (TFCAs);
- Species diversity will be increased through re-introduction of indigenous species, promotion of the non-consumptive utilisation programme and protection of endangered and rare species;
- Forest cover will be improved through intensification of planting of indigenous trees and improvement of fire management strategies.

The NDP 10 document has also identified programmes in the Environment Sector:

- Environmental Protection Programme
- Natural Resources Management Programme
- Environmental Information Management Programme
- Environmental Governance Programme
- Support and Enhancement of Service Delivery Programme
- Waste Management and Pollution Control Programme
- Rural and Urban Sanitation (Solid Waste Management) Programme
- Monument Development Programme

While the document provides an excellent reading, it is not very clear as to how various initiatives are being monitored. As part of the PER-ENR exercise these strategies and programmes need to be evaluated.

**Budget Strategy Paper 2013/14**

According to the BSP 2013/14, as part of the medium term review of NDP 10, the eight thematic groups have been condensed into four broad-based thematic areas of: Economy and Employment, Sustainable Environment, Social Upliftment, and Governance, Safety and Security. Hence Sustainable Environment has been one of the thematic areas in the eyes of the government. However the budget document does not seem to have any specific emphasis on the same.

**Budget Speech 2013**

The budget speech 2013 by Honourable O.K. Matambo, Minister of Finance and Development Planning, GoB, delivered to the National Assembly on 4th February 2013 does not contain any terminology pertaining to environment, natural resources or climate change.

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16 MFDP, GoB, (November 2012), pp-3
17 Website: www.finance.gov.bw, Budget Speech_1stFeb2013_Final.pdf
ENVIRONMENT KEY NOTE PAPER¹⁸ – NDP 10

This paper gives an excellent ringside view of the environmental issues and concerns in Botswana. Key environmental and natural resources related issues in Botswana have been detailed under the following themes.

- Natural Resources Utilisation
- Land and Water Resources Management
- Energy Development
- Biodiversity Conservation
- Ecosystem Management
- Policy and Institutional Harmonization
- Pollution and Waste Management
- International Cooperation in Environmental Management
- Climate Change and Global Warming
- Public Awareness, Environmental Education and Environmental Information

The paper further discussed on: Sustainable Development and National Development Planning, Environmental Governance, Mainstreaming the Environment. The paper also identifies issues at two levels: Central government specific Environment and Development Issues, and Local government specific Environment and Development issues.

The paper has considered the following Ministries while discussing ministry specific (central government) environment issues:

- Ministry of Agriculture
- Ministry of Environment, Wildlife and Tourism
- Ministry of Lands and Housing
- Ministry of Mineral Energy and Water Affairs
- Ministry of Education
- Ministry of Local Government
- Ministry of Finance and Development Planning
- Ministry of Trade and Industry
- Ministry of Works and Transport
- Ministry of Communication Science and Technology
- Ministry of Health
- Ministry of Labour and Home Affairs

This document could serve as an important document to identify issues that need to be taken up for the PER-ENR with various ministries. Also the document confirms the involvement of various ministries in matters relating to environment and natural resources. This widens the depth of analysis in the proposed PER-ENR.

¹⁸ DEA, MEWT (2008), Environment Key Note Paper – NDP X

Scoping Study - PER-ENR in Botswana 14
MDG – Status Report

The MDG status report as at 2010 on Botswana has identified critical issues in relation to the MDG Goal 7 on Environmental Sustainability.

According to the status report substantial progress has been made with respect to policies and programs supporting environmental sustainability. The State of Environment reporting and the production of natural resources accounts for livestock, minerals and water, which are necessary to mainstream environmental issues into the planning process, are institutionalised. Environmental impact assessment (EIA) legislation came into force in May 2005. Subsequent to that, a draft of supporting environmental regulations was promulgated. Botswana has ratified ten Multilateral Environmental Agreements (MEAs) dealing with the key issues of climate change (4), drought and desertification (1), biological diversity (3) and waste management (2). Botswana has also adopted two strategic plans: a National Action Plan under the United Nations Convention on Biological Diversity and the Okavango Delta Management Plan. Despite these regulatory advances, Botswana still faces serious environmental challenges.

The report identified some of the key challenges under:

- Water and sanitation
- Climate change
- Land management and natural resource conservation

According to the report, environmental and natural resource issues are integrated into the main sectors through the National Development Plan and other cross cutting policies and initiatives such as the National Poverty Reduction Strategy, the National Research, Science and Technology Plan, the education curriculum, the district planning process, as well as through the adoption of strategic approaches to environmental assessment, particularly in the water sector.

Various strategies and programs listed are:

- Environmental Support Programme (ESP)
- Partnership for the Development of Environmental Law and Institutions in Africa (PADELIA)
- National Capacity Self-Assessment (NCSA)
- Support to the Implementation of Global Conventions (SIGC)
- Botswana Integrated Water Resource Management (IWRM)
- Renewable Energy-Based Rural Electrification Program (REBREP)
- Incorporating Non-Motorized Transport Facilities in the City of Gaborone (NMT)
- Management of Indigenous Vegetation for the Rehabilitation of Degraded Rangelands (IVP)
- Sustainable Land Management (SLM)
- Southern African Biodiversity Support Programme (SABSP)
- Capacity Building for Conservation of the Okavango Delta (Botswana Wetland)
According to the status report, “a new information gathering system, the Environmental Information System, is currently being implemented by the Government of Botswana to track and capture information from different data providers. While there are still gaps in data and the quality is still weak, the system itself is a major improvement. Beyond the data challenges, environmental monitoring is constrained by a shortage of analytical skills”\textsuperscript{20}.

The analyses of these documents, particularly the environment keynote paper and the MDG status report, provide a fund of information on the status, programmes and strategies currently in operation. The multitudes of programmes that are under simultaneous implementation are vast. There are bound to be overlaps, duplications and inconsistencies in these parallel efforts. The data and skill limitations are also brought out. It may be advisable to completely review these initiatives.

**Mid Term Review (MTR) NDP 10\textsuperscript{21}**

Sustainable Environment has been included as one of the thematic areas under NDP 10 Review. The mid-term review (MTR) of NDP 10 has stressed the following:

Greater public awareness of important issues is required. These include: causes and impacts of habitat destruction and over-consumption of natural resources; encroachment into agricultural land use areas; management of water; and climate change.

In the remaining years of NDP 10 a Biodiversity Strategy and Action Plan and Community Based Natural Resource Management Programme will be implemented. Botswana’s national interests on shared water resources will be safeguarded, and a comprehensive list of policies and legislation relating to water will be compiled. The Mines and Minerals Act will be amended to address mine closures, rehabilitations and illegal mining. Water reuse, recycling and harvesting will be encouraged.

The MTR between pages 72 and 79 gives detailed account of certain aspects relating to environment and management of natural resources such as: pollution prevention and control, sustainable utilisation of natural and cultural resources, natural capital accounting, and climate change and global warming. The MTR touches upon the proposed policy reforms as mentioned above.

The proposed PER-ENR study should review all the initiatives discussed in the NDP 10, MTR of NDP 10, Environment Keynote Paper and MDG Status Report, and bring out suggestions for streamlining various initiatives towards clearly directed goals. The gaps between budget, budget strategy paper and budget speech need to be examined in the detailed PER-ENR.

\textsuperscript{20} GoB, UNDP (2010), ibid, pp-57
\textsuperscript{21} GoB, MFDP (2013), Mid Term Review of NDP 10
CHAPTER 2 - ANALYSIS OF BUDGET CODIFICATION, ENVIRONMENT/NATURAL RESOURCE REVENUE & EXPENDITURE

This chapter is divided into three parts. Part I deals with ENR management system in Botswana. Part II discusses the budget coding mechanism to track environment related expenditure. Part III discusses the analyses of budget revenue and expenditure in relation to environment.

PART I - ENVIRONMENT & NATURAL RESOURCES MANAGEMENT IN BOTSWANA

OVERALL AGENDA OF MEWT

The Ministry of Environment, Wildlife and Tourism (MEWT) was established in September 2002 in recognition of the need to bring ENR issues under one roof for better coordination of policies, strategies and programs. Climate change projections and impact studies suggest that Botswana is highly vulnerable to climate change. To sustainably manage the environment, it is necessary for a two pronged strategy to be employed: conservation and protection of the environment.

The country's key environmental and natural resource issues include:

- The depletion of water resources
- Rangeland degradation and desertification
- Overuse of woodland resources and veldt products
- Declining numbers of some fauna and flora species
- Sanitation and waste management (especially pollution of air, water, and land)

The overall mandate of MEWT is to:

- Provide a policy and regulatory framework for technical advice and information on matters pertaining to the environment, natural resources management and tourism development.
- Provide leadership on the management, protection and conservation of the country's natural resources for sustainable development.
- Ensure that the country's natural resources benefit society and contribute to poverty alleviation through tourism and other commercial uses.
- Provide quality weather and climate information.

The Ministry's strategic agenda is driven by the same objectives which guided its establishment. These are:
• To protect and conserve the environment
• To promote investment opportunities to derive maximum socio-economic benefits from natural resources.

MEWT’s key deliverables are:

• Maintenance of ecosystem integrity and biodiversity conservation;
• Promotion of sustainable environment;
• Increased socio-economic benefits derived from the environment, natural resources base, and tourism;
• An environment conscious and informed nation;
• A clean and safe environment; and
• Customer satisfaction through effective and efficient service delivery.

GOVERNANCE STRUCTURE - MEWT

The MEWT is managed through eight departments, one parastatal and one company under the ministry. The functions of these ten organisations are:

Department of Corporate Services (DCS)

Co-ordinates and ensures efficient management of a full range of the Ministerial resources and support services by Departments, by performing the following functions: Human Resources Management and Administration, Finance and Development, Procurement, and Strategy Management.

Department of Wildlife and National Parks (DWNP)

Conserves and manages the country’s fish and wildlife resources and their habitats in consultation with local, regional and international stakeholders for the benefit of present and future generations. It promotes and facilitates sustainable utilisation of fish and wildlife resources through active participation of citizens and places emphasis on partnerships with the private sector to fully develop potential of fish as wildlife resources.

Department of Environmental Affairs (DEA)

Promotes environment based projects for the conservation and protection of environment in order to increase the effectiveness with which natural resources are used and managed so that the beneficial interactions are optimised and harmful environmental side effects are minimized.

Department of Tourism (DOT)

Manages and promotes sustainable tourism development through the formulation, monitoring and implementation of policies and strategies. Additionally the department assists in acquiring licences for tourism related business opportunities.

Department of Meteorological Services (DMS)
Provides guidance in project formulation focused on addressing issues of global warming and adaptation to climate change. It also provides quality weather and climate information and related services to the Government and the private sector to make timely and informed decisions for sustainable socio-economic development in circumstances where weather plays a significant role.

**Department of Waste Management and Pollution Control (DWMPC)**

Prevents and controls pollution of the environment through the formulation of waste management policies, and regulating and monitoring of the waste sector. The overall objective of the Department of Waste Management and Pollution Control is to prevent and control environmental pollution resulting from inappropriate and inadequate waste management practices. It promotes opportunities in waste management for a cleaner and safer environment.

**Department of Forestry and Range Resources (DFRR)**

Conserves, protects, and manages vegetation resources in Botswana. The DFRR as the management authority for vegetation resources ensures that these resources are used sustainably for the benefit of the present and future generations.

**Department of National Museum and Monuments (DNMM)**

Protects, preserves and promotes Botswana's cultural and natural heritage for sustainable utilisation thereof by collecting, researching, conserving and exhibiting for public education and appreciation. DNMM is the custodian of Botswana’s cultural and natural heritage. It is guided by its mission and vision to be able to effectively play this important role in the advancement of the country.

**Botswana Tourism Organisation (parastatal)**

Promotes investment in the tourism sector, and grades and classifies tourist facilities. This is a ministerial Parastatal statutory body charged with the responsibility of product development and of marketing the country as a tourism destination to the national, regional and international markets.

**Forest Conservation Botswana (company)**

Promotes activities designed to conserve, maintain, protect and restore the forests of Botswana in accordance with the terms of the Tropical Forest Agreement, Forest Act, the National Forest Policy and the Tropical Forest Conservation Fund Order. Forest Conservation Botswana (FCB) was established in 2008 as a company to administer the Tropical Forest Conservation Fund on behalf of the Ministry following the signing of the Tropical Forest Conservation Agreement between the Governments of Botswana and the United States of America in October 2006.

Apart from MEWT there are also other ministries, departments, programs, institutions which are directly and indirectly involved in environment management of the country.

The following ministries are directly/indirectly involved in matters relating to environment:
• Ministry of Agriculture (MOA)
• Ministry of Health (MOH)
• Ministry of Infrastructure, Science and Technology (MIST)
• Ministry of Labour and Home Affairs (MLHA)
• Ministry of Lands and Housing (MLH)
• Ministry of Local Government (MLG)
• Ministry of Minerals, Energy and Water Resources (MMEWR)

Some of the other agencies that are involved in environmental related matters are:

• UNDP-UNEP (United Nations Development Assistance Framework (UNDAF) and Poverty Environment Initiative (PEI)
• World Bank (WAVES)
• World Conservation Monitoring Centre (WCMC)/UNEP, International Institute of Environment Development (IIED), PEI - National Biodiversity Strategies and Action Plan (NBSAP)
• Statistics Botswana
• National Environment Fund (administered by DEA)

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BOTSWANA: ENVIRONMENT & NATURAL RESOURCE RELATED LEGISLATION AND GOVERNANCE

The result of a quick research on ENR related legislations in Botswana is shown in Table-4. According to the finding there are 33 different legislations in Botswana handled by various ministries. These legislations are dealt with by six different ministries. Some of the legislations have been introduced recently and some of them have been amended from time to time.

The purpose of the implementing department/agency and the ministry governing these legislations are given in Table-4.

TABLE 4: BOTSWANA ENVIRONMENT RELATED LEGISLATIONS

<table>
<thead>
<tr>
<th>Act</th>
<th>Purpose</th>
<th>Department/Agency</th>
<th>Ministry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agricultural Resources (Conservation) Act, 1972/1979</td>
<td>Conservation of agricultural resources, which are defined as animals, birds, plants, waters, soils, fish, etc.</td>
<td>Department of Forestry and Range Resources</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>2. Agrochemical Act, 1999</td>
<td>Registration and licencing of agrochemicals, control and regulation of their importation, manufacture, distribution, use, and disposal.</td>
<td>Department of Crop Production</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>3. Diseases of Animals Act, 1977</td>
<td>Prevention and control of diseases to animals, regulation of the movement of animals, quarantine of animals, etc.</td>
<td>Department of Animal Health and Production</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>4. Forest Act, 1968</td>
<td>Provides for regulation and protection of forests and forest produce.</td>
<td>Department of Forestry and Range Resources</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>6. Importation of Bees Act, 1910</td>
<td>Prevention of diseases amongst bees called “foul brood”</td>
<td>Department of Crop Production</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>7. Livestock and Meat Industries Act, 1962</td>
<td>Control of operations of abattoirs, slaughter houses, cold storages, canning plants, slaughter poles, bone meal factories, livestock produce store, tanneries, meat processing plant for control in marketing, pricing, grading, inspection of livestock produce and products of tanneries.</td>
<td>Department of Animal Health and Production</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>8. Locust Act, 1923</td>
<td>Destruction of locusts</td>
<td>Department of Crop Production</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>Act</td>
<td>Purpose</td>
<td>Department/Agency</td>
<td>Ministry</td>
</tr>
<tr>
<td>-----</td>
<td>---------</td>
<td>-------------------</td>
<td>----------</td>
</tr>
<tr>
<td>11. Botswana Tourism Board Act, 2004</td>
<td>Marketing and promotion of Botswana’s tourist attractions, and to encourage and facilitate travel by local and foreign tourists to the said attractions.</td>
<td>Department of Tourism</td>
<td>Ministry of Environment Wildlife and Tourism</td>
</tr>
<tr>
<td>12. Environmental Impact Assessment Act (The), 2011</td>
<td>Environmental implications of policies, plans and projects must be evaluated to provide the decision-makers with an indication of the likely consequences of developmental activities (before approval) so as to balance the competing demands of development and environmental protection.</td>
<td>Department of Environmental Affairs</td>
<td>Ministry of Environment Wildlife and Tourism</td>
</tr>
<tr>
<td>14. Monuments and Relics Act, 2001</td>
<td>Protects objects or artefacts that are part of Botswana’s cultural, social and political heritage.</td>
<td>Department of National Museums and Monuments</td>
<td>Ministry of Environment Wildlife and Tourism</td>
</tr>
<tr>
<td>15. Tourism Act No. 22 of 1992</td>
<td>Regulation of the tourism industry with regard to promoting its development and well-being.</td>
<td>Department of Tourism</td>
<td>Ministry of Environment Wildlife and Tourism</td>
</tr>
</tbody>
</table>
- Control and management of game parks and game reserves  
- Giving effect to the Convention on the International Trade of Endangered Species and any other international conventions to which Botswana is a party, for the protection of fauna. | Department of Wildlife and National Parks | Ministry of Environment Wildlife and Tourism |
<p>| 17. Control of Smoking Act, 1993 | Control of smoking of tobacco and tobacco products. | Department of Public Health | Ministry of Health |
| 18. Public Health Act (The), 1981 | Maintenance of a good environment for the protection of human health. Regulation of sanitation and housing, protection of foodstuffs and water supplies. Protects the quality of water used by the public, by inter alia, controlling the disposal of polluted water. | Department of Public Health | Ministry of Health |</p>
<table>
<thead>
<tr>
<th>Act</th>
<th>Purpose</th>
<th>Department/Agency</th>
<th>Ministry</th>
</tr>
</thead>
<tbody>
<tr>
<td>19. Sleeping Sickness Act, 1939</td>
<td>Makes it mandatory for employers to check and treat the employees for sleeping sickness. Powers to government departments to control the breeding of tsetseflies.</td>
<td>Department of Public Health</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td>20. Building Control Act</td>
<td>Authority for making building regulations and to provide for matters incidental thereto. Any building activities done by or authorised by a District Council and Town and Country Planning Board are subject to the Building Control Act. The Act covers the erection of temporary and permanent structures and sanitation in commercial areas.</td>
<td>Ministry of Lands and Housing</td>
<td>Ministry of Lands and Housing</td>
</tr>
<tr>
<td>22. State Land Act (The), 1966</td>
<td>Definition of the state land of Botswana and usage of public land held in trust by the state.</td>
<td>Department of Town and Regional Planning</td>
<td>Ministry of Lands and Housing</td>
</tr>
<tr>
<td>23. Town and Country Planning Act (The), 1977</td>
<td>Orderly development of land in towns and under District Councils and to preserve and improve the amenities found therein. One of the Act’s requirements is that government and private development plans be accompanied by proposals for protection of the environment, including standards and operational guidelines for the intended land uses. Provides for the protection of trees and woodlands.</td>
<td>Department of Town and Regional Planning</td>
<td>Ministry of Lands and Housing</td>
</tr>
<tr>
<td>24. Tribal Land Act, 1968/1993</td>
<td>Establishes the Land Boards, vests tribal land in such Land Boards and defines the powers and duties of such Land Boards.</td>
<td>Department of Land Boards Services</td>
<td>Ministry of Lands and Housing</td>
</tr>
<tr>
<td>25. Waste Management Act, 1998</td>
<td>Regulation and management of controlled waste (that is, household, industrial, commercial, clinical, or hazardous waste) in order to: Prevent harm to human, animal and plant life; Minimise pollution of the environment; Conserve natural resources; and Cause provisions of the Basel Convention to apply in</td>
<td>Department of Sanitation and Waste Management</td>
<td>Ministry of Local Government</td>
</tr>
</tbody>
</table>
Out of the 33 Acts analysed, the distribution to various Ministries is as follows:

- Ministry of Agriculture – 10
- Ministry of Environment, Wildlife and Tourism – 6
- Ministry of Health – 3
- Ministry of Lands and Housing – 5
- Ministry of Local Government – 1
- Ministry of Minerals, Energy and Water Affairs – 8

Apart from these Ministries there also other agencies like multilateral/bilateral partners and NGOs. How are expenditures relating to these institutions to be tracked?
PART II - ANALYSIS OF BUDGET CODIFICATION

BUDGETING

The Government of Botswana prepares two types of budgets: development and recurrent (consolidated). Budgets are annual prepared by the departments and ministries. After a series of consultations at various levels budgets are finalised. Budgets are stated to be reviewed at department and ministry levels periodically. The actual accounting is done at various levels of administration in these ministries/departments. The accounts are compiled at the ministry level by the Accounts General’s office subject to internal audit mechanism. The annual compiled accounts at the ministry and government level is subjected to external audit by the Audit General and placed to the Parliament before annual budgeting exercise.

