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Report No. 134105-BW

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

PERFORMANCE AND LEARNING REVIEW

OF THE COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE REPUBLIC OF BOTSWANA

FOR THE PERIOD FY16-FY20

February 27, 2019

Southern Africa Country Management Unit, Africa Region

International Finance Corporation

Multilateral Investment Guarantee Agency

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The date of the last Country Partnership Framework (FY16-FY20) was 21/04/2016

FISCAL YEAR
[April 1 – March 31]

CURRENCY EQUIVALENTS
(Exchange rate as of December 31, 2018)

Unit of Currency = Pula (P)
US\$1 = P 10.71

ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
ASA	Advisory Services and Analytics
BoB	Bank of Botswana
BCL	(formerly) Bamangwato Concessions Ltd.
CPF	Country Partnership Framework
FY	Fiscal Year
GDP	Gross Domestic Product
GNI	Gross National Income
GoB	Government of Botswana
GP	Global Practice
HIV	Human Immuno-Deficiency Virus
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IIAG	Ibrahim Index of African Governance
IPFM&E	Monitoring and Evaluation
MFD	Maximizing Finance for Development
MTHS	Multi-Topic Household Survey
NDP	National Development Plan
PER	Public Expenditure Review
PLR	Performance and Learning Review
PPP	Public-Private Partnership
RAS	Reimbursable Advisory Services
RSR	Rapid Social Response
SCD	Systematic Country Diagnostic
SME	Small and Medium-sized Enterprise
P	Pula, Currency Unit in Botswana
Q	Quarter
TA	Technical Assistance
WBG	World Bank Group
WAVES	Wealth Accounting and Valuation of Eco-Systems

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**PERFORMANCE AND LEARNING REVIEW
REPUBLIC OF BOTSWANA-WORLD BANK GROUP
COUNTRY PARTNERSHIP FRAMEWORK (FY16-20)**

I. INTRODUCTION

1. *The proposed Performance and Learning Review (PLR) assesses progress under the current Country Partnership Framework (CPF) (FY16-20) and proposes adjustments to its substance and implementation.* PLR consultations confirmed the continued relevance of the CPF to Botswana’s National Development Plan (NDP 11). However, challenges facing the International Bank for Reconstruction and Development (IBRD) portfolio caused the World Bank Group (WBG) and the Government of Botswana (GoB) to candidly assess the realism of the existing CPF.

The proposed changes are summarized as follows:

- Extend the CPF by one year (to FY21) to allow for dynamics leading up to the October 2019 elections and then gauge the new cabinet’s priorities.
- Intensify World Bank implementation support given client capacity constraints. In designing new projects, explore a broader mix of instruments to build institutional capacity.
- Rebalance the scope and size of the WBG portfolio to ensure better strategic coverage of the agreed CPF pillars in line with the focus on human capital.
- Build on the growing collaboration between the World Bank, International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) in Botswana to leverage private sector resources for development outcomes.

2. *Botswana is considered a success story in Sub-Saharan Africa.* Following its independence in 1966, Botswana became one of the world’s fastest growing economies and has averaged 5 percent annual gross domestic product (GDP) growth over the last decade. Successive governments have used the country’s considerable diamond and mineral wealth to drive significant investments in infrastructure, education, health, and social protection. With a relatively small population of approximately 2.3 million, Botswana has experienced notable improvements in its human development indicators. Botswana children have a 96 percent chance of surviving to age 5 while 79 percent of 15-year-olds will now survive to age 60. Accompanied by prudent fiscal and monetary policies, Botswana’s economic model has successfully maintained a long track-record of macroeconomic stability underpinned by strong institutions.

3. *Yet Botswana still struggles with longstanding development challenges while facing new difficulties.* While the economic model has delivered important results, the 2015/16 Multi-Topic Household Survey (MTHS) indicates that poverty and high levels of income inequality persist. Poverty¹ has come down to approximately 16 percent, but some 30 percent of the population remains just above the poverty line and thus vulnerable to a range of shocks. Botswana’s level of income inequality, while declining, remains one of the world’s highest. With a Gini coefficient of 0.52, greater focus must be given to the inclusiveness of Botswana’s economic model while

¹ Defined as the share of the population living below US\$1.90/day.

improving how public institutions manage the fiscal space. Because the model has generated strong state-dependence and limited private sector job creation, unemployment remains high (approximately 18 percent) with youth unemployment posing a critical challenge. Addressing these challenges will require improving the quality of infrastructure (water and electricity), essential basic services (education, health, and social safety nets), as well as accelerating reforms to the business environment and effective support for entrepreneurship.