Budgeting exercise involves the estimate of both revenue and expenditure. Expenditure is stated to include both development and recurring expenditure. This means both creation of environmental infrastructure (assets/long term) and one time effort to make the assets operable (say project expenditure associated with the infra creation) so that the ENR infrastructure could be used for the intended purposes. These would typically be part of development budget. The operational expenditure for implementing various initiatives and also for maintenance of the ENR related assets would be covered by the recurrent budget. The recurrent revenues are generated by various operational services provided by various ministries through their departments and projects. At the ministry level there is no specific development revenue budget as the development revenue is taken care at national level. The surpluses from recurrent (operational) budgets go to fund the development expenditures. The uncovered portion is taken care by the development revenue planned at the country level sourced through external and internal borrowings, but predominately by Domestic Development Fund. The Budget Analysis wing of the MFDP monitors the budget variances and cash flow statements. The cash flow statement is part of annual budget documents.

The PER-ENR needs to take into account these aspects and attempt to track the revenue and expenditure relating to various aspects of ENR management of Botswana.

BUDGET CODIFICATION

Two types of information for budget analysis are available: organisational budget and functional budget. The budgets are made for organisations (ministries/departments/etc.) called organisational budget each year. Functional budgets are also made and provide information on functional performance. Though the terminology is functional budget codification, the functional budgets are used to analyse the actual expenditures. Figure 7 shows the two major types of budge codification and their levels.
Organisational Classification of Budgets

Ability: In Botswana the budgeting system has the ability to track budget items both departmentally and functionally. Thus institutions involved directly with “environment and natural resources” can be identified with the ministry/department code 2000 (Ministry of Environment, Wildlife and Tourism) with a set of institutions 2001 to 2008, and the respective revenues and expenditures (both developmental and recurrent) can be traced.

Level 1: The Organisational Classification provides a code for each of the organisations for which the budgeting is made. These are in the nature of ministries. The following is the list of organisational code for each of the entities for which budget is made:

<table>
<thead>
<tr>
<th>Code</th>
<th>Ministry/Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>0100</td>
<td>Parliament</td>
</tr>
<tr>
<td>0200</td>
<td>State President</td>
</tr>
<tr>
<td>0300</td>
<td>Finance and Development Planning</td>
</tr>
<tr>
<td>0400</td>
<td>Labour and Home Affairs</td>
</tr>
<tr>
<td>0500</td>
<td>Agriculture</td>
</tr>
<tr>
<td>0600</td>
<td>Education</td>
</tr>
<tr>
<td>0700</td>
<td>Trade and Industry</td>
</tr>
<tr>
<td>0800</td>
<td>Local Government</td>
</tr>
<tr>
<td>0900</td>
<td>Works and Transport</td>
</tr>
<tr>
<td>1000</td>
<td>Minerals, Energy and Water Resources</td>
</tr>
<tr>
<td>1100</td>
<td>Health</td>
</tr>
<tr>
<td>1200</td>
<td>Administration of Justice</td>
</tr>
<tr>
<td>1300</td>
<td>Attorney General's Chambers</td>
</tr>
<tr>
<td>1400</td>
<td>Auditor General</td>
</tr>
<tr>
<td>1500</td>
<td>Foreign Affairs and International Coop.</td>
</tr>
<tr>
<td>1600</td>
<td>Independent Electoral Commission</td>
</tr>
</tbody>
</table>
Level 2: Under each of the Ministries/Organisations there are detailed codes for departments or organisational units. For instance 2000 is the organisational code for MEWT, and the organisations under MEWT are given various codes in the 2000 series as follows:

<table>
<thead>
<tr>
<th>Code</th>
<th>Department/Organisational Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>MEWT Head Quarters</td>
</tr>
<tr>
<td>2002</td>
<td>Department of Wildlife and National Parks</td>
</tr>
<tr>
<td>2003</td>
<td>Department of Tourism</td>
</tr>
<tr>
<td>2004</td>
<td>Department of Meteorological Services</td>
</tr>
<tr>
<td>2005</td>
<td>Department of Sanitation and Pollution Control</td>
</tr>
<tr>
<td>2006</td>
<td>Department of Forestry and Range Resources</td>
</tr>
<tr>
<td>2007</td>
<td>Department of Environmental Affairs</td>
</tr>
<tr>
<td>2008</td>
<td>Department of National Museum, Monuments and Art Gallery</td>
</tr>
</tbody>
</table>

Level 3 (development): Under each of the departments the Projects are coded and under each project the line items of expenditure are coded – these relate to activities under the project. For instance for **2001 MEWT Head Quarters**, the following are the expenditure codes from **Development Budget**:

<table>
<thead>
<tr>
<th>Code</th>
<th>Project/Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>51312</td>
<td>MEWT Computerisation - MEWT Website</td>
</tr>
<tr>
<td>51370</td>
<td>Ministry IT Strategy</td>
</tr>
<tr>
<td>51372</td>
<td>Implementation of DWNP Sour</td>
</tr>
<tr>
<td>51562</td>
<td>Implementation of GIS</td>
</tr>
<tr>
<td>51563</td>
<td>Networking of MEWT Outstations</td>
</tr>
<tr>
<td>51661</td>
<td>Integrated Wildlife Management System Designer</td>
</tr>
<tr>
<td>51662</td>
<td>MEWT IT Infrastructure Development</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th>09432 MEWT Fleet Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>51399</td>
<td>Ministry vehicles</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project</th>
<th>09433 MEWT Training and Consultancies</th>
</tr>
</thead>
<tbody>
<tr>
<td>51561</td>
<td>Fish Hatchery Management Consultant</td>
</tr>
<tr>
<td>51607</td>
<td>Feasibility Study TFCAs</td>
</tr>
<tr>
<td>51708</td>
<td>Technical Assistance-GIZ (DFRR)</td>
</tr>
<tr>
<td>51709</td>
<td>Technical Assistance-GIZ (DMS)</td>
</tr>
</tbody>
</table>
### Project 09434 Natural Resources Management
- [51231] Nat. Resources Management - Letsibogo Dam Hatchery
- [51487] Forestry Inventory-Mohembo East
- [51536] Forestry Regional Offices Design
- [51671] Kweneng DFRR Office Construction (Molepolole)

### Project 09434 Environmental Management Activities
- [51334] Convention on Persistent Pollutants - UNIDO
- [51597] Makgadikgadi Management Plan
- [51658] Environment eco-park & rehab centre wetland
- [51695] Assistance to NGO's 2010/2011
- [51696] Assistance to NGO’s 09/10
- [51707] Nqwaa Khobee Xeya & Qhaa Qhing Trusts

### Project 09444 BTB Finances
- [51644] Cultural Village Standards
- [51645] Mobile and Camp Sites Standards
- [51646] Eco-certification Council
- [51650] Ecotourism Camel Project
- [51651] Brand Manual
- [51652] Photo Library
- [51653] Virtual Website Tours
- [51654] Tourism Call Centre
- [51655] Tourist Information Centres
- [51682] Tourism Land Bank
- [51683] Ecotourism Camel Project Rollout
- [51684] Development and Implementation of dam opportunities
- [51685] No.1 Ladies Detective Agency Packaging
- [51691] Commercialisation of Identified sites
- [51694] Standards (Conferences Facilities)

**Level 3:** (recurrent) Under each of the departments there are a group of parent and child account heads. For instance salaries and allowances are parent and the break-up of them under codes 00111 to 00139 are child that are summarised to the parent 00110 Salaries and Allowance code, and so on.

<table>
<thead>
<tr>
<th>Code</th>
<th>Parent/Child</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>00110</strong></td>
<td><strong>Salaries and Allowances</strong></td>
</tr>
<tr>
<td>00111</td>
<td>Basic Salary</td>
</tr>
<tr>
<td>00112</td>
<td>Allowances (Salaries and Wages)</td>
</tr>
<tr>
<td>00113</td>
<td>Industrial Class (Salaries and Allowances)</td>
</tr>
<tr>
<td>00114</td>
<td>Casual Labour (Salaries and Allowances)</td>
</tr>
<tr>
<td>00115</td>
<td>Temporary Assistance (Salaries and Allowances)</td>
</tr>
<tr>
<td>00118</td>
<td>Training Post Allowances</td>
</tr>
<tr>
<td>00124</td>
<td>Leave Travel Concession</td>
</tr>
<tr>
<td>00125</td>
<td>Leave Encashment</td>
</tr>
<tr>
<td>00132</td>
<td>Minister’s Maid’s/Gardener’s refunds</td>
</tr>
<tr>
<td>00139</td>
<td>Overtime Allowances</td>
</tr>
</tbody>
</table>

<p>| <strong>00160</strong> | <strong>Pensions, Gratuities and Compensations</strong> |
| 00164 | Gratuities - Contract Officers |</p>
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>00200</td>
<td>Travelling and Transport (Internal)</td>
</tr>
<tr>
<td>00201</td>
<td>Transportation Costs (Internal Travel)</td>
</tr>
<tr>
<td>00202</td>
<td>Subsistence Costs (Internal Travel)</td>
</tr>
<tr>
<td>00203</td>
<td>Freight (Internal Travel)</td>
</tr>
<tr>
<td>00204</td>
<td>Petrol, Oil and Lubricants (Internal Travel)</td>
</tr>
<tr>
<td>00206</td>
<td>Hire Charges</td>
</tr>
<tr>
<td>00207</td>
<td>Accidents Charges</td>
</tr>
<tr>
<td>00208</td>
<td>Driver Charges</td>
</tr>
<tr>
<td>00300</td>
<td>Travelling and Transport (External)</td>
</tr>
<tr>
<td>00301</td>
<td>Transportation Costs (External Travel)</td>
</tr>
<tr>
<td>00302</td>
<td>Subsistence Costs (External Travel)</td>
</tr>
<tr>
<td>00303</td>
<td>Appointment and Termination Fares</td>
</tr>
<tr>
<td>00400</td>
<td>General Expenses and Supplies</td>
</tr>
<tr>
<td>00401</td>
<td>Advertising and Publicity</td>
</tr>
<tr>
<td>00405</td>
<td>Domestic and Household Requisites</td>
</tr>
<tr>
<td>00409</td>
<td>Incidental Expenses (General Expenses)</td>
</tr>
<tr>
<td>00414</td>
<td>Office Supplies (General Expenses and Supplies)</td>
</tr>
<tr>
<td>00417</td>
<td>Postal Charges (General Expenses and Supplies)</td>
</tr>
<tr>
<td>00421</td>
<td>Recruitment Expenses</td>
</tr>
<tr>
<td>00422</td>
<td>Service Charges</td>
</tr>
<tr>
<td>00423</td>
<td>Uniforms and Protective Clothing</td>
</tr>
<tr>
<td>00432</td>
<td>Printing Charges</td>
</tr>
<tr>
<td>00500</td>
<td>Departmental Services</td>
</tr>
<tr>
<td>00541</td>
<td>Stores</td>
</tr>
<tr>
<td>00572</td>
<td>Rents: Offices</td>
</tr>
<tr>
<td>00700</td>
<td>Maintenance and Running (Equipment)</td>
</tr>
<tr>
<td>00704</td>
<td>Camping Equipment</td>
</tr>
<tr>
<td>00707</td>
<td>Fire Fighting Equipment (Maintenance and Running Equip.)</td>
</tr>
<tr>
<td>00712</td>
<td>Office Equipment (Maintenance and Running Equip.)</td>
</tr>
<tr>
<td>00714</td>
<td>Recording and Visual Aid Equipment</td>
</tr>
<tr>
<td>00800</td>
<td>Maintenance and Running Expenses (Other)</td>
</tr>
<tr>
<td>00803</td>
<td>Buildings (Maintenance and Running Exp. - Other)</td>
</tr>
<tr>
<td>00805</td>
<td>Furniture (Maintenance and Running Exp. - Other)</td>
</tr>
<tr>
<td>00806</td>
<td>Grounds (Maintenance and Running Exp. - Other)</td>
</tr>
<tr>
<td>00814</td>
<td>Minor Works (Maintenance and Running Exp. - Other)</td>
</tr>
<tr>
<td>01100</td>
<td>Government Hospitality</td>
</tr>
<tr>
<td>01101</td>
<td>Official Receptions</td>
</tr>
<tr>
<td>01200</td>
<td>Training</td>
</tr>
<tr>
<td>01201</td>
<td>Allowances (Training)</td>
</tr>
<tr>
<td>01202</td>
<td>Courses (Training)</td>
</tr>
<tr>
<td>01217</td>
<td>Performance Management System</td>
</tr>
</tbody>
</table>
To summarise, as far as the development budgets are concerned the breakup is as per the project, and in the case of the recurrent budgets, the breakup is as per parent-child head of account. This method of coding is extremely useful if departmental level analysis of expenditure is made according to administrative framework. However if ENR related analysis is required, there are serious limitations in the existing coding system.

It is also interesting to note that the following two departments under MEWT do not have development budget:

- 2006 Department of Forestry and Range Resources
- 2007 Department of Environmental Affairs

**FUNCTIONAL CLASSIFICATION OF EXPENDITURE BUDGETS**

The functional classification for government accounting was introduced to address issues in monitoring. However the functional classification is based partially on the Government Finance Statistics Manual (provided by IMF). The difference between what is in the Manual and what has been adopted by Botswana Government is shown in Table 5:

**TABLE 5: FUNCTIONAL CLASSIFICATION COMPARISON OF IMF AND BOTSWANA SYSTEMS**

<table>
<thead>
<tr>
<th>IMF Manual</th>
<th>Botswana Functional Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>701 General public services</td>
<td>1 General public services</td>
</tr>
<tr>
<td>702 Defence</td>
<td>2 Defence</td>
</tr>
<tr>
<td>703 Public order and safety</td>
<td>8 Economic services</td>
</tr>
<tr>
<td>704 Economic affairs</td>
<td>6 Housing, urban and regional development</td>
</tr>
<tr>
<td>705 Environmental protection</td>
<td>7 Other community and social services</td>
</tr>
<tr>
<td>706 Housing and community amenities</td>
<td>4 Health</td>
</tr>
<tr>
<td>707 Health</td>
<td>3 Education</td>
</tr>
<tr>
<td>708 Recreation, culture, and religion</td>
<td>5 Food and social welfare programmes</td>
</tr>
<tr>
<td>709 Education</td>
<td>9 Unallocated expenditure</td>
</tr>
<tr>
<td>710 Social protection</td>
<td></td>
</tr>
</tbody>
</table>

The list of the nine different functional classifications and their sub-classifications shows that there are no specific line items mentioning the term ‘environment’ or ‘natural resources’. However there are some heads as indicated in the further discussions showing some themes related to environment and natural resources.

1. **General Public Services**
   - 1.1. General Administration
   - 1.1.1. Legislature
   - 1.1.2. Foreign Affairs
   - 1.1.3. Financial Administration
   - 1.1.4. Government Construction, Services and Buildings
   - 1.1.5. Government Transport Services
   - 1.1.6. Immigration
   - 1.1.7. Other
   - 1.2. Public Order and Safety
   - 1.2.1. Courts and Legal Administration
   - 1.2.2. Police
   - 1.2.3. Prisons

2. **Defence**

3. **Education**
   - 3.1. General Administration and Research
   - 3.2. Schools including Bursaries
   - 3.3. Universities and Teachers Colleges
   - 3.4. Post-Secondary Bursaries and Overseas Training
   - 3.5. Vocational and Other Training

4. **Health**
   - 4.1. Administration, Training and Research
   - 4.2. Hospitals, Clinics and Other Services

5. **Food and Social Welfare Programmes**

6. **Housing, Urban and Regional Development**
   - 6.1. Housing
   - 6.2. Local and Regional Development
   - 6.3. Urban Infrastructure

7. **Other Community and Social Services**
   - 7.1. Cultural, Recreational and Related Services
   - 7.2. Broadcasting and Press
   - 7.3. Conservation and Wildlife

8. **Economic Services**
   - 8.1. General Administration, Regulation and Technical Services
   - 8.2. Agriculture, Forestry and Fishing
   - 8.3. Mining
   - 8.4. Electricity and Water Supply
   - 8.5. Roads
   - 8.6. Air Transport
   - 8.7. Rail Transport
   - 8.8. Post and Telecommunication
   - 8.9. Other Transport
   - 8.10. Promotion of Commerce and Industry
   - 8.11. Storage
9. **Unallocated Expenditures**

9.1. Public Debt Interest
9.2. Revenue Support Grants
9.3. FAP Grants

**Observations:**

The functional classification does not have any line item for ‘environment’ or ‘natural resources’ as seen in the table.

Under Economic Services (Code 8) items like Agriculture, Forestry, Fishing, Mining, Electricity and Water Supply appear. Similarly under Other Community and Social Services (code 7), the item Conservation and Wildlife (7.3) appears. However these may not cover all aspects of environment or natural resources management.

Under the IMF classification (as stated in the table) item 5 Environment Protection has six sub codes as follows:

- **05 - Environmental protection**
  - 05.1 - Waste management
  - 05.2 - Waste water management
  - 05.3 - Pollution abatement
  - 05.4 - Protection of biodiversity and landscape
  - 05.5 - R&D Environmental protection
  - 05.6 - Environmental protection

Due to the lack of such functional classification, with the current codes, it may be extremely difficult to identify various expenditures incurred for ENR related matters.

**Limitations:**

From the departmental classification of the budgets it may not be possible to understand the major environmental or natural resources objective/function related expenditure. This is due to lack of clear-cut definition of such objectives and functions, and the limitations in the budget coding system.

Even analysis of specific expenditure is rendered difficult now. For instance, EIA is being undertaken in different projects and the expenses incurred in this regard relate to environmental expenses, but cannot be traced straightway using account codes. This could be a major issue to get all the environmental expenses in one place. Also, to this extent, the information available to monitor the environmental projects, and analyse the economic return on environmental investment would be limited.

From the departmental classification of expenditure it may not be possible to identify the ENR related expenditures incurred by other departments.
The functional classification does not include environment or natural resources per se and hence it is not possible to undertake functional analysis across departments through the current budgeting and accounting system.

**REVENUE BUDGETING AND TRACKING**

**Development Revenue:** There is no developmental revenue at departmental level. Developmental budgeting is done at national level where domestic development fund, and internal and external grants fund the developmental expenditure. At the departmental level an estimate of developmental revenue is not prepared.

**Recurrent or Consolidated Revenue:** Recurrent or Consolidated revenue is budgeted at departmental level. These also follow the same pattern as the recurrent expenditure budget: Level 1 - ministry, level 2 - department, level 3 - parent, and level 4 - child.

In the case of MEWT the recurrent revenue heads are as follows:

<table>
<thead>
<tr>
<th>2000</th>
<th>Ministry of Environment, Wildlife and Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Head Quarters (MEWT)</td>
</tr>
<tr>
<td></td>
<td>23010 Sale of Goods &amp; Services</td>
</tr>
<tr>
<td></td>
<td>23014 Electricity Charges - Revenue</td>
</tr>
<tr>
<td></td>
<td>23066 Sale of Tender Documents</td>
</tr>
<tr>
<td></td>
<td>23210 Other Fees and Charges</td>
</tr>
<tr>
<td></td>
<td>23247 Directors Fees- Revenue</td>
</tr>
<tr>
<td></td>
<td>23306 Private Telephone Charges - Revenue</td>
</tr>
<tr>
<td></td>
<td>23329 Sundry Receipts</td>
</tr>
<tr>
<td></td>
<td>23364 Fees - Bonded Officers</td>
</tr>
<tr>
<td></td>
<td>23680 Other Revenue</td>
</tr>
</tbody>
</table>

<p>| 2002 | Department of Wildlife and National Parks   |
|      | 21410 Business &amp; Professional Services      |
|      | 21416 Gaming Licences                       |
|      | 21418 Industrial Licences                   |
|      | 21610 Export Duties                        |
|      | 21614 Duplicate Vehicle Licenses            |
|      | 21840 Export Duties                        |
|      | 21844 Export Tax (Game Trophies)            |
|      | 23010 Sale of Goods &amp; Services              |
|      | 23016 Fisheries Revenue                     |
|      | 23044 Sale of Handicrafts                   |
|      | 23046 Sale of Ivory, Trophies and Forfeited Animals |
|      | 23064 Sun Water Accounts - Revenue          |
|      | 23066 Sale of Tender Documents              |
|      | 23210 Other Fees and Charges                |
|      | 23214 Air operators Certificates - Revenue  |
|      | 23216 Aircraft Insurance- Revenue           |
|      | 23256 Examination and Tuition Fees- Revenue |
|      | 23264 Game Camp Fees- Revenue               |</p>
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>23306</td>
<td>Private Telephone Charges - Revenue</td>
</tr>
<tr>
<td>23329</td>
<td>Sundry Receipts</td>
</tr>
<tr>
<td>23382</td>
<td>Furniture Maintenance Charges - Revenue</td>
</tr>
<tr>
<td>23383</td>
<td>CITES Stationery - Revenue</td>
</tr>
<tr>
<td>23407</td>
<td>Kgalagadi Trans-Frontier Park Fees</td>
</tr>
<tr>
<td>23680</td>
<td>Other Revenue</td>
</tr>
<tr>
<td>23681</td>
<td>Recovery of Arrears of Revenue</td>
</tr>
</tbody>
</table>

**2003 Department of Tourism**

- **21410** Business & Professional Services
- 21419 Tourism Enterprise Licences
- **23210** Other Fees and Charges
- 23306 Private Telephone Charges - Revenue
- 23329 Sundry Receipts
- 23408 Penalties- (license fees, training levy returns & tourism statistics
- **23680** Other Revenue
- 23681 Recovery of Arrears of Revenue

**2004 Department of Metrological Services**

- **23010** Sale of Goods & Services
- 23066 Sale of Tender Documents
- **23210** Other Fees and Charges
- 23215 Pollution Permit Fees - Revenue
- 23289 Meteorological Data Fees
- 23306 Private Telephone Charges - Revenue
- 23329 Sundry Receipts
- **23680** Other Revenue
- 23681 Recovery of Arrears of Revenue

**2005 Department of Sanitation and Pollution Control**

- **23010** Sale of Goods & Services
- 23056 Sale of Publications
- **23210** Other Fees and Charges
- 23215 Pollution Permit Fees - Revenue
- 23281 Laboratory & Consultancy Service Fees - Revenue
- 23306 Private Telephone Charges - Revenue
- 23329 Sundry Receipts
- 23396 Audit inspection Fees - Waste Management & Pollution Control
- **23510** Fines & Forfeits
- 23511 Bond Offenders - Revenue
- 23518 Waste Management & Pollution Fines
- **23680** Other Revenue
- 23681 Recovery of Arrears of Revenue

**2006 Department of Forestry and Range Resources**

- **23010** Sale of Goods & Services
- 23017 Forest Revenue - Nursery
- 23066 Sale of Tender Documents
- **23210** Other Fees and Charges
- 23306 Private Telephone Charges - Revenue
- 23329 Sundry Receipts
- 23384 Veld Products General Permit
- 23386 Veld Products Dealers' Permit
- 23389 Veld Products Export Permit
- 23393 Research Permit
Observations:

- The heads of accounts under revenue budget seem to accommodate the current activities of the department. However, these have to be analysed from the perspective of where the department needs to augment its revenue resources, where cost recovery has to be made, and where there needs to be sharing of the revenue.
- Also the departmental expenditure and revenue need to be matched to understand the surplus/deficit in order to make the activities effective/efficient.

Some of the relevant observations from Botswana Public Expenditure Review (2010) by the World Bank are:

- PER analysis indicates that revenue measures alone would not be sufficient to ensure fiscal sustainability, and action on both the revenue and expenditure fronts is required.
- The focus is on implementing projects, not on delivering services, which depends on the effectiveness of both recurrent and development budgets, and the balance between them. And spending on projects has long had a tendency to be late and with higher costs.
- The linkages between development spending and the recurrent implications of the development budget are weak.

The detailed PER-ENR should provide clarity on the ENR themes and sub-themes (refer to Annex 3 on this) under which the expenditure/revenue analyses need to take place. Since the expenditure is incurred in various organisations and locations under various heads, the ENR themes and sub-themes need to provide the basic framework under which analysis of ENR expenditure/revenue can take place. While there could be some limitations in the existing budget classification, the study should suggest approaches to address relevant issues that will enable expenditure/revenue of all the required ENR themes/sub-themes.

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23 World Bank (May 2010), Botswana Public Expenditure Review, pp-ix-xiii
PART III - INSIGHTS FROM FINANCIAL (BUDGET) ANALYSIS

In order to get insights into the environment expenditure and revenue, an analysis of the last six years’ financial statements of Botswana was made. The analysis was made to understand the size of the MEWT budget vis-à-vis the national expenditure and also the relative allocations within the MEWT budget.

FINANCIAL ANALYSIS AT NATIONAL LEVEL

The size of the national budget (revenue and grant) of Botswana has been growing steadily except during 2009/10 when there was a dip (Table 6). For 2012/13 the projected revenue and grants is 21.5 per cent over the 2011/12 budget of 34,486 M Pula. Between 2008/09 and 2011/12 balancing of the budget resulted in deficit with the deficit peaking at 12.3 per cent during 2008/09. During 2012/13 the budget has surplus of 0.7 per cent.

<table>
<thead>
<tr>
<th>TABLE 6: ANALYSIS OF GOVERNMENT BUDGET 2007/08 TO 2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP, current price (P Million)</td>
</tr>
<tr>
<td>Growth rate (Per cent)</td>
</tr>
<tr>
<td><strong>Budget</strong></td>
</tr>
<tr>
<td>Revenue &amp; grant</td>
</tr>
<tr>
<td>Annual increase%</td>
</tr>
<tr>
<td>Recurrent expenditure</td>
</tr>
<tr>
<td>Development expenditure</td>
</tr>
<tr>
<td>Net lending</td>
</tr>
<tr>
<td>Expenditure &amp; net lending</td>
</tr>
<tr>
<td>Balance</td>
</tr>
<tr>
<td><strong>Shares of GDP (Per cent)</strong></td>
</tr>
<tr>
<td>Revenue &amp; grant</td>
</tr>
<tr>
<td>Recurrent expenditure</td>
</tr>
<tr>
<td>Development expenditure</td>
</tr>
<tr>
<td>Expenditure &amp; net lending</td>
</tr>
<tr>
<td><strong>Balance</strong></td>
</tr>
</tbody>
</table>

Source: Compiled by author from Bank of Botswana Annual Reports 2011 and 2012 - Table 1.3

At the national level two budgets are prepared, a Recurrent (Consolidated) budget that takes care of operations and a Development budget that takes care of developmental expenditure. The developmental expenditures are funded through the developmental revenue, which is basically balanced by the recurrent budget surpluses and external funding (borrowing from Domestic Development Fund). In fact, the developmental revenues are matched to developmental expenditure. The recurrent expenditures are met by internal generations through the recurrent revenues.
### TABLE 7: ANALYSIS OF REVENUE & EXPENDITURE – NATIONAL LEVEL

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurrent Expenditure</td>
<td></td>
<td>26,472</td>
<td>34,019</td>
<td>38,091</td>
<td>41,505</td>
<td>43,245</td>
<td>43,381</td>
</tr>
<tr>
<td>Development Expenditure</td>
<td></td>
<td>6,548</td>
<td>11,458</td>
<td>13,006</td>
<td>11,372</td>
<td>11,343</td>
<td>9,415</td>
</tr>
<tr>
<td>Total Expenditure (Requirements)</td>
<td></td>
<td>33,020</td>
<td>45,477</td>
<td>51,097</td>
<td>52,876</td>
<td>54,588</td>
<td>52,795</td>
</tr>
<tr>
<td>Funded by:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recurrent Revenue</td>
<td></td>
<td>29,549</td>
<td>32,044</td>
<td>32,332</td>
<td>35,487</td>
<td>40,728</td>
<td>43,781</td>
</tr>
<tr>
<td>Development Revenue</td>
<td></td>
<td>6,548</td>
<td>11,458</td>
<td>13,006</td>
<td>11,372</td>
<td>11,343</td>
<td>9,415</td>
</tr>
<tr>
<td>Total Revenue</td>
<td></td>
<td>36,097</td>
<td>43,502</td>
<td>45,337</td>
<td>46,859</td>
<td>52,071</td>
<td>53,196</td>
</tr>
<tr>
<td>Surplus of Revenue over Expenditure</td>
<td></td>
<td>3,077</td>
<td>-1,975</td>
<td>-5,760</td>
<td>-6,017</td>
<td>-2,517</td>
<td>401</td>
</tr>
<tr>
<td>Surplus/Deficit on Total Requirements</td>
<td></td>
<td>9.3%</td>
<td>-4.3%</td>
<td>-11.3%</td>
<td>-11.4%</td>
<td>-4.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Recurrent budget Surplus/Deficit %</td>
<td></td>
<td>11.6%</td>
<td>-5.8%</td>
<td>-15.1%</td>
<td>-14.5%</td>
<td>-5.8%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Annual Increase in Total Expenditure %</td>
<td></td>
<td>37.7%</td>
<td>12.4%</td>
<td>3.5%</td>
<td>3.2%</td>
<td>-3.3%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by author from Annual Financial Statements, MFDP, GoB

Table 7 shows the summary of the recurrent and development fund requirements and funding through the respective sources. For the year 2012/13 the country had spent an amount of Pula 52,795 million and this is a significant increase from Pula 33,020 million in 2007/08. The total expenditure outlays (development + recurrent) have been decreasing steadily since 2008/09 when the increase was 37.7 per cent over the previous year, and during 2012/13 there was actually a decrease of 3.3 per cent. This could indicate reduction in activities, as in general the control of expenditure of this magnitude could be extremely difficult.

Analysis shows that between 2008/09 and 2011/12 there have been continuous deficits in the overall budget due to the deficits in the recurrent budget. During 2012/13 there has been a marginal surplus of 0.8 per cent of the total expenditures.

![Graph 1: Botswana Total Expenditure and Revenue 2007/08 to 2012/13](chart)

**GRAPH 1: BOTSWANA TOTAL EXPENDITURE AND REVENUE 2007/08 TO 2012/13**

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24 Table 6 and Table 7 have been prepared from two different sources Bank of Botswana annual report and MFDP. There are differences in the information between the two though they relate to the same set of data points. For the purpose of this study the information sourced from MFDP has been used.
The revenue generated during the same period is shown in Graph 1 along with the break-up of the recurrent and development expenditure. The total revenue is positive only for years 2007/08 and 2012/13, though for the latter year the surplus is marginal. During 2012/13 the total expenditure was 52,795 M Pula and the revenue generated was 53,196 M Pula, registering a marginal surplus of 0.8 per cent for the year. Though there has been a surplus during 2012/13, in terms of growth, there has been a decline in the total expenditure by 3.3 per cent over the previous year (Table 7). The graph also clearly brings out the proportion of consolidated (recurrent) expenditure and development expenditure, where the latter is just about a fourth of the former.

Observations:

- The overall expenditure budget has been growing but the rate of growth has been steadily declining and during 2012/13 has been negative.
- The revenue surplus, after 2007/08 has been achieved only in 2012/13, though it has been marginal.

**Graph 2: Total Expenditure vis-a-vis MEWT Expenditure 2007/08 to 2012/13**

**Spend on Environment**

Graph 2 shows the relative size of the budgets. Note that the MEWT budget has been shown in a line with different vertical axis (on the right) to show the trend. As shown in the graph the MEWT expenditure has been less than 2 per cent of the total budget of the country. During 2012/13 it was 1.5 per cent of the total expenditure. This shows that the MEWT by itself is a very small ministry in the country. However the budget of MEWT by itself does not represent the full expenditure for environmental purposes as environment related expenditures are being made by several other ministries as well.
In Botswana the environment related spends (MEWT expenditure) as percentage of GDP (2012 Dec) works out to 0.721 per cent\textsuperscript{25}. This is better than the global average of many of the countries (see Box below).

**What is the global trend in environmental spend?**

Environment spending rose very slightly (by 0.02 per cent of GDP) from 2008 to 2012 for all countries, whether they had an IMF programme or not. Spending was relatively volatile for all three groups (IMF programme countries, non-IMF countries, and all countries), rising in 2009 and 2011, but falling in 2010 and 2012. It remains very low, at less than 0.3 per cent of GDP and 1 per cent of government spending. Despite the renewed global focus on the importance of tackling climate change and on sustainable development, there is little sign that spending is rising to address these needs.


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**GRAPH 3: CONSOLIDATED EXPENDITURE TOTAL & MEWT 2007/08 TO 2012/13**

The recurrent expenditure of MEWT is negligible compared to the recurrent expenditure of the country. It hovers around 1 per cent and during 2012/13 it was 0.98 per cent, and this percentage is almost constant since 2008/09.

\textsuperscript{25} This is based on 112699 M Pula for 2011/12 as on 31.12.2012 (Bank of Botswana Annual Report 2011-12, pp-72, Table 1.3) and MEWT budget of 812 M Pula as on 31.03.2012.
The development expenditure of MEWT has been generally less than 5 per cent except for the year 2011/12. Also there has been severe fluctuation of the expenditure year on year.

**GRAPH 4: DEVELOPMENT EXPENDITURE TOTAL & MEWT 2007/08 TO 2012/13**

**GRAPH 5: INCREMENTAL ANALYSIS EXPENDITURE TOTAL & MEWT 2008/09 TO 2012/13**
The incremental analysis of the outlays of the country and the MEWT shows that in the case of MEWT there have been wide fluctuations. During 2008-09 the increase was 91.4 per cent, while during 2010-11 it had declined by 12.7 per cent; again in 2012/13 the decline has been 6.0 per cent over the previous year.

Observations:

- The outlay of MEWT is insignificant at the national level
- The huge fluctuations in the expenditure shows that possibly there is no specific focus in the way the expenditures are planned and monitored

FINANCIAL ANALYSIS AT MEWT LEVEL

The MEWT outlays are negligible at the national level. However, the ministry has been having a budget of about Pula 800 million in the recent times. During 2012/13, the ministry had a total expenditure of Pula 812 million.

![Graph 6: Analysis of Revenue & Expenditure of MEWT 2007/08 to 2012/13](image-url)

The analysis of the expenditures (both recurrent and developmental) shows that development expenditure from 2008/09 has significantly increased compared to earlier years. This could be due to
the increase in environment related infrastructure. Development expenditures are balanced by allocation from development revenue (basically from the Domestic Development Fund). Hence Graph 6 maps the recurrent revenue on the recurrent expenditure. This shows the meagre level to which recurrent expenditures are funded by recurrent revenues.

The developmental and recurrent expenditure seem to be more or less equal in the recent times as may be seen in Graph 7. This aspect requires a deeper analysis to understand whether there is proper balancing between these two, as both these expenditures are linked.

**Donor Funding for MEWT**

MEWT gets funding from various donor agencies like the UNDP, UN GEF, UNIDO, World Bank, JICA, and so on. The analysis of the partial list of the donor funded projects shows that the funding from these agencies is around USD 14.75 million. Of these the UN agencies account for over 50 per cent of the total donor funds (Graph 8). These are towards ten different initiatives that have begun and are in various stages of completion. The partial list shows that there are currently about ten projects:

1. EIA Report Tracking and Document Management System (UNDP)
3. Forest Inventory (JICA)
4. Development of the National Strategy on Sustainable Development (UNDP)
5. Improved Management Effectiveness of the Chobe-Kwando-Linyanti Matrix of Protected Areas (UNDP)
6. Mainstreaming SLM in Rangeland Areas of Ngamiland District Productive Landscapes for Improved Livelihoods (UNDP)
8. Strategic Partnerships to Improve the Financial and Operational Sustainability of Protected Areas (UNDP)
9. Convention on Persistent Pollutants (UNIDO)
10. Wildlife Conflict Co-existence Northern Botswana (WB/GEF)

As discussed elsewhere in this report, structured flow of information with regard to the donor funded projects (below the line items) is very weak.