4. ***Although an upper middle-income country², several government entities face acute capacity constraints.*** These limitations have hindered the implementation of the current IBRD portfolio as well as government own-financed projects. Botswana's capacity constraints have persisted for some time and were noted in the Completion and Learning Report (CLR)³ from the previous CPS (FY09-13)⁴ as well as the Systematic Country Diagnostic (SCD)⁵. Nonetheless, the country's relatively high per-capita income vs. its public sector's incapacity to effectively implement a range of programs have created a mismatch in expectations between the WBG and the GoB which must be overcome to achieve effective long-term collaboration. These factors, combined with a fiscal rule limiting foreign borrowing to 20 percent of GDP and a policy preference to access local debt, prevent the WBG from building a credible project pipeline.

5. ***Progress under the CPF has been mixed.*** The World Bank's Reimbursable Advisory Services (RAS), non-reimbursable technical assistance (TA), and knowledge products have had important impacts in a range of areas. These include developing the framework document that set the foundation for Botswana's Vision 2036, establishing the Botswana Trade Information Portal (now an authoritative source of trade information), and the establishment of the National Monitoring and Evaluation System for NDP 11. Trust-funded TA also supported Botswana's negotiations with Lesotho and South Africa concerning water transfer options, the completion of Botswana's first Multi-Topic Household Survey (released in December 2018), and helped commence key social safety net reforms. Botswana has also begun to benefit from growing World Bank-IFC collaboration with the IFC's issuance of a US\$25 million local currency bond, the proceeds of which will support financial inclusion. However, implementation of the World Bank's lending portfolio suffers from serious delays with only 23 percent of committed IBRD lending (US\$331.5 million) disbursed to date.

6. ***Nonetheless, the Client continues to see value in WBG support.*** During FY18 and FY19, the Client has taken steps to accelerate the implementation of both IBRD loans.⁶ This has included establishing dedicated management units for both projects as well as obtaining key exceptions to

² Botswana's nominal per-capita income in 2017 was approximately US\$7595, just above the IBRD Graduation Discussion Income threshold of US\$6795.

³ *Botswana - Completion and Learning Review for the Period FY09-13: IEG review.* Document number: 100886. <http://documents.worldbank.org/curated/en/502051467995101356/Botswana-Completion-and-learning-review-for-the-period-FY2009-13-IEG-review>

⁴ *Botswana - Country partnership strategy for the period FY09-13.* Document number: 47520. <http://documents.worldbank.org/curated/en/907441468200944826/Botswana-Country-partnership-strategy-for-the-period-FY09-FY13>

⁵ *Botswana - Systematic county diagnostic.* Document number: 95304. <http://documents.worldbank.org/curated/en/489431468012950282/Botswana-Systematic-country-diagnostic>

⁶ The two active IBRD loans are: The Botswana Integrated Transport Project (P102368, US\$186 million); and The Botswana Emergency Water Security and Efficiency Project (P160911, US\$145.5 million).

facilitate procurement. In addition, the Government continues to express strong interest in the World Bank's knowledge and TA products in areas of highest priority. The RAS portfolio continues to grow with the World Bank now supporting the development of Botswana's first collateral registry to facilitate financial inclusion. In parallel, the Government requested the World Bank to undertake a national jobs diagnostic as a core input to developing its first National Employment Policy, noted by Botswana's President as a matter of national priority. The Ministry of Finance and Economic Development and the Ministry of Basic Education also requested World Bank to undertake an education sector Public Expenditure Review (PER) to assess the effectiveness and efficiency of sector spending and inform the design of the education operation.⁷ In the area of social protection, the Government, using World Bank TA, has developed the basic elements of a single social registry as well as piloted a proxy means test in selected districts. During consultations associated with this PLR, the authorities insisted on retaining both the education and social protection projects envisaged in the CPF. As noted earlier, IFC made an important breakthrough in FY18 becoming the first non-resident entity to publicly issue a Pula-denominated bond in Botswana. FY19 then saw Botswana's Water Utilities Corporation contract IFC to provide public-private partnership (PPP