**FINANCIAL ANALYSIS DEPARTMENT LEVEL**

The financial analysis of the expenditure of the departments within MEWT shows the relative size and operations of various departmental functions.

The analysis of the recurrent expenditures of the MEWT (Graph 9) shows that there are huge variations between the expenditure incurred by various departments. Department of Wildlife and National Parks incurs 36.7 per cent (Pula 156.70 million) of the total recurrent expenditure of MEWT while the department of Environment Affairs spends the least with 3.4 per cent (Pula 14.63 million) of MEWT’s expenditure. This shows that the former department incurs over ten times the DEA. This indicates the range in the expenditure size. It needs to be examined whether this reflects the intentions of ENR management per se.
Recurrent Expenditure of Departments under MEWT 2012/13
Pula in Millions

Graph 9: Recurrent Expenditure Department under MEWT 2012/13

Development Expenditure of Departments under MEWT 2012/13
Pula in Millions

Graph 10: Development Expenditure of Department under MEWT 2012/13

Source: Compiled & graphed by author from: Financial Statements, Tables, MFPD, GoB
In the case of development expenditure major share is by the department of Sanitation and Pollution Control, 92.7 per cent (Pula 356.58 million), while department of Museum Services’ share is just about 0.1 per cent (Pula 0.32 million). It may be noted that Department of Environment Affairs and Department of Forestry and Range Resources do not have any development budget (Graph 10).

![Graph 11: Recurrent Revenue of Departments under MEWT 2012/13](image)

**Observations:**

- There are huge variations in both revenues and expenditures relating to each of these departments
- Does MEWT and do the departments know the way their revenues and expenditures are balanced and the way these behave?
- Are there mechanisms by which these revenues and expenditures are planned, managed and monitored?
**Budget Variance Analysis**

In order to understand the robustness of the budgeting mechanism of the MEWT, an analysis of budget estimates to the actually incurred was made. Table 8 gives the analysis of the development expenditure, recurrent expenditure, and recurrent revenue.

**Table 8: MEWT Budget Variance Analysis 2007/08 to 2012/13**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Development Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved Estimates</td>
<td>732</td>
<td>1,074</td>
<td>567</td>
<td>464</td>
<td>730</td>
<td>575</td>
</tr>
<tr>
<td>Actual Expenditure</td>
<td>157</td>
<td>523</td>
<td>508</td>
<td>359</td>
<td>446</td>
<td>385</td>
</tr>
<tr>
<td>Actual/Approved Estimates</td>
<td>21.4%</td>
<td>48.7%</td>
<td>89.7%</td>
<td>77.5%</td>
<td>61.1%</td>
<td>67.0%</td>
</tr>
<tr>
<td>Variance</td>
<td>78.6%</td>
<td>51.3%</td>
<td>10.3%</td>
<td>22.5%</td>
<td>38.9%</td>
<td>33.0%</td>
</tr>
<tr>
<td><strong>Recurrent Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved Estimates</td>
<td>330</td>
<td>352</td>
<td>443</td>
<td>425</td>
<td>438</td>
<td>452</td>
</tr>
<tr>
<td>Actual Expenditure</td>
<td>291</td>
<td>334</td>
<td>373</td>
<td>410</td>
<td>418</td>
<td>427</td>
</tr>
<tr>
<td>Actual/Approved Estimates</td>
<td>88.2%</td>
<td>94.8%</td>
<td>84.1%</td>
<td>96.6%</td>
<td>95.5%</td>
<td>94.6%</td>
</tr>
<tr>
<td>Variance</td>
<td>11.8%</td>
<td>5.2%</td>
<td>15.9%</td>
<td>3.4%</td>
<td>4.5%</td>
<td>5.4%</td>
</tr>
<tr>
<td><strong>Recurrent Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Revenue</td>
<td>52</td>
<td>48</td>
<td>53</td>
<td>67</td>
<td>42</td>
<td>57</td>
</tr>
<tr>
<td>Actual Revenue</td>
<td>50</td>
<td>56</td>
<td>53</td>
<td>50</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>Actual/Estimated</td>
<td>95.9%</td>
<td>116.5%</td>
<td>99.4%</td>
<td>75.1%</td>
<td>127.6%</td>
<td>94.7%</td>
</tr>
<tr>
<td>Variance</td>
<td>4.1%</td>
<td>-16.5%</td>
<td>0.6%</td>
<td>24.9%</td>
<td>-27.6%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

Source: Compiled by the author from Annual Financial Statements, MFDPE, GoB

Development expenditure variance is the maximum and it ranges from as high as 78.6 per cent to 10.3 per cent. In general this variance is very high. Such a difference could have resulted from: very high estimates, not getting required funding for the same, and, though planned during the year, only a portion was able to be spent due to various reasons. *When PER-ENR is made this requires closer examination in order to understand the right reasons behind such variances and identification of bottlenecks if any.*

Recurrent expenditure variance has been fluctuating between 15.9 per cent and 2.4 per cent during the period under analysis. The 5 per cent variance in the recent times is considered normal.

Recurrent revenue variance is seen to fluctuate and does not seem to have a pattern. During the period under study it varied between +24.9 per cent and –27.6 per cent. One of the reasons for the same could be the inability of the system to predict revenues. *This requires detailed analysis in the PER-ENR in order to predict with reasonableness the recurrent revenue.*

From the analysis of Budget Coding and the Budget Data the following points emerge:

- Budget coding does not include ‘environment’ or ‘natural resources’ as a function. Hence ENR functions cannot be traced fully.
- The functional coding does not facilitate to group the ENR related items.
• The ENR related expenditure incurred by other ministries cannot be traced even by the functional coding.
• The existing department coding structure has created sub-groups based on operational convenience. These sub-groups (which are projects in the case of development expenditure and operational heads of accounts in the case of revenue expenditure) do not directly help in analysing ENR related aspects, for example, climate change initiatives or even bio diversity.
• Since there has been no specific thrust areas against which the expenditures are being monitored it would be very difficult to analyse the expenses against ENR related purposes, unless every line item is properly reclassified for the purpose of this exercise.
• The analysis of the revenue and expenditure reveal a certain pattern which requires closer examination of the numbers in order to understand the issues thereat.
CHAPTER 3 - ANALYSIS OF PEE REVIEWS, GOOD PRACTICES, AND STAKEHOLDER CONSULTATIONS

This chapter is divided into three parts: Part I – Analysis of PEER studies made in other countries, Part II discusses the good practice guidelines and research findings that will provide the main considerations for Botswana PER-ENR. Part III gives various points arising out of stakeholder consultations.

PART I - ANALYSIS OF PEER OF OTHER COUNTRIES

PEERs are being conducted in various parts of the globe. The focus of each of these reviews varies depending on the situation and local requirement. However the objective of these reviews remains the same. Where do the funds for the environmental expenditure come from and how are they spent, and are they efficiently and effectively being managed, are the ultimate questions that need to be answered. The policy support, enabling institutional mechanism, allocation and review efficiency all centre on the review.

Analysis of PEER of six different countries: five from African region and one from Asia has been made. This provides a good insight into the contents of these reviews in terms of coverage and extent.

TANZANIA, 2004

The review covered analysis of environmental related policies, programmes, and strategies including poverty-environment linkages. Institutional framework for environmental management and the role played by various institutions were also covered.

The review covered detailed aspects of both environmental revenue and expenditure. On the revenue side, analyses of both past revenue and potential for increasing and sharing environmental revenues have been covered. The implications of various environmental related interventions on revenues have been discussed. The contribution of environmental resources to GDP has been analysed briefly.

The analysis of budget allocation and expenditure on environment is in quite detail. The review has begun from the definition of environmental expenditure and continued to government and donor

26 The Vice President’s Office, Government of Tanzania (2004), Public Expenditure Review of Environment
allocations for environmental related expenditure. Allocations of priority environmental problems, MTEF budgets, and interventions for bridging resource gaps have been discussed. Focus has been given to HIV and AIDS in these discussions. Analysis of expenditure on multilateral environmental agreements has been done.

The review has also stressed on the capacity building for environmental management and has provided insights on assessment of capacity building programmes, and institutional capacity.

Various findings and recommendations have been given.

**MOZAMBIQUE, 2012**

This study covered the period 2005-2010. The scope of the environmental sector has been defined by the study. Also key issues related to the environment sector have been listed out and discussed in detail.

The study devotes a chapter to what is PEER, and provides various aspects of PEER. Methodology has also been separately discussed. Planning and budgeting processes are explained in detail. Policy and legal framework in general, and with specific reference to environmental sector have been discussed.

The detailed analysis of public environmental expenditure is given. All the revenues and expenditures have been analysed for the 2005-10 period. The analysis covers both provincial and national levels. Analysis of the staffing has also been provided.

The review provides conclusions and recommendations.

**KENYA, 2009**

This study is not called public environment expenditure, but the study covers various aspects of environment expenditure.

The study begins with environmental institutional setting. In this regard government policies and strategies, analysis of various national institutional players, various funding modalities and relationships with various development partners, various policy dialogues and coordination mechanism are analysed.

The canvas of environmental expenditure is given by elaborating the budget process, overview of the budget cycle, how environmental issues have been taken up within the budget process, the role of parastatals and internally generated funds, and donor financial support.

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27 Ministry for Coordination of Environment Action, Republique of Mozambique (2012), Public Environment Expenditure Review
The study provides an analysis of the resource allocation and spending by environmental agencies: National Environment Management Authority, Kenya Wildlife Service, and Kenya Forest Service, and also discusses the low absorption of the development budget.

Implications for the role of development partners is discussed through the review of: internal policy coherence, harmonisation across donors, managing environmental policy dialogue with the whole of government, focusing capacity building efforts on core environmental functions of Government, and strengthening demand for sound environmental governance.

Conclusions and recommendations have been given on the following: environmental policy priorities and budgets, environmental institutional setting, and public environmental expenditure.

**Rwanda, 2010**

The Rwanda Review defines the boundary of environment for PEER in Rwanda by defining the terms environment and public environmental expenditure, and linking the national definition of environment to budgeting systems. The context of the review is discussed through the analysis of: policy and legal framework for environment in Rwanda, the national and sectoral institutional framework for environmental management, priority programme and strategic actions for the sector, linking sectoral strategies to national development aspirations and budgets, public financial management, growth and structural shifts of Gross Domestic Product, sources of funding viz. internally generated revenue and development assistance, environmental fiscal reforms, development assistance in Rwanda, flows from the Private/government sectors, current and projected expenditure and its analysis. The report also analyses various lessons from previous PEERs.

The entire PEER has been reviewed in the detailed chapter on Public Expenditure Review for Environment through the analysis of: overall estimate of public environmental expenditure, expenditure analysis under ENR sector, expenditure analysis under various ministries, the role of Ministry of Finance and Economic Planning in influencing PEER, and comments on efficiency, effectiveness and sustainability.

The review has provided two case studies: Financial fiscal decentralization for environment and Semi-autonomous agencies in environmental management.

The review concludes with lessons from public expenditure for environment.

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29 UNDP-UNEP (2010), *Putting Environment on Budget – Public Environmental Expenditure Review to support Poverty Environment Initiative in Rwanda*
**MADAGASCAR, 2013**

This report on Country Environmental Analysis by the World Bank is a comprehensive report covering environmental expenditure analysis.

The report begins by identifying the environment related development priorities based on the analysis of natural capital, eco system degradation, agricultural/soil fertility erosion, degradation of coastal and marine ecosystems, environmental pollution, and natural disasters and climate changes. The analysis also includes: evaluation of the costs of environmental degradation, sustainability of Madagascar’s development pathway, poverty-environment linkages, and identification of environment-development priorities.

The PEER is discussed as a part of the environmental and natural resources governance. The policy framework and policy making processes, institutional structure, capacity and resources, legislative and regulatory framework, rights of access, the role of civil society and governance challenges are discussed. The PEER is discussed under environment sector revenue and expenditures. Suggestions for improved governance of the environment sector are also provided.

The report also discusses analysis of selected environment sector public policies with focus on protected area network, climate change, mining industry, air pollution and deforestation. The report concludes with way forward on various matters discussed in the report.

**BHUTAN, 2009**

The Bhutan PEER provides an introduction to the environment sector of Bhutan by giving the country background, macro- economic performance, forest and nature conservation, institutional structure related to environment, key environmental issues and background of the current assessment. A brief chapter on the PEE methodology is provided.

The public environmental expenditure is analysed by discussing: general outcomes, institutional classification, environmental domain classification, economic classification, expenditure performance of environment allocation, donor financing of PEE, and decentralization experience.

The limitations and finding of the PEE analysis are provided. Conclusions and recommendations are also discussed.

The report provides annexes of definition of environment for PEE, and major environmental responsibilities of identified public institutions.

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30 World Bank (2013), Taking Stock and Moving Forward - Madagascar Country Environmental Analysis (CEA)

31 UNDP-UNEP (2009), Report on Public Environment Expenditure Analysis of the Royal Government of Bhutan for the 9th Five Year Plan Period
Analysis of PEER studies

The analysis of these reviews indicates that for balanced content of a PEER the following need to be included:

- Definition of environment and environment expenditure/revenue
- Policy framework
- Institutional framework
- Budget mechanism and Fund flow
- Analysis of revenue pattern
- Analysis of expenditure pattern
- Funds from multi/bilateral projects
- Linkages between various institutions
- Focus on specific issues like: HIV/AIDS, poverty, climate change, bio-diversity
- Key environmental issues that need to be addressed
- Capacity analysis of the implementing agencies and capacity building needs

PART II - CONSIDERATION FOR BOTSWANA PER-ENR

In order to scope out a best possible PER-ENR for Botswana, some of the research and analytical inputs on PER-ENR are being considered. These would guide the drafting of the PER-ENR scope for Botswana taking into account the current trends and requirements. In this regard the following three major research guidelines have been considered:

- OECD Policy Research
- Toolkit for inclusive green growth by AfDB, OECD, UN, WB
- UNECE Checklist

OECD POLICY RESEARCH

According to OECD\(^32\) (2007) Environmental public spending needs to be assessed from two angles: environmental policy and public finance.

- From an environmental policy perspective, the key challenge is to ensure that public expenditure achieves the intended result at least cost, and that it forms part of a coherent strategy for achieving environmental objectives.
- From a public finance perspective, expenditure should be managed in accordance with established standards of good governance – in other words, value for money. When choosing which environmental programmes to finance, governments should ensure that the expected social benefits from any spending programme exceed the expected social costs. If the benefits are difficult to measure, governments can instead test how cost-effectively an environmental programme achieves its objectives.

In the case of Botswana there is no clarity on the environment related policies and how these policies are to be implemented. Ideally the country should have an umbrella legislation for all the environmental related matters, supported by regulations for implementing them, earmarking specific agencies for implementing them. In Botswana, though various legislations are there, several ministries and departments under them are working on various environmental related issues supported by various projects of funding agencies and NGOs. There is no clear-cut framework as to how the entire environment sector has to function.

The public finance perspective is lacking in Botswana as there seems to be no mechanism by which the ENR expenditures are planned and managed in such a way that policy implementation can be evaluated.

**TOOLKIT BY AfDB, OECD, UN, WORLD BANK**

The toolkit\(^\text{13}\) for evaluating various aspects of inclusive green growth which includes environment expenditure reviews provides the guidelines for conducting PEERs.

PEERs examine government resource allocations within and among sectors, and/or at national and sub-national levels of government, and assess the efficiency and effectiveness of these allocations in the context of environmental priorities. PEERs frequently result in highlighting the mismatch between environmental policy and plans and low levels of spending in those areas of government that are linked to environmental sustainability and natural capital. In many cases, they have helped to redistribute spending towards institutions responsible for environmental priorities, towards longer-term goals, and have helped to considerably increase environmental budgets. PEERs are also useful for identifying, quantifying and maximising the public revenue potential of under-priced natural resources, such as forestry, fisheries and minerals.

Assessment to consider these aspects:

- **Economic**: PEERs plays a critical role in enhancing efficient allocation of resources for environment and natural resource management. In general terms this can increase value retention within the domestic economy and finance investments in replacing, maintaining and building natural capital as a sustainable resource. PEERs through promoting efficiency and disaster proofing in infrastructure and sustainable intensification and climate change proofing in agriculture, can help ensure that public investment strengthens the resilience of the economy, promoting growth by reducing risk and limiting the impact of shocks – avoiding recurrent costs that can exceed 2-5 per cent of GDP on an annual basis.

- **Environmental**: PEERs result in higher and more sustainable public investments in natural capital through identifying critical funding gaps and the potential to increase revenues. They also help demonstrate the economic value of the environment to the economy and link positive environmental outcomes to growth and poverty reduction and can result in

\(^{13}\) AfDB, OECD, UN, WB (2012), A Toolkit of Policy Options to Support Inclusive Green Growth, pp-29-29
increased resources, capacity and political support for sustainable environmental management.

- **Social:** Given that the livelihoods of poor people are largely dependent on natural resources, PEERs can be used to better manage natural resources to produce social benefits. Increased revenue from natural resource use can be used to provide basic services and to finance activities which can reduce poverty i.e. in areas that are of importance both to the livelihoods of poor people and to the environment, such as the development and promulgation of high yield, low input and climate resilient crop varieties. PEERs can result in greater transparency and accountability leading to more inclusive management of natural resources and related public expenditures and helping secure the access and use rights of poor households and the equitable distribution of revenues.

**Prerequisites for a successful PEER**

- Focus on a relatively small and prioritised set of key issues, particularly in those sectors that enhance or create revenue generating capacity of a country’s resource endowment
- Customise the PEER to the individual country context
- Involve and seek full participation from all relevant ministries
- Prioritise the PEER within the context of national development and poverty reduction goals
- Facilitate co-operation across different sectors

**UNECE CHECKLIST**

United Nations Economic Commission for Europe has provided a check list as to what a good public environment expenditure management should address. This checklist is very useful and addresses qualitatively important issues including governance. The checklist is titled Performance in Terms of Fiscal Prudence Principle Good Practices.\(^\text{34}\)

Some of these recommendations for good practice would be beyond the means and thinking of Botswana for the present, as they require data that may not be possible for Botswana to provide as of now. But if in the PEER an evaluation of these practices is conducted, such an evaluation can provide the directions in which Botswana needs to move.

1. **Fiscal integrity of revenue**
   - All sources of revenue are clearly specified in the legislation.
   - If the revenues managed within the program come directly or indirectly from compulsory transfer payments (taxes, charges, fees), they are treated as public funds in the meaning of the laws of public finance, public procurement and state aid. As such, this money is subject to the usual fiscal discipline in the entire public finance sector, even if it is managed outside of the budget.

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- Revenues are recorded at treasury accounts before they are allocated to the environmental expenditure program.
- Only cash revenues are accepted.

2. Negative efficiency impacts of earmarking are minimised
- Earmarked revenues are limited to specified periods of time. Effective provisions are in place to prevent the creation of vested interest groups and perpetuation of public expenditure programs longer than they add value.
- Earmarking within earmarked schemes (e.g. sub-funds within earmarked environmental funds) is avoided as it further infringes on efficiency; if it is unavoidable (e.g. for political reasons), safeguards that prevent inefficient resource allocation and perverse incentives are implemented.

3. High standards of fiscal discipline and transparency
- Implementation of environmental expenditure programs does not cause unplanned fiscal deficits. In particular, contingent and implicit liabilities (such as loan guarantees) are not incurred without an explicit, prior approval from fiscal authorities. Medium-term financial forecasts, including contingent and implicit liabilities of all implementing agencies, are regularly prepared and disclosed in financial statements.
- For all extra-budgetary funds and government-controlled agencies, an estimate of the revenue and the corresponding expenditures is provided in the state (or sub-national) budget, at least as an annex. Statements on debt and contingent liabilities, especially of all extra-budgetary environmental institutions are presented along with the budget of the Ministry of Environment to the Ministry of Finance.
- Mandatory internal and external independent financial audits are regularly carried out.
- Ex-post reporting, according to a transparent expenditure classification system, is regularly conducted and publicly disclosed.

4. Accountability and transparency
- All individuals involved in managing expenditure programs are held accountable for decisions to the Government, Parliament and the public within their clear and distinct lines of responsibility, on the basis of effective legal provisions ensuring transparency and meaningful information disclosure.
- Public funds are guarded against corruption and fraud, e.g. through effective checks and balances on various interest groups in governing bodies. Any potential conflicts of interest are eliminated.
- Ex-post reports on performance and results achieved (in terms of specified performance criteria) are periodically conducted and disclosed to the public.

5. Collection of revenues and public procurement separated from expenditure management
- Special agencies implementing environmental expenditure programs focus on program and project cycle management and project financing, rather than on collecting revenue or making direct procurement of equipment and construction services on behalf of the government. These other tasks are performed by regular government agencies.
• Collection of revenue from fiscal or quasi-fiscal instruments is normally done by relevant fiscal authorities under the control of treasury services.
• National or international public procurement rules apply for all purchases that are co-financed by public funds, even if the purchasing agent is a private entity.

PART III - POINTS FROM STAKEHOLDER CONSULTATIONS

1. Mrs. Boineelo M Peter, Ms. Kagiso Sedmedi, MFDP
   • The financial statements consisting of the actual revenue and expenditure for the previous years and estimates for the current and budget year are done by individual departments through software (GABS) and consolidated.
   • MFDP consolidates the department wise Revenue and Expenditure and produces the annual Financial Statement and Tables. Detailed revenue and expenditure estimates are done as per the sub-heads at the departmental and division levels under a ministry.
   • This is done for both Consolidated (Recurrent) budget and Development budget.
   • Once the budgets are passed by the Parliament, the budgeted amount is available for the department and can be drawn either in phases throughout the year or very early in the year.
   • The MFDP also prepares the budget based on functional heads in order to understand function wise revenue and expenditure. However this has certain limitations (discussed later).
   • The expenditures incurred under various programmes are manually aggregated at the Budget Office in order to understand the function wise expenditure incurred. This is tedious and is person centric.
   • Issues:
     o The limitations of the current functional classification and aggregation can be understood by EIA example. EIA is being conducted at various project levels in various ministries. If total expenditure incurred for EIA for a period/year is to be found out, under the present system it is not possible automatically. From the project expenditure under various ministries this has to be compiled; this is a very time and cost consuming task.
     o Also, how does all the environment related expenditures getting incurred across various arms of the government be identified for aggregation? The head of account against which they are booked may not be able to provide information. For instance training or a workshop held on environmental matters will be booked under training head, but how does the ‘environment’ link get captured? This is true for all the expenditures that are getting incurred across various ministries.
     o There are also environment related expenditures getting incurred outside the government in multilateral projects like UNDP or by NGOs. How do these get captured?
2. **Dr. Ravindra Singh, Botswana Statistics and Mr. Stilwell Dambuza, Directorate of Economic Statistics, Agri/Env Division**

   - The Environment Statistics Botswana (last one published in 2006) is based on information from departments.
   - No specific surveys are done; based on secondary information provided by the departments the statistics is compiled. This is done once in five years.
   - The current focus is on water, energy, and mining. For energy bulletin there are no enumerators and hence taking time.
   - Water accounts just beginning and yet to take shape.
   - Pollution statistics is not currently included.
   - Wildlife, fisheries, land degradation, climate change are in the agenda.
   - Issues:
     - What should go into environment statistics and what should go to regular departmental reports (MIS)?
     - Environment statistics update once in five years will be of no use.
     - Environment statistics should be annually updated for all the physical information and parameters; these should be justifiable by the budgetary spending for which the ministry would have regular reporting.

3. **Mr. David Aniku, Head EIA, DEA**

   - Though EIA is managed by this office, since the office is not involved in the procurement process the cost of EIA consultant is not known by DEA. This is done by MFDP and PPADB.
   - The EIA expense data is available with the payment books of accounts or with contracts.
   - Private sector is also involved in EIA and a lot of money is being spent. This is not known or tracked.
   - Today even data on number of EIAs done in the public and private sectors is not directly available. This is in the process of computerisation and the data is not centrally available.
   - The financial information with regard to the environmental audits (travel, stay, etc.) need to be compiled from various vouchers and consolidated.
   - Apart from these there are issues related to budget cuts and disbursements.
   - There is a phase difference between the recurrent and the development budgets. The recurrent budget is given much earlier than the development budget, which is prepared in October. There is a mismatch because of this.
   - There is no method for costing of services.
   - Till now there have been no revenues from EIA, though the Act prescribes certain fees. Under implementation, revenue collectors are being appointed.
   - Issues:
     - How to track the EIA related expenses?
     - Flow of EIA consultant related financial data for review.
     - Compilation of EIA data from both public and private sources.
     - Mismatch of recurrent and development budgets.
4. **Neo Mokgolodi, Desk Officer, National Environment Fund, DEA**
   - NEF Order 2010 has been passed outlining how the fund has to be administered
   - MEWT is the implementer of NEF
   - NEF Board has been constituted under the Chair of PS of MEWT
   - Three sub-committees have been formed: Tender evaluation, Project Appraisal and Finance and audit
   - These committees will operationalize various proposals that will be received
   - Guidelines for proposals are being drafted
   - Strategic Plan is yet to be developed
   - Issues:
     - The funds flow into the NEF have been given in the Order – Para 7:
       a. Monies as may be appropriated by National Assembly for the purposes of this fund
       b. Revenues from the sale of hunting quota and concessions by communities
       c. Resource royalties
       d. Monies collected from levies, fines and licenses, for environmental pollution and management, as may be determined by the Minister
       e. Monies collected from other environmental conservation and management grant-making activities as may be determined by the Minister
       f. Grants, donations and contributions from other sources; and
       g. Any monies accruing on or from investments made from monies in the fund.
         - How is the flow of these monies into the fund ensured?
         - How is this data going to be aggregated with the other environment expenditure data for review?

5. **Mrs. Portia K. Segomelo, Director, DEA**
   - Environment expenditure is not being monitored; the data flow is an issue
   - There is no information on the monies to environment related matters
   - Budget allocation is one of the smallest for environment, not a priority sector
   - There is a huge number of EIAs being made (300 per quarter) and some of them are huge projects – no information available
   - There is no clarity and policy on how much should be the EIA cost as percentage of total project cost
   - In general there is lack of Costing as a system
   - There are so many programmes taking place in the districts through Local Government relating to environment – but there is no tracking of them
   - There are also huge monies (dollar amounts) spent by virtue of multi/bi lateral collaborator partners; but no tracking of them – only last year HE’s report was made in this regard
• International Environment Agreements (global, regional, sub-regional levels) involve huge monies being spent; these need tracking
• Natural Capital Accounting is just starting and there is a long way to go; these need to be integrated to budgets
• There is no environment research strategy, though various research projects are being funded and these are not monitored
• For capacity building and research on environment how much money is being spent by various agencies is not known
• Monies are also being spent on conferences and meetings and need tracking
• No proper information dissemination in matters relating to environment or its finances
• Monitoring and evaluation mechanism is highly limited
• There is total lack of coordination between various entities
• Budgeting system possibly has to change to accommodate all the requirements
• Issues:
  o Need to bring in all expenditure relating to environment from across all the entities into one place for monitoring
  o Costing of various services to be done
  o Tracking of environment related initiatives and their expenditure

6. Mr. Jimmy Opelo, Deputy Permanent Secretary, Ms. Lucia Segatlie, Chief Economist, DEA

• In general there are no specific policy documents with regard to environment related matters.
• Environment management is done through the thematic working group formed for the purpose. Mid-term review is done half way through the NDP 10 period, say in about 2 ½ to 3 years period. Though this has started budget review is yet to happen.
• A ministerial level committee monthly goes through various aspects of departmental aspects which includes development and recurrent budget aspects also.
• The physical and financial progress today cannot be given for all the activities in environment. However under thematic working group this is being attempted; though just a beginning. For instance, in EIA, there are limitations in capturing information.
• Budgets are first prepared by departments, then aggregated at the ministry level. In the recent times this is given to thematic working groups who check for the focus of the budget on overall objectives.
• Functional budgets are not being used at ministry or department level.
• The MTEF is getting implemented in heavy spending departments; not in MWET.
• With so many legislations across various ministries for environment management: an omnibus act called National Environment Management Act was discussed and debated but did not take off. Constitutional amendment is required.
• Many of the acts do not have regulations; [could be hindrance for implementation].
• With several internal and external (donor) programmes, plus various thematic initiatives, the main issue in not getting them all under one monitoring system is due to lack of internalization.
• With regard to the externally aided projects these are considered under development budget (even if they are under recurrent nature). There are some gaps in such ‘below the line’ project information flow. Whether complete information of all such projects is available in one place cannot be confirmed.

• Environment Information System (EIS) was developed under UNDP support. The major issue is with regard to lack of regular update by the user departments/offices. Hence though implanted, required information is not available.

• Key issues:
  o Lack of adequate funding for important activities (e.g. study on forest cover)
  o Lack of commitment of common man to environmental issues. It is a matter of culture and transformation; takes a long time.

7. Dr. Ernest N. Makhwaje, Director, Macroeconomic Policy, MFDP

• The macroeconomic policy office coordinates the development planning. The cash flows and debt patterns are monitored.

• For expenditure NDP is the blueprint and acts as policy guidelines. Not to spend more than 40% of the GDP is a guideline generally followed.

• The MTR of NDP 10 taken up during 2013 provides some inputs on environment aspects.

• In the recent times MTEF has been introduced. It’s a macro-fiscal framework that is useful for review at government level.

• The 68.4 M USD as foreign exchange reserves provides the country with 16 months requirements.


• The financial year is between April and March. The accounts and audit for 2012 have been completed. The accounts for 2013 will be ready by September and will be audited. Generally 2 to 3 months are taken for the audit.

• Budgets are prepared by various ministries and using GABS, both budgeting and accounting is done. GABS is yet to be rolled out in all the places. In Gaborone all the government offices have been linked for the purpose. In the other areas Revenue Offices are used to upload the data.

• On monthly basis, accounts are compiled. AG’s office gives the revenue and budgets under various heads. During the accounting process if anything is found inviting attention, the Ministry is informed.

• Balance Sheet is prepared but assets are basically cash and advances. Assets are yet to be incorporated. Accrual accounting is being implemented. Is likely to take few years more for implementation.

• After corrections if any, are made, MIS is posted on the web.

• Functional analysis of budget is done in the budget office.

• There is an internal audit for every ministry which takes care of compliance audit, transactions audit, and audit of controls.

• Audit General Office acts as the external auditor. After audit is completed the audit certificate is issued along with audit opinion and the report placed before the Parliament, ahead of the budget session which is generally in February every year.
• From last year (2012), a Quarterly review is being held to focus the performance based on budget achievement, cash flow, procurement, etc. Ministry of Finance, Department of Public Service Management, National Strategy Office and Department of Corruption and Economic Crime are involved. Here variances are discussed with reasons. This is different from HE (His Excellency) briefing.
• Account codes are allocated by AG’s offices based on request from Ministries. This is done in consultation with budget office.
• With unique code for identifying environment related items, all the details of revenue and expenditure can be aggregated for analysis.

9. Mr. Walter, Principal Economist, Macro Economic Policy, MFDP
• Medium Term Fiscal Framework (MTFF) has begun implementation recently. The effort is to project the medium term cash flows (Table 5 of the budget) with as much accuracy as possible based on specific models that are being developed.
• A macro Fiscal Working Group has been created for the purpose.
• Medium Term Expenditure Framework (MTEF) is being initiated at the ministry/department level.
• Currently a Macro Fiscal Advisor has been appointed. A MTEF Advisor is likely to join soon.

10. Mr. Sajjad Hossen, Assistant Accountant General, Ms Shingani Magazine (Chief Accountant), Ms. Sophia De Bruin (Chief Accountant), Ms.Gloria Selel (Principal Accountant), System Support – Accountant General Office.
• GABS has been implemented at all ministries/departments in Gaborone and currently being rolled out across the country. In some places the last mile linkage has to be provided. Even these are serviced by the Revenue Offices all of which are connected.
• GABS work on a universal chart of accounts across various departments; a few ministries/departments have their own specific line items.
• There are also cost centres allocated at department level and cost centre wise reports can be generated.
• The GABS works on Oracle system and reports at the line item level can be generated.
• The chart of accounts has eight segments (of which most have been used) and by assigning a specific segment or range for a type of expenditure, reports can be generated.
• Also it may be possible to include a list of themes that could be selected at data entry level to classify a particular expenditure. However this might require some effort.
• Some issues or discrepancies in financial data could be due to the lack of updating of the department wise monthly generated statements (pdf) based on the audited final statement.
11. Mr. Robby B Sebopeng (Auditor General), Mr. Cosmos G Mogami (Principal Auditor), Ms. Pulane D Letebele (Senior Assistant Auditor), Mr. David K Kandji (Senior Assistant Auditor), Ms. Jayn O Phalalo (Chief Auditor), Ms. Tebogo J Tshenyo (Ag Principal Auditor), Ms. Kealeboga Molelowatladi (Ag Deputy Auditor), Auditor General’s Office:

- External audit by AG office is conducted at the department level for every ministry. The audit is done on a continuous basis based on identified units under each ministry.
- Since audit of all transactions is not practicable, sample audit is done.
- The audit goes beyond the financial items and looks at whether programme objectives are achieved.
- The accounts are independent for each of the departments and not consolidated at the ministry level.
- Department level audit report is given to Permanent Secretary of the ministry who is the Accounting Officer.
- Audit reports open to public are available in the web site.
- Public Accounts Committee is based on the audit reports.
- The audits are largely manual.
- AFROSAI-e Manual is used as the base for the audits.
- The Public Financial Management Act (latest) does not provide format of the financial statement and says “as per directions of the Minister”; while the old Act contained some formats. This could be an issue in implementing accrual accounting.
- By use of proper coding environmental expenses could be easily identified and this can be useful in auditing the benefits accruing out of programmes.
CHAPTER 4 - SCOPE AND TOR FOR PER-ENR

This chapter consists of six parts. Part I provides summary of findings made in various parts of this report for consideration in the proposed PER-ENR. Part II discusses the definition of the term environment, along with related definitions. Part III analyses the data requirements for the detailed PER-ENR. Part IV gives the content of the PER-ENR along with rationale. Part V provides the ideal team composition for the PER-ENR study, and role of various agencies in Botswana in this regard. Part VI provides the overall scope of the study – the key points that need to be addressed.

PART I - SUMMARY OF FINDINGS

Chapter 1

- Policy and Financial Framework for addressing environmental issues should be considered.
- Strategies and programmes as listed out in NDP 10 should be evaluated.
- Involvement of various departments as brought out in the Environment Keynote Paper needs to be examined. This is very important as all the initiatives/programmes/projects/activities in various ministries will have to be examined.
- The critical challenges as raised by UNDP MDG status report need to be examined. The report has listed various strategies and programmes as at 2010 on environment related matters. These need to be updated and various initiatives need to be clarified for their objectives.

The above necessitates the identification of the thrust areas (themes/sub-themes) relating to ENR for Botswana and mapping various initiatives across ministries and programmes to these thrust areas.

Chapter 2

- Definition of the terms: environment, natural resources, environment expenditure, environment revenue, and the related terms need to be frozen.
- Tracing and tracking of funds from various multilateral/funding agencies.
- ENR related activities taking place in various ministries and reviewing at only MEWT expenditures will not provide complete picture. But currently nothing else can be done.
- Functional classification does not include ENR and hence ENR expenditures cannot be traced.
- The revenue heads under various departments (including those from the other ministries) need to be analysed to understand whether they can accommodate clearly both existing and proposed revenue sources. This would be the basis for analysing the scope for increasing revenue or even for revenue sharing wherever possible.
- The expenditures and revenue planning do not seem to happen in a scientific way. Though there is mention about MTEF in the government documents, the implementation of the same does not seem to be very serious.
- The analysis of revenue and expenditure pattern suggests that the ministry has a long way to go in planning, implementing, and managing of budgets.
Defining ENR related terms and their implications, evaluating and suggesting methods of budget planning, implementing and monitoring, and suggesting a way by which ENR expenditures and revenues can be tracked would be part of the PER-ENR.

Chapter 3

- PER-ENR to include the following (based on analysis of PEER studies):
  - Analysis of policies, programmes, strategies and legal framework relating to environment (including poverty linkage). Comments on the entire process of governance in relation to ENR.
  - Analysis of ENR revenue and expenditure pattern (past and present).
  - Government and donor allocations for various ENR related initiatives.
  - Identifying the special emphasis on specific topics like ENR links to: poverty, climate change, natural resource management, biodiversity, etc.
  - Institutional analysis: ministries, departments, local government, parastatals, etc. institutional and manpower capacity, inputs on capacity building, etc.
  - ENR management process and deficiencies.
  - Linkages and coordination between the policy making bodies, implementing agencies, donor partners, and other specialist organisations like universities, research institutions, consultants, etc.
  - Identification of ENR related priorities taking into account analysis of the current status of the ENR management.

- PER-ENR should examine the following (based on research):
  - Both the perspectives should be looked at:
    - environmental and natural resources policy perspective to ensure that public expenditure achieves the intended result at least cost;
    - public finance perspective, to ensure expenditure management is in accordance with established standards of good governance.
  - The assessment should include the following three aspects:
    - Economic
    - Environmental and Natural Resources
    - Social
  - The checklist prescribed on the following five principles should be adhered to:
    - Fiscal integrity of revenue
    - Negative efficiency impacts of earmarking minimised
    - High standards of fiscal discipline and transparency
    - Accountability and transparency
    - Collection of revenues and public procurement separated from expenditure management

PER-ENR should consider the key areas specified in earlier PEER studies and consider the approaches suggested based on research so that a realistic and implementable report emerges.
PART II - DEFINITION OF ENVIRONMENT/NATURAL RESOURCES

RELATED TERMS

ENVIRONMENT & NATURAL RESOURCES

The definitions of ‘environment’ and ‘natural resources’ become extremely relevant in order to define a PER-ENR study. In Botswana environment has been defined in a limited way in the EIA Act and also in the draft of the proposed Environment Management Act. While the definition by the former is limited to the impact assessment and the latter is yet to take shape this study seeks to look at a working definition which needs to be validated during the first phase of the detailed PER-ENR study. With this objective in view this section discusses various relevant definitions.

1. Botswana’s EIA Act

Only the Environment Impact Assessment Act of 2005/2011 defines the environment. According to the EIA Act, Section 2, "environment" includes the physical, ecological, archaeological, aesthetic, cultural, economic, institutional, human health and social aspects of the surroundings of a person.

2. Botswana’s proposed Environment Management Act

“environment” includes the surrounding and conditions in which an organism or system of organisms exist, inclusive of air, land, water, climate, sound, light, micro-organisms, the biological factors of animals and plants, cultural aesthetic factors and resources, socio-economic factors, and both the natural and artificial environment and the way they interact;

“natural resources” means some attribute of the natural or bio-physical environment or any component of nature, capable of being regarded and utilised by humans for development, including air, land, water, soils, minerals, energy, living organisms other than humans and genetic resources, and for the purposes of this definition, “genetic resources” means any material of plant, animal, microbial or other origin containing functional units of heredity, of any actual or potential economic and developmental value;

3. Mozambique’s Environment Law:

Mozambique’s 1997 Environment Law defines the term “environment” as: “the medium in which humans and other beings live and interact among themselves and with the medium itself, including:

   a) Air, light, land and water;
   b) Eco-systems, bio-diversity and ecological relationships;
   c) All organic and inorganic matter;
   d) All socio-cultural and economic conditions which affect the lives of communities.”
4. **From Zimbabwe Environment Management Act:**

“environment” means:

a. the natural and man-made resources, physical resources, both biotic and abiotic, occurring in the lithosphere and atmosphere, water, soil, minerals and living organisms, whether indigenous or exotic, and the interaction between them;

b. ecosystems, habitats, spatial surroundings or other constituent parts, whether natural or modified or constructed by people and communities, including urbanised areas, agricultural areas, rural landscapes, and places of cultural significance;

c. the economic, social, cultural or aesthetic conditions and qualities that contribute to the value of the matters set out in paragraphs (a) and (b);

**Working definitions** for the purposes of the proposed PER-ENR could be on the following lines:

“**Environment** is defined as the medium in which human beings and other beings like plant, animals including micro-organisms live and interact among them, and with the medium itself, and includes:

- Air, light, land and water
- Eco-systems, bio-diversity, natural resources and ecological relationships
- All organic and inorganic matter, and
- All archaeological, aesthetic, cultural, health, economic institutions and conditions that affect lives of human and other beings”.

“**Natural Resources** means some attribute of the natural or bio-physical environment or any component of nature, capable of being regarded and utilised by humans for development, including air, land, water, soils, minerals, energy, living organisms other than humans and genetic resources, and for the purposes of this definition,“ genetic resources” means any material of plant, animal, microbial or other origin containing functional units of heredity, of any actual or potential economic and developmental value”.

**ENVIRONMENT AND NATURAL RESOURCES’ EXPENDITURE**

It is important to have clarity on the expenditure that will qualify as “environment and natural resources’ expenditure”. The accounting codes (budget) have been designed to provide administrative information for the government. If the ENR expenditures need to be identified from across not only MEWT but also other ministries, clarity on the term is required.

There are several expenditures that are part of MEWT that may not qualify as environment/natural resource expenditure. For instance the expenditure incurred in building a car park in a sanctuary may not qualify as ENR expenditure, it would be a business expenditure for attracting tourists to visit the sanctuary. At the same time there are expenditures of other ministries like the mine rehabilitation expenditure or water and effluent treatment expenditures that would qualify for being
environment expenditure. Thus there has to be clarity on the “public” expenditure for ENR vis-à-vis “business” expenditure. This has to be handled very carefully in the detailed PER-ENR study. Definition of ENR expenditure and list of inclusion and exclusion to this needs consideration in the inception report of the detailed study.

Having considered the need for the definition, for the purpose of PEER the definition of public environment expenditure by World Bank is considered appropriate. The definition of public environmental expenditure as provided by the World Bank is:35 “Expenditures by public institutions for purposeful activities aimed directly at the prevention, reduction, and elimination of pollution or any other degradation of the environment resulting from human activity, as well as natural resource management activities not aimed at resource exploration or production”.

The examples given in the earlier part of this section would pass the test of this definition of ENR expenditure. As per definition the expenditure incurred to create a mine by exploration or running a mine (which is production) will not qualify to be included as ENR expenditure. This means that there is a huge task of identifying not just the line items but the purpose behind these expenses that will qualify for the ENR expenditure analysis.

**ENVIRONMENT/NATURAL RESOURCE MANAGEMENT SYSTEM**

Environment/Natural resource management implies governance related to environment and is the real role of the government. The environment governance/management needs to get real information out of the environment expenditure analysis regularly. This means the environment management system is extremely important for the sustainability of various initiatives that are related to ENR that will get better information after the detailed PER-ENR study.

A comprehensive definition of Environmental/Natural Resource Management System (ENRMS)36: A management approach, which enables a government to identify, monitor and control its ENR aspects. An ENR management system is part of the overall management system that includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the ENR policy.

The understanding of ENRMS becomes imperative for successful environment expenditure analysis, as there are expenditures that are classified as “environment or natural resource expenditure” and has to be differentiated from expenditure related to “management of environment or natural resources”. For instance, the expenses related to prevention of pollution or providing clean roads are environment expenditure, while the administrative expenditure related to budget preparation in MEWT would be classified as management expenditure. Though such expenditures could be considered as indirect environment expenditures, they need to be first identified and then properly allocated to specific expenditure groups or projects depending on the effort invested for such expenditure groups or projects.

Detailed PER-ENR assessment should consider the definition of environment and natural resources related items and focus on aspects relating to sustainable natural resources and environment use. Validation of the working definitions given in this study could be the starting point in this regard.

PART III - DATA REQUIREMENTS FOR PER-ENR

**Data requirements**: For a good quality PER-ENR output with detailed analysis on various aspects of ENR related expenditures (outflows) and revenues (inflows), the following data would be required:

- **Expenditure**:
  - Total expenditure outlays for all major departmental expenditure (both developmental and recurring) within MEWT
  - Details of operational expenditure department wise, project wise and as per activities within department and projects
  - Ability of the expenditure to be grouped according to functionality: creation/expansion/modification/depletion of environment assets, upkeep/maintenance of these assets, cost of specific activities like: project report, surveys, studies, EIA, training, extension services, research and development, conferences and seminars, computerisation, etc.
  - Ability of the expenditure to be grouped according to theme: environment management, natural resource management, climate change initiatives, biodiversity initiatives, water management, wildlife initiatives, pollution control, etc.
  - Ability to group various expenditures to understand the cost of service delivery: cost of supply of one litre of water, cost of one square kilometre of forest, etc.

- **Revenue**:
  - Department wise and major revenue source wise revenue projection and collection
  - Data on inflows from multilateral/bilateral partners, and externally aided projects (as per details discussed under expenditure)
  - Ability to analyse potential of each of these revenue sources vis-à-vis the actual collected
  - Ability to link the revenues to expenditures in order to understand the subsidy element in each of the services provided by various departments

- **Data characteristics**:
  - All the data should be available in database from which the same can be extracted for analysis
  - The data should be available as a time-series
  - There has to be data ownership and the persons/offices responsible should be able to validate and sign-off the data
  - There has to be harmonisation of physical and financial data.
  - As far as possible generation of data should be on a regular basis through a proper system of data update and not based on any survey or study. Such survey or study should be only to validate the trend.
Data Gaps: Data gaps for an effective understanding of ENR related expenditures and revenues have been discussed in various contexts in this study. The major data gaps are:

- Difficulty in compiling data on environment from various ministries/departments
- Non-availability of functional codes for grouping ENR related expenditures
- Non-availability of mapping of various projects, programmes, and externally aided initiatives to various ENR related themes
- Non-availability of mapping of ENR related data available in each of the ministries/department
- Lack of specific themes against which the expenditures and revenues related to ENR could be aggregated for analysis
- Lack of linkages between physical and financial data
- Lack of appropriate technology for aggregating data in the required format (consider excel – currently only pdf data is generated)
- Lack of data centralization (many of the district level data remain there and aggregating them requires huge effort)
- Lack of data classification/structure in terms of major heads under which they need to be grouped for analysis

Data integrity: Data integrity provides confidence to the expenditure analysis exercise. During the study it was found that there are issues with regard to the data integrity with regard to the financial data that were examined. A sample case is discussed here. The actual development expenditure of MEWT for the year ended 31st March 2012 (year 2011-12) is given in Table 9.

**TABLE 9: ACTUAL DEVELOPMENT EXPENDITURE 2011/12 FROM VARIOUS SOURCES**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount in Pula</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>1. Financial, Statements, Tables and Estimates of the Consolidated and Development Fund Revenues 2013/14, MFDP – Table II (pp-4) – (yellow book)</td>
<td>662,025,000</td>
<td>The summary of the development expenses incurred by MEWT (actual) for the year 2011/12 was considered from three different official documents and each of them showed a different figure. The first two documents tabulated are literally the first and second volume of the same compilation.</td>
</tr>
<tr>
<td>2. Statement of Annual Development Expenditure for the year ended 31st March 2012 Statement 6A (generated and given by the MFDP)</td>
<td>445,794,069</td>
<td></td>
</tr>
<tr>
<td>3. Annual Financial Statement of Accounts for the financial year ended 31st March 2012 – Statement 6 – Statement of Development Fund Expenditure for the year ended 31st March 2012, pp-411</td>
<td>443,228,468</td>
<td>Item 3. The audited financial statement is the most authentic. However for the purpose of this report item 3 has been used. This is because six years publication of item 3 would be required for the study. Item 2 was generated out of the budget database through the GoB intranet from GABS – MEWT reports for the purpose of the study.</td>
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### TABLE 10: PER-ENR CONTENT & RATIONALE/APPROACH

<table>
<thead>
<tr>
<th>CONTENT</th>
<th>RATIONALE/APPROACH</th>
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<tbody>
<tr>
<td>1. EXECUTIVE SUMMARY</td>
<td>A concise Executive Summary relevant to policy makers and key stakeholders</td>
</tr>
<tr>
<td>2. INTRODUCTION</td>
<td>2. INTRODUCTION</td>
</tr>
<tr>
<td>2.1 Background</td>
<td>This is the introductory part of the PER-ENR and would contain the reason for the study, list out the objectives for which the study is being done, the approach followed and the methodology adopted in achieving the objectives of the study. The way the report is being structured to be stated.</td>
</tr>
<tr>
<td>2.2 Objectives</td>
<td></td>
</tr>
<tr>
<td>2.3 Approach &amp; Methodology</td>
<td></td>
</tr>
<tr>
<td>2.4 Structure of the Report</td>
<td></td>
</tr>
<tr>
<td>3. POLICY &amp; GOVERNANCE</td>
<td>3. POLICY &amp; GOVERNANCE</td>
</tr>
<tr>
<td>3.1 Definition of Environment, Natural Resources Management and analysis of environment and natural resources management related Policies</td>
<td>Definition of environment, natural resources and listing of ENR related policies would provide clarity on the entire exercise. In Botswana there is no single policy document that provides definition and scoping of ENR related policies. This needs to be dealt with in this part. Sustainability of ENR management should be dealt with.</td>
</tr>
<tr>
<td>3.2 Governance Structure, Institutional Mechanism &amp; Stakeholders</td>
<td>Governance structure is important. Currently there are several ministries, departments, agencies that are involved in environment related subject. This includes Office of the President also. There needs to be proper clarity in the way the governance structure should be supported by various institutions involved. The analysis needs to address various issues in this regard. A stakeholders’ analysis needs to be made to explain the role of various stakeholders involved in the sector. There are also institutions like National Development Bank, Botswana Development Corporation which are involved in environment related activities, apart from the ministries,</td>
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Scoping Study - PER-ENR in Botswana 71
<table>
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<tr>
<th>CONTENT</th>
<th>RATIONALE/APPROACH</th>
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<tr>
<td>departments and multilateral agencies, NGOs, etc. The role of these institutions needs to be understood. The analysis of multilateral environmental agreements, MDGs and other internationally agreed framework need to be done and the status of the same from the perspective of PER-ENR should be brought out.</td>
<td></td>
</tr>
<tr>
<td>3.3 Review of various Acts &amp; Regulations related to environment and natural resources</td>
<td>There are over 30 different Acts that are dealing with ENR related matters directly and indirectly. A synthesis of these statutes would be necessary to streamline the way these are administered. While the focus of PER-ENR is not this, it may be worthwhile checking if there are issues in relation to the expenditure tracking with regard to these statutes.</td>
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</tbody>
</table>
| 3.4 Analysis of various programs, projects and initiatives related to environment and natural resources (including those by multilateral agencies and NGOs) | There are several programmes in the ENR space that overlap with the functioning of the government ministries and departments. A mapping of various programmes and initiatives to various government ministries and departments would bring clarity on the way such initiatives are being implemented. This would then become the basis for justifying various expenditures being incurred for the purpose. Both duplication and gaps in funding could be identified. It may be worthwhile to provide an inventory of all the initiatives in the sector along with their status. There are several initiatives like:  
  - Natural Capital Accounting/WAVES  
  - Initiatives on climate changes  
  - National Environment Fund  
  - National Biodiversity Strategies & Action Plans (NBSAP)  
  - Initiatives by PEI (UNDP-UNEP)  
  - .......... |
<p>| 3.5 Analysis of periodic reporting and                                  | Analysis of normal reports prepared in various offices under review for the purpose of analysis                                                                                                                                                                                                                                                                                                                                                                                                            |</p>
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<th>CONTENT</th>
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<td>review mechanism</td>
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<td>of ENR related revenues/expenditures, along with the technical indicators. It may be worthwhile reviewing the Environment Information System and possible links that can be provided to financial data. How the reports are prepared, the integrity of the data, how the data is processed, the usage of the reports, how the reports are disposed, how the review mechanism works, how the concerned persons handle issues out of the review process, etc. need to be examined. The computerisation of the reporting process needs to be analysed.</td>
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<tr>
<th>3.6 Review of the audit process</th>
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<th>RATIONALE/APPROACH</th>
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<tr>
<td>What is the audit process? Does it cover all the processes? Are all the revenue and expenditure items audited? At what periodicity? How are the pending audit issues addressed? What are the significant observations in relation to control aspects in ENR sector? Any gaps in the audit process and how are they to be addressed? The computerization of audit process needs to be addressed.</td>
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<tr>
<th>4. BUDGETING &amp; TRACKING</th>
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<tr>
<td>4.1 Budgeting process, including its limitations with regard to tracking of ENR related revenues and expenditures</td>
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<th>RATIONALE/APPROACH</th>
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<tr>
<td>Understanding the way the Consolidated Funds and Development Funds are being estimated and operated is a precursor to the PER-ENR. Highlighting the limitations in ability of the current coding system (including functional codes) to track various environment/natural resources related revenues and expenditures need to be explained, providing possible applicable approaches to improve the same. The budget cycle, phases, flexibility, etc. need to be addressed. Also gaps in various policy documents like budget strategy paper, budget documents, budget speeches, etc. in relation to ENR need to be addressed in order to provide policy level recommendations.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>4.2 Issues in tracking ENR Revenues</th>
</tr>
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<th>RATIONALE/APPROACH</th>
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<tr>
<td>Details of gaps in the tracking of various line items of both revenue and expenditure need to be addressed. This analysis is important as</td>
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<tr>
<th>4.3 Issues in tracking ENR related</th>
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<th>RATIONALE/APPROACH</th>
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Scoping Study - PER-ENR in Botswana 73
<table>
<thead>
<tr>
<th>CONTENT</th>
<th>RATIONALE/APPROACH</th>
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<tbody>
<tr>
<td>Expenditure</td>
<td>otherwise in order to address this issue separate study effort may be required. While doing this analysis, what could be done to tackle the gaps also need to be identified, so that a very practicable action plan emerges out of the study. Status/Scope for Climate Change Code, Natural Capital Accounting, Outcome Budgeting should be examined and included.</td>
</tr>
<tr>
<td>4.4 Mapping of various ENR related revenues and expenses to various ministry, department, agencies, projects, institutions, etc. (include external agencies, NGOs, etc.)</td>
<td>The ENR related revenues and expenses are handled in different offices both inside and outside the government. These need to be mapped to understand the flows from one to the other. A matrix of line items on the rows and institutions on the columns would be useful.</td>
</tr>
<tr>
<td>4.5 Identification of ENR related themes/sub-themes and mapping of the same to various budget line items for both revenue and expenditure</td>
<td>The ENR related themes and sub-themes are important. These will decide the basis for the expenditure/revenue analysis. Whether the expenditure incurred for a particular theme is as planned or does it result in the expected outcomes, etc. can be analysed.</td>
</tr>
<tr>
<td>5. ANALYSIS OF ENVIRONMENTAL &amp; NATURAL RESOURCE REVENUES</td>
<td>5. ANALYSIS OF ENVIRONMENTAL &amp; NATURAL RESOURCE REVENUES</td>
</tr>
<tr>
<td>5.1 Definition and list of ENR revenues and processes</td>
<td>The ENR revenues need to be defined and listed. The process by which various ENR revenues are predicted and collected should be documented.</td>
</tr>
<tr>
<td>5.2 Analysis of ENR revenues – government sources</td>
<td>Analysis of ENR revenues for a period of at least six years (3 years of NDP 9 and 3 years of NDP 10) will be necessary. The analysis would include note on the pattern of the behaviour of the revenues in relation to the overall governmental revenues, break-down percentage of the overall and government ENR revenues in the case of government sources/donor and other sources in the cases of such sources, the revenues as percentage of GDP. A comparison of the annual inflation rates</td>
</tr>
<tr>
<td>CONTENT</td>
<td>RATIONALE/APPROACH</td>
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<tr>
<td>and incremental revenue will be useful. Revenues as per ENR themes need</td>
<td>and incremental revenue will be useful. Revenues as per ENR themes need to be examined. Wherever possible the revenue potential to the actual need to be examined.</td>
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<tr>
<td>to be examined. Wherever possible the revenue potential to the actual</td>
<td></td>
</tr>
<tr>
<td>need to be examined.</td>
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<tr>
<td>5.4 Issues &amp; suggestions in relation to enhancing ENR revenues</td>
<td>The PER-ENR study can, in a limited way, look at the possibilities and ways by which ENR related revenues can be enhanced. An analysis of various best practices in the Africa region and other countries can provide the necessary insights.</td>
</tr>
<tr>
<td>6. ANALYSIS OF ENVIRONMENTAL &amp; NATURAL RESOURCE EXPENDITURE</td>
<td>6. ANALYSIS OF ENVIRONMENTAL &amp; NATURAL RESOURCE EXPENDITURE</td>
</tr>
<tr>
<td>6.1 Definition and list of ENR resource expenditure and processes</td>
<td>The ENR expenditures need to be defined and listed. The process by which various ENR related expenditures are estimated and spent (accounting process within ministries, departments, projects and implementation units) should be documented.</td>
</tr>
<tr>
<td>6.2 Analysis of ENR expenditure – government funds</td>
<td>Analysis of ENR expenditures for a period of at least six years (3 years of NDP 9 and 3 years of NDP 10) will be necessary. The analysis would include note on the pattern of the behaviour of the expenditures in relation to the overall governmental expenditures, break-down percentage of the overall and government environmental expenditures in the case of government programs/donor and other expenditures in the cases of such programmes, the expenditures as percentage of GDP. A comparison of the annual inflation rates and incremental expenditure will be useful.</td>
</tr>
<tr>
<td>6.3 Analysis of ENR expenditure – donor, multilateral environment</td>
<td>The expenditure analysis has to be considered theme and sub-theme wise under every department in all the ministries concerned. (The strategies and programmes suggested in NDP 10 and other policy related documents could provide some insights). While doing this those expenditures that are related to the business operations, those related to management of ENR and those that are purely ENR expenditure</td>
</tr>
<tr>
<td>agreements &amp; other funds</td>
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</table>
need to be identified. Thus across ministries, departments, institutions various expenditure groups and sub-groups will emerge. These need to be analysed on a time-series as suggested. Wherever possible the physical environment/natural resource indicators should be identified/linked to the financial expenditure. Attempt should be made to provide regional analysis, ENR theme related expenditure across all the ministries. Theme wise summary and ministry/department summary should be made.

The expenditure analysis should bring out the summary of expenditure under major expenditure heads like: infrastructure expense, human resource cost, maintenance cost, operations cost, etc. to make the analysis meaningful.

At the end of the analysis the funding sources for various expenditures: from government, from funding agencies, or from any other source need to be identified.

The extent of computerisation and the issues thereat need to be addressed. EIS and several other computerisation initiatives are on in various ministries. An assessment of such initiatives from expenditure analysis viewpoint should be made. Necessary recommendations should be provided.

<table>
<thead>
<tr>
<th>CONTENT</th>
<th>RATIONALE/APPROACH</th>
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<tr>
<td>6.4 Issues &amp; suggestions in relation to ENR expenditure management and control</td>
<td>Are the ENR expenditures planned and monitored in the way they should be? Are there links between the expenditure and the expected outcome? What is the monitoring mechanism and how efficiently it is working, are some of the questions that need to be addressed.</td>
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<td>CONTENT</td>
<td>RATIONALE/APPROACH</td>
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<tr>
<td>6.5 Issues &amp; suggestions in relation to harmonization of ENR expenditure management &amp; control</td>
<td>The ENR expenses are taking place in several locations, projects, institutions, and programs. Is there a method by which the policy makers can know for a particular aspect of ENR management how much money was spent during a period by various institutions? What are the gaps and issues that need to be addressed in order to harmonise the management and control of various ENR expenditure incurred. Can such expenditure be analysed program wise, ministry department wise, project wise, institution wise, source of funds/revenue wise, funding agency wise, and so on? In order to do this what initiatives need to be taken by various entities involved? How can all the stakeholders’ requirements of information be addressed by such a system. Some of the key areas that need to be addressed are:</td>
</tr>
<tr>
<td></td>
<td>• Budgeting, analysis of trend in budget allocation, actual expenditure incurred in Ministry, Department, Project and other institutions including NGOs and private sector</td>
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<td></td>
<td>• Accounting process and issues from monitoring perspective</td>
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<tr>
<td></td>
<td>• Fund allocation process in Ministry, Department, Project and other institutions including NGOs and private sector</td>
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<td></td>
<td>• Cash flow analysis with regard to environment related expenses</td>
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<td></td>
<td>• Expenditure allocation, disbursement related issues including their efficiency and effectiveness</td>
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<td></td>
<td>• Analysis for the trend of Developmental and Consolidated budgets for capital and revenue aspects</td>
</tr>
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<td></td>
<td>• Fund management autonomy: extent of decentralization</td>
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<tr>
<td>CONTENT</td>
<td>RATIONALE/APPROACH</td>
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<tr>
<td><strong>7. ANALYSIS OF ENVIRONMENTAL &amp; NATURAL RESOURCE EXPENDITURE MANAGEMENT</strong></td>
<td>Based on various analyses made, the PER-ENR study will highlight gaps identified in policy aspects (example – lack of clarity on what encompasses environmental/natural resource related expense or reporting), process (procedure – example coding structure and accounting), human resources (whether required man power is available for doing works related to environmental/natural resources analysis, capacity building, training requirements), technology (here the focus is on the information technology to enable support for information collection, analysis and reporting). This is very important in order to make the policy makers and institutions understand what needs to be done in order to fill in the gaps identified in the study. Communication strategy and dissemination approaches for strengthening the ENR sector based on the study to be brought out.</td>
</tr>
<tr>
<td>7.1 Gaps in policy initiatives</td>
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<tr>
<td>7.2 Gaps in processes</td>
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<tr>
<td>7.3 Gaps in human resources</td>
<td></td>
</tr>
<tr>
<td>7.4 Gaps in technology</td>
<td></td>
</tr>
<tr>
<td>7.5 Gaps in Institutional arrangements</td>
<td>There are various institutions/stakeholders involved in the delivery of ENR related services right from the Office of the President to various</td>
</tr>
<tr>
<td>CONTENT</td>
<td>RATIONALE/APPROACH</td>
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<tr>
<td>NGOs. The role these institutions play in delivering the services and the issues thereat need to be understood. Duplication or gaps in administrative aspects can lead to increased efforts (expenses) vis-à-vis expected output. Such gaps and the other gaps discussed in the earlier parts of this chapter need to be synthesised here.</td>
<td></td>
</tr>
<tr>
<td>7.6 SCOT analysis of environmental /natural resources expenditure management</td>
<td>Based on the various analyses done a SCOT analysis (strength, constraint, opportunity, threat) to be done to give the status of ENR expenditure management. This analysis is expected to, apart from identifying gaps, provide an insight on the strengths and opportunities also. The analysis could make use of the framework provided by United Nations Economic Commission(^{37}) to the extent applicable and consider: fiscal integrity of revenue, negative efficiency impacts of earmarking of revenues, standards of fiscal discipline and transparency, accountability and transparency, collection of revenue and public procurement separated from expenditure management.</td>
</tr>
</tbody>
</table>

### 8. FINDINGS & RECOMMENDATIONS

#### 8.1 Summary of Findings

The findings and recommendations could be combined or could be given separately depending on how the final presentation has to be made.

Recommendations should take into consideration the country wide initiatives like: Natural Capital Accounting, Climate changes related initiative, National Biodiversity Strategies & Action Plans, National Development Plan 10, Millennium Development Goals, etc. to make them comprehensive.

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<table>
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<tr>
<th>CONTENT</th>
<th>RATIONALE/APPROACH</th>
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<tbody>
<tr>
<td><strong>8.3 Suggested Action Plan</strong></td>
<td>The actions emerging out of the study could be tabulated identifying the actor responsible for the action, and a possible time line. If possible prioritising the action plan elements could be made.</td>
</tr>
</tbody>
</table>
| **9. Annexes (including policy briefs)** | Details supporting the study, including list of meetings held.  
Policy briefs as may be required on how to go about implementing PER-ENR recommendations. |
| **10. References**              | Details of document references used in the study                                                                                                                                                           |
### PART V - OTHER ASPECTS OF PER-ENR SCOPE

**TEAM COMPOSITION**

**TABLE 11: TEAM COMPOSITION FOR PER-ENR STUDY**

<table>
<thead>
<tr>
<th>Position</th>
<th>Qualification</th>
<th>Experience</th>
<th>Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team Leader</td>
<td>At least professional/post graduate degree in Economics/Finance/Management</td>
<td>Minimum of 15 years’ experience</td>
<td>Understanding of governance, government systems of operations in budgeting, funding, cash flows, expenditure management, etc. Should have exposure to policy analysis. Exposure to environmental management, natural resource management, etc.</td>
</tr>
<tr>
<td>Environment expert</td>
<td>At least post graduate degree/certification in environment science/management. Additional degree in Management preferred.</td>
<td>Minimum of 15 years’ experience</td>
<td>Understanding of environment/natural resources management, environmental/natural resource policies, issues in environment with specific reference to the region, experience in project review technicalities, etc. including techniques like EIA.</td>
</tr>
<tr>
<td>Institutional expert</td>
<td>At least professional/post graduate degree in Management</td>
<td>Minimum of 15 years’ experience</td>
<td>Understanding of government organisations, their functions and processes. Experience in study of institutional mechanism, organisational behaviour staff functioning, human resource evaluation and training.</td>
</tr>
<tr>
<td>Budget expert</td>
<td>At least professional/post graduate degree in Economics/Finance/Management</td>
<td>Minimum of 5 to 8 years’ experience</td>
<td>Understanding of how governmental financial management works. Exposure to budget, accounting and financial management processes in government. Exposure to Budget codification/analysis, audit and review, understanding of government financial statements. Exposure to computerised accounting and databases will be useful.</td>
</tr>
</tbody>
</table>
**Duration**

The team will consist of basically four team members who would work: Team leader and budget expert 40 person-days each and the environmental and institutional experts for 20 person-days each totalling to 120 person-days for the entire study.

**Competencies Expected of the Team Members**

- Strong interpersonal skills with ability to work under pressure and to establish and maintain effective work relationships with people of different backgrounds
- Ability to take initiative and to work independently, as well as part of a team
- Analytical abilities to interpret numbers, and analyse various documents
- Capability to meet various deadlines
- Proven capacity to organize, facilitate, and document workshops and meetings
- Excellent communication skills, reporting with ability to express ideas clearly, concisely and effectively
- Fluency in English and excellent analytical and written communication skills as well as good oral interpersonal and intercultural communication skills
- Computer literacy in full Microsoft Office Package and web based research
- Ready to travel to the places, if required

**Role of Government of Botswana**

In order to make this study successful and come up with implementable recommendations, the GoB should ensure the following:

- A Coordination Committee (Reference Group) for the PER-ENR study should be formed consisting of officials from MEWT and other major departments involved in environmental issues
- The Committee will:
  - Coordinate the study team, with UNDP and other agencies, and various departments in order to provide necessary information/documents in the required format.
  - Arrange for meetings/consultations, arrange for group discussions/workshops if required.
  - Review various inputs given and clear draft reports within time limits.
  - Arrange and manage any field visits that may have to be taken.
  - Provide the necessary assistance to make the study fruitful.
PART VI – SCOPE-KEY ISSUES THE PER-ENR SHOULD ADDRESS

The PER-ENR study should be able to provide specific measurable answers to the following questions/issues listed. The study should come up with comprehensive recommendations identifying the implementation plan, responsibility and probable timeline:

1. **Definitional aspects**: What is the comprehensive definition of Environment/Natural Resources in Botswana? What are environment/natural resources constituted by? What constitutes environment expenditure? What is environment management?

2. **Policy and oversight**: What are the policy level initiatives and documentation for managing environment/natural resources related issues? What are the institutional, legal and regulatory measures that are being followed? What are the issues and limitations? Suggestions and way forward to be identified.

3. **Analysis of Budgeting management**: How the revenues and expenditures are estimated (budgeted) and managed? This should consider the fund flows from all revenue streams including below the line (non-budget external aid, etc.) and map the revenues to expenditures. Any gaps in the system and suggestions for addressing them should be provided.

4. **Identification of thematic areas in Environment/Natural Resources Management**: Which are the thematic areas (themes and sub-themes) related to environment under which the review by various ministries/departments/projects should aggregate the physical and financial data?

5. **Financial Analysis**: Within the current data limitations the study should try to group the budget heads with the help of various department staff and provide an analysis of trends under various themes and by various ministries/departments/projects. (This can be achieved only with the cooperation of operating personnel in various ministries/departments/projects and able inputs from MFDP).

6. **Analysis of Data capture/tracking mechanism**: Based on the issues arising while compiling the above data the study should suggest methods to streamline the data capture at various levels. This would require an analysis of the computerisation of EIS and other systems being implemented in various ministries/departments/projects. Various operational (data requirement) and functional (reporting requirements) need to be specified to address the gaps in data generation and usage.

7. **Identification of Performance Indicators - KRA/KPI**: Based on consultation with key stakeholders and research, the study should identify Key Performance Indicators (KPIs) relating to major activities/Key Result Areas (KRA) within ministries/departments/projects. The study should attempt to make a first cut of such KPIs and tabulate the same for all the ministries/departments/projects. Identification of data that are not currently being captured is important. The role of the Environment expert is important in identifying various measureable KPIs from various thematic perspectives and identifying them with ministry/department/project. Information available from various sources like Statistics Botswana should be analysed.

8. **Analysis of Reporting & Review mechanism**: The study should analyse the report and review mechanisms currently undertaken at various levels and provide inputs on the changes
required, and also suggest methods of review matrix indicating the KPI wise review by whom, what periodicity and who will provide the required data through reports.

9. **Stakeholders’ analysis:** policy makers, government functionaries, external partners, NGOs, private sector, etc. need to be consulted and their role in the thematic heads identified. This would provide inputs on the type of information required, and the type of project management capabilities required.

10. **Institutional analysis:** Analysis of various institutions (ministries/ departments/ project/ others) in terms of their composition, hierarchy, objectives, role/functions, issues in inter and intra institutional aspects including leadership, systems and processes is required.

11. **Capacity building:** Analysis of the major gaps in man power deployment in terms of gaps in organisation structure, deficit/surplus in man power requirements (not a detailed work study but an indicative assessment), extent of decentralization, key inter and intra-personnel issues needs to be done. Analysis of the training programmes and other capacity building initiatives currently done and gaps thereat need to be identified.

12. **Other significant items not covered:** During the PER-ENR study, in case there are some specific issues that come up not identified in this scoping study, the same should be included.
CHAPTER 5 – BEYOND THE SCOPE: THE CENRMS ROADMAP

This brief chapter is divided into four parts. Part I provides an analysis of objectives of any PEER study based on global best practices and Botswana requirements. Part II discusses the readiness of Botswana based on the analysis of current situation and data limitations. Considering the limitations the suggested approaches are discussed in Part III. Part IV gives pointed summary replies to the key questions raised in the TOR of the scoping study.

PART I - THE OBJECTIVE OF PER-ENR EXERCISE

The PER-ENR exercise is aimed at understanding the governance related to environment/natural resources and the ability of the entire government and related mechanisms to provide resources for the same. This is sought to be achieved by understanding the policies, implementation capability/capacity, and the environmental expenditure/revenue patterns. The main objectives of the PER-ENR is analysed by different institutions. Since these are from various sources the generic term PEER is used in this part of the study.

UNDP - PEER OBJECTIVES

- Botswana: Public Expenditure Reviews (PERs) are a means to analyse the allocation and management of public funds (including revenues) and may cover all Government expenses or rather focus on a limited number of priority sectors. Information gathered through PERs may be used to provide guidance to strategic planning and participatory budget preparation as well as to identify ways in which to improve the efficiency and effectiveness of resource allocations. PER processes may be applied to expenditure management systems and institutions and provide an independent assessment of the adequacy, appropriateness and effectiveness of sector-specific spending. Typically, analyses and recommendations would demonstrate how Government, donor, NGO and private sector funding is currently used and how such resource utilisation could be improved in the interest of sustainable development.

- Bhutan: The main objective of the assessment was to understand the trends of public expenditure in environment and to obtain critical information for streamlining and strengthening future investments in environmental programs, project and activities.

DFID AND IRISH AID - PEER OBJECTIVES

A Public Environmental Expenditure Review (PEER) examines government resource allocations within and among sectors, and/or at national and subnational levels of government, and assesses the efficiency and effectiveness of those allocations in the context of the environmental management framework and priorities. In addition, it identifies reforms needed to improve the effectiveness, efficiency and sustainability of public spending for environmental management.

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38 Scoping study TOR  
39 Bhutan PEER study  
40 IED Publication No. 12 PUBLIC ENVIRONMENTAL EXPENDITURE REVIEW(PEER)
PEERs offer a way of systematically assessing the equity, efficiency, and effectiveness of public environmental spending. The data and insights they yield can be valuable for designing policy reforms, government budgets, and investment projects. They examine whether government expenditures are effectively matched to environmental priorities, and identify areas of inconsistency. If done well, they frequently result in highlighting the mismatch between (new) environmental policy and plans and (historical) low levels of spending in those areas of government that are now linked to environmental priorities. In many cases, they have helped to redistribute spending towards institutions responsible for environmental priorities, towards longer-term goals rather than short-term, and in some cases have helped to considerably increase environmental budgets.

**WORLD BANK – PEER OBJECTIVES**

According to the World Bank, the accepted objectives of PEM in general are:

- **Fiscal discipline**: maintaining sustainable fiscal prudence;
- **Allocative efficiency**: facilitating strategic prioritization of the total expenditure envelope across policies, programmes and projects to promote efficiency and equity;
- **Cost-effectiveness**: encouraging better use of resources to achieve policy outcomes and produce outputs at the lowest possible cost.

The analysis of the above objectives and definitions of the PEER exercise gives rise to the following key objectives/goals:

- Understanding expenditure/revenue pattern in ENR related initiatives
- Ensuring allocative efficiency of capital into the sector
- Inputs for effectiveness, efficiency, and sustainability
- Cost effectiveness of various activities
- Information for streamlining, strengthening investment in ENR
- Inputs for reforms towards achieving ENR related goals

There are several other sub-objectives associated with these main objectives. Also these objectives are linked. While it is quite easy to list out these objectives and may seem quite easy to achieve them, the ground realities in achieving them are generally different. Right from policy to details of implementation several issues arise. These are mainly due to the fact that the emphasis on environment is relatively recent, and also the organisational systems already available may not be conducive to providing the information required for the PEER. More importantly, various stakeholders in environment sector may not even know their role and responsibilities.

These issues are also applicable to Botswana where the MEWT budget of the total budget is less than 2 per cent. So the readiness to conduct a comprehensive PEER requires examination.

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PART II - READINESS TO ACHIEVE PER-ENR OBJECTIVES

In order to achieve these PER-ENR objectives, there are certain basic readiness requirements.

**TABLE 12: PER-ENR OBJECTIVES, READINESS AND STATUS**

<table>
<thead>
<tr>
<th>PER-ENR Objectives</th>
<th>Readiness requirements</th>
<th>Botswana Status</th>
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<tbody>
<tr>
<td>Understanding expenditure/revenue pattern in ENR related initiatives</td>
<td>There has to be clear definition of ENR related themes or thrust areas under which the analysis of the ENR expenditure and revenue has to take place. Also the physical and financial data generated need to be conducive for such an analysis.</td>
<td>The current budget tracking is based on the ministry and department organisation. The functional budgeting also does not include ENR as a specific function. (Refer Chapter 2). The definition of environment and natural resources are not very clear and also specific themes under which progress need to be measured have not been identified. (Refer Chapter 3).</td>
</tr>
<tr>
<td>Allocative efficiency of capital into the sector</td>
<td>Allocative efficiency can be understood as how much finance is being allotted to various ENR initiatives. In this regard data on how much of capital investment goes to operations and maintenance of these investments is required. The physical and financial data on each of the area of allocation would be required to understand the effectiveness, efficiency and sustainability.</td>
<td>The ENR investment is happening directly and indirectly in various ministries. Under the current system, specific data required for understanding the allocative efficiency is very weak. The recording, flow and utilisation of the data relating to effectiveness, efficiency and sustainability are very fragile. (Chapters 2 and 3)</td>
</tr>
<tr>
<td>Inputs for effectiveness, efficiency, and sustainability</td>
<td>The policy makers and the decision making executives across various governance levels should get the cost of various activities and services rendered regularly (MIS).</td>
<td>There is no costing system for various services rendered. (Chapter 3)</td>
</tr>
<tr>
<td>Cost effectiveness of various activities</td>
<td>Regular flow of analytical information (MIS) from various filed department/agencies for analysing the understanding the status and taking corrective action.</td>
<td>Currently there is no analytical data flow (both functional and cross-functional) for analysis. (Chapters 2 and 3)</td>
</tr>
<tr>
<td>Information for streamlining, strengthening investment in ENR</td>
<td>The government should be able to understand the need for reforms and should provide the mandate of implementing reforms to concerned functionaries.</td>
<td>In general there seems good climate and empowerment for reforms. But clear-cut guidance and roadmap required for the same. (Chapter 1)</td>
</tr>
</tbody>
</table>

Scoping Study - PER-ENR in Botswana
PART III - SUGGESTED APPROACH

Based on the various aspects researched and studied, consultations held, and data analysed during this study, it is suggested that the first ever PER-ENR exercise in Botswana be conceptualized in a different way leading to a Comprehensive Environment/Natural Resources Management System (CENRMS). This is important in order to achieve the ultimate objective, PER-ENR: effective, efficient, and sustainable environment management. This needs to be done in three phases:

Phase I: PER-ENR Study: Considering the limitations in data availability and the way the organisations are currently structured and oriented towards environment management, the PER-ENR study would focus on:

- **Environment/Natural Resources analysis**: Definition of major themes of ENR and mapping of such themes to various ministries/departments/projects/organisations. Identification of various physical indicators in relation to each of such themes and various sub-themes under the same. A note on the analysis of ENR related themes is given in Appendix -3 to this report. Identification of institutions/officials for such indicators. Working out the process of collection, maintenance and dissemination of such information. This has been done in consultation with all the stakeholders. Provide a report on the analysis arising out of the same.

- **Financial analysis**: Structuring of data with regard to the financial flows. This would be from across all the ministries based on the budget line items for both the budgets. These heads need to be mapped to the ENR themes/sub-themes and institutions identified. Culling out of time series data from the budgeting system (GABS) and providing the ENR expenditure and revenue analysis has to be done. This would however involve the massive task of pulling out the time series data from the GABS relating to various ministries based on the identified budget and account codes. Group/re-group based on the ENR themes/sub-themes. Wherever possible link the same to physical indicators as identified in the ENR analysis. Hold stakeholders consultation in this regard. Identify the gaps to be address in reform process. Provide a report on the analysis arising out of the same.

- **Institutional analysis**: Undertake the review of various institutions across all the ministries and outside the government and map the role of such institutions in creating, implementing or managing ENR related initiatives. Aspects relating to structure, role, responsibilities of these institutions and aspects relating to manpower and capacity building need to be covered. Provide a report on the analysis arising out of the same.

The above three analyses will provide a reasonable first view of the public ENR expenditure and what is required to be done. These reports shall identify gaps and provide implementable plan of action.

Phase II: Pilot implementation: Based on the inputs from the PER-ENR study, it is suggested that one department from MEWT is taken up for a pilot implementation. For instance DEA could be taken up for pilot implementation. This would mean that a working system is developed for operating in the department on the basis of various reforms suggested. This will basically involve revising the way revenue and expenditure data are captured, stored, reported and analysed. This stage would involve possibly some information technology to see possible modifications/additions to GABS to capture...
the ENR related themes/sub-themes and process reengineering to correctly/completely capture the inputs for report generation. Handholding from experts may be required. The inputs and design for this phase would emerge out of Phase I. The success of this stage would be the review at various levels of the department through internally generated reports on progress. In this phase the gaps in policy/process, issues in implementation, requirements of computerisation and capacity building could be identified for a detailed reform process.

Phase III: Reform process: This would be a ministry wide reform process. This would be considered as a separate project and may take about two to three years for complete implementation. Identification of team for the reform process, infrastructural requirements, capacity building initiatives, etc. will be the major steps during this process. A detailed planning platform for the same would be required. Based on clear-cut goals and progress indicators, this process of reform could be monitored.

Approach for the implementation of CENRMS

These themes need to be monitored for progress and eventual achievement of objectives. Hence each of these themes would require timelines and targets (physical and financial) to be monitored. The PER-ENR study needs to address some issues like:

- **Themes and sub-themes**: Under Water as the theme there could be several sub-themes like water conservation, water distribution, water quality, sustainability of natural resources, etc. (Refer to Annex 3 for a detailed discussion of themes).
- **Key Performance Indicators**: At the sub-theme level specific targets (KPI) need to be identified.
- **Recording and reporting system**: The system by which the recording of the operational data relating to both physical and financial data need to be finalised and responsibilities entrusted.
- **Software modifications**: In order to record the above operational data which has to be addressed by GABS, modification/extension to the capabilities of GABS needs to be addressed.
- **Capacity building**: In order to do the above there should be basic level of training and making the persons at operational level fit and comfortable to record the required data accurately and in time and generate the necessary reports giving the identified KPI.
- **Review mechanism**: Review mechanism to see whether the goals (according to planned KPI) are achieved and the periodicity, accountability for the review mechanism also should be clearly spelt out.

**KEY STEPS IN ESTABLISHING, MANAGING OR REFORMING PUBLIC ENVIRONMENTAL EXPENDITURE PROGRAMMES**

- Define priority environmental objectives using evaluation methods, such as risk assessment and benefit-cost analysis as well as participatory political processes.
- Demonstrate whether public expenditures are necessary to achieve these objectives.
- Define sources of revenue, budget size, and the terms and conditions of the expenditure programme.
- Authorise an appropriate institution to manage the expenditure programme.
- Continue, modify or terminate the expenditure programme in light of periodic reviews of the programme's performance to assess whether its objectives have been achieved and its continuation is necessary.

Source: Policy Brief, September 2007, OECD, pp-7
PART IV – SCOPING STUDY – TOR SUMMARY

The summarized scope of work under the scoping study as given in the Terms of Reference includes:

1. Analysis of the public expenditure policy of the Botswana Government

   Is there any specific public expenditure policy in Botswana? Who owns and implements the policy?

   There is no exclusive policy in relation to public expenditure in Botswana. The spirit of the initiatives is based on the National Development Plan prepared once in five years, supported by annual budget allocations.

   The programme implementation (activities) is handled by the ministries, departments, etc., while the budgetary matters are handled by the Department of Finance and Development Planning.

   Until recently at the ministry/department level there seems to have been no review of the budget achievements/performance. Now there is a review at the Office of the President on the budget achievements.

2. Identification of key institutional partners in undertaking a PER-ENR

   Core Partners: The Ministry of Environment, Wildlife, and Tourism would be the main stakeholder. However, the following need to be included in the PER-ENR as various environmental related projects are implemented through them:

   - Ministry of Agriculture
   - Ministry of Health
   - Ministry of Land & Housing
   - Ministry of Local Government
   - Ministry of Infrastructure Science and Technology
   - Ministry of Minerals, Energy and Water Resources
   - Various projects and initiatives funded by UNDP, UNEP, World Bank, and other funding, bi/multilateral agencies will also be included as core partner.

   Support Partners: The following Ministries and offices need to be included as they are involved in the support process and policy initiatives for environment management:

   - Ministry of Finance and Development Planning
   - Ministry of Foreign Affairs and International Cooperation
   - Ministry of Labour and Home Affairs
   - Office of the President
   - Office of the Accountant General
   - Office of the Auditor General
The core or support partner is only from the perspective of whether directly environment related initiatives are implemented by them. For instance though MFDP is stated to be a support partner they play a major role, however they do not implement any environment related project.

3. Assessment of relevant environment and natural resource sectors and sub-sectors and justification for inclusion in the comprehensive PER-ENR study

A preliminary analysis of various themes that need to be included in the PER-ENR study has been discussed in Annex 3.

The sectors, sub-sectors, programs, projects, and initiatives of all the above mentioned partners should be included in the study.

4. Assessment and analysis of data availability for a comprehensive PER-ENR study

To the extent available the ministry level data was analysed in relation to both revenue and expenditure and the detailed analysis is in Chapter 2.

Data availability in the required form and granularity is an issue. This is due to certain key issues:

- Limitations in the expense coding structure
- Limitations in the extent of computerisation and flow of data
- Limitations in the way the data is currently structured and reviewed

These issues have been discussed in various parts of this report.

5. Preparation of overall scope for a full PER-ENR study with an indication of the types of analyses and results. This shall include the consideration and draft contents of a training and capacity building programme for relevant institutions and staff.

Detailed terms of reference and scope of work has been provided in Chapter 4. Chapter 5 on implementation aspects has also been included.
ANNEX 1: LIST OF DOCUMENTS REVIEWED & REFERRED TO IN THIS REPORT

**Government of Botswana**

Booklet Long Term Vision of Botswana

Budget Speech of Finance Minister, 2013

DEA, MEWT (2008), Environment Key Note Paper – NDP X

Financial, Statements, Tables and Estimates of the Consolidated and Development Fund Revenues 2013/14

Financial, Statements, Tables and Estimates of the Consolidated and Development Fund Expenditures 2013/14

Highlights from Vision Council’s new progress report on the Vision 2016 Pillars – a presentation

Long Term Vision of Botswana - Booklet

Mid Term Review of NDP 10, MFDP, 2013

National Development Plan 10, Parts 1 and 2 (2009)

Statistics Botswana (2013), Botswana Core Welfare Indicators Survey 2009/10

**UNDP, Botswana**

Botswana Millennium Development Goals – Status Report, 2010

Second Common Country Assessment – Botswana, 2007

**OTHERS**

AfDB, OECD, UN, WB (2012), A Toolkit of Policy Options to Support Inclusive Green Growth

Bank of Botswana, Annual Reports 2011 & 2012


Ms. Charity Kgotalafela’s presentation (June 12, 2009) “Highlights from Vision Council’s new progress report on the Vision 2016 Pillars” IIED Publication No. 12 PUBLIC ENVIRONMENTAL EXPENDITURE REVIEW (PEER)

IIED Publication No. 12 PUBLIC ENVIRONMENTAL EXPENDITURE REVIEW(PEER)


Ministry for Coordination of Environment Action, Republique of Mozambique (2012), Public Environment Expenditure Review


The Vice President’s Office, Government of Tanzania (2004), Public Expenditure Review of Environment

UNDP-UNEP (2009), Report on Public Environment Expenditure Analysis of the Royal Government of Bhutan for the 9th Five Year Plan Period

UNDP-UNEP (2010), Putting Environment on Budget – Public Environmental Expenditure Review to support Poverty Environment Initiative in Rwanda


World Bank (May 2010), Botswana Public Expenditure Review

World Bank (2013), Taking Stock and Moving Forward - Madagascar Country Environmental Analysis (CEA)

**Web References**

Botswana Demographic Profile 2013, from CIA World Fact Book, http://www.indexmundi.com/botswana/demographics_profile.html


http://www.tradingeconomics.com/botswana/gdp-per-capita based on World Bank Data
http://www.bti-project.org/index/management-index/
http://www.bti-project.org/index/status-index/

http://www.indexmundi.com/facts/botswana/gni-per-capita
http://www.bti-project.org/index/management-index/
http://www.bti-project.org/index/status-index/

ANNEX 2: ADMINISTRATIVE MACHINERY & INSTITUTIONAL STRUCTURE

Ministries (and offices in the ministerial rank)
1. Administration of Justice (AOJ)
2. Attorney General’s Chambers (AGC)
3. Independent Electoral Commission (IEC)
4. Industrial Court (IC)
5. Ministry of Agriculture (MOA)
6. Ministry Of Defence Justice and Security (MDJS)
7. Ministry of Education and Skills Development (MoESD)
8. Ministry of Environment, Wildlife and Tourism (MEWT)
9. Ministry of Finance and Development Planning (MFDP)
10. Ministry of Foreign Affairs and International Cooperation (MoFAIC)
11. Ministry of Health (MOH)
12. Ministry of Infrastructure, Science and Technology (MIST)
13. Ministry of Labour & Home Affairs (MLHA)
14. Ministry of Lands and Housing (MLH)
15. Ministry of Local Government (MLG)
17. Ministry of Trade and Industry (MTI)
18. Ministry of Transport and Communications (MTC)
19. Ministry of Youth, Sport and Culture
20. Office Of The Auditor General (OAG)
21. Office of the Ombudsman (OMB)
22. State President
23. The Parliament Office (PO)

Local Authorities
1. Gaborone City Council
2. City of Francistown
3. Sowa Town Council
4. Selibe Phikwe Town Council
5. North West District Council
6. North East District Council
7. Ghanzi District Council
8. Chobe District Council
9. Kgalagadi District Council
10. South East District Council
11. Southern District Council
12. Kweneng District Council
13. Jwaneng Town Council
14. Central District Council
15. Lobatse Town council
16. Kgatleng District Council
Parastatals
1. Air Botswana
2. Bank of Botswana
3. Botswana Bureau of Standards
4. Botswana Development Corporation
5. Botswana Examination Council
6. Botswana Export Development & Investment Authority
7. Botswana International Financial Service
8. Botswana National Sports Council
9. Botswana Technology Centre
10. Botswana Telecommunications Authority
11. Botswana Telecommunications Corporation
12. Botswana Tertiary Council
13. Botswana Tourism Board
14. Botswana Unified Revenue Service
15. Public Procurement and Asset Disposal Board
16. Water Utilities Website
ANNEX 3: NOTE OF POSSIBLE ENVIRONMENT THEMES

Preliminary analysis of some of the environment related themes specific to Botswana was done based on some of the studies done by GoB and UNDP. This analysis is to identify possible themes under which the PER-ENR analysis could be done. This analysis provided is of preliminary nature and is not comprehensive. The objective of this analysis is to identify a possible set of themes and sub-themes based on which expenditure analysis could be meaningfully undertaken.

Vision 2016 (2009), GoB

The Vision 2016 document identified national priority under various themes. Some of the themes related to environment are:

- Building a Prosperous, Productive and Innovative Nation
  - Water
  - The Environment
  - Agriculture
  - Livestock
- Building a Compassionate and Caring Nation
  - Poverty

NDP 10 (2008)

The NDP 10 document identified programmes in the Environment Sector:

- Environmental Protection Programme
- Natural Resources Management Programme
- Environmental Information Management Programme
- Environmental Governance Programme
- Support and Enhancement of Service Delivery Programme
- Waste Management and Pollution Control Programme
- Rural and Urban Sanitation (Solid Waste Management) Programme
- Monument Development Programme

Environment Keynote Paper NDP 10 (2008)

Key environmental issues in Botswana have been detailed under the following themes.

- Natural Resources Utilisation
- Land and Water Resources Management
- Energy Development
• Biodiversity Conservation
• Ecosystem Management
• Policy and Institutional Harmonization
• Pollution and Waste Management
• International Cooperation in Environmental Management
• Climate Change and Global Warming
• Public Awareness, Environmental Education and Environmental Information

**MDG Botswana, Status Report 2010, UNDP**

• MDG Goals:
  o Reduce, by 50 per cent, the proportion of people without sustainable access to safe drinking water by 2016.
  o Reduce conflict between population growth, land usage, and natural resource degradation.
  o Promote environmental education and awareness necessary to reduce contamination and achieve sustainable development.
  o (the above three based on MDG global targets)

• Priority Areas:
  o Climate Change
  o Drought and desertification
  o Biological diversity
  o Waste Management and Pollution Control

• Challenges:
  o Water and sanitation
  o Climate change
  o Land management and natural resource conservation

**Second Common Country Assessment, 2007, UNDP**

The assessment discusses the following themes as important:

• Implementation of and compliance with natural resource management policies
• Scarce water resources
• Bush encroachment in rangelands
• Sustainable land management and productive use
• Conservation and utilisation of wildlife resources
• Pollution and waste management
• Biodiversity conservation and utilisation
• Climate change and MEAs
**Mid Term Review of NDP 10, 2013, GoB**

According to the MTR Sustainable Environment is an area of thematic reviews. The MTR highlights the following:

Areas of concern:

- Climate change
- Deforestation
- Loss of biodiversity
- Water resource and ozone depletion
- Pollution
- Land degradation
- Desertification
- Over exploitation of natural resources

Three national priority areas:

- Pollution Prevention and Control
- Sustainable Utilisation of Natural and Cultural Resources
- Climate Change/Global Warming

**Analysis of environment related themes**

An analysis of these policy papers/studies were analysed to being out the key environment related themes or focus areas. Table 13 shows the details of the analysis. The analysis has identified the following themes under environment:

- Water
- Agriculture
- Livestock
- Energy
- Poverty
- Waste Management
- Pollution Control
- Bio diversity
- Climate change
- Global Warming
- Land use
- Natural Resource Conservation
- Wild life Conservation
### TABLE 13: ENVIRONMENT/NATURAL RESOURCES THEME ANALYSIS

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<th>Documents</th>
<th>Water</th>
<th>Agriculture</th>
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- Climate Change
- Drought and desertification
- Biological diversity
- Waste Management and Pollution Control
  - Challenges:
    - Water and sanitation
    - Climate change
  - Land management and natural resource conservation

#### Second Common Country Assessment, 2007, UNDP

The assessment discusses the following themes as important:

- Implementation of and compliance with natural resource management policies
- Scarce water resources
- Bush encroachment in rangelands
- Sustainable land management and productive use
- Conservation and utilisation of wildlife resources
- Pollution and waste management
- Biodiversity conservation and utilisation
- Climate change and MEAs

#### Mid Term Review of NDP 10, 2013, GoB

According to the MTR Sustainable Environment is an area of thematic reviews. The MTR highlights the following:

- Areas of concern:
  - Climate change
  - Deforestation
  - Loss of biodiversity
  - Water resource and ozone depletion
  - Pollution
  - Land degradation
  - Desertification
  - Over exploitation of natural resources

- Three national priority areas:
  - Pollution Prevention and Control
  - Sustainable Utilisation of Natural and Cultural Resources
  - Climate Change/GLOBAL Warming

Note: The items that have been coloured in the document column relate more to the programme implementation than the environment/natural resources related themes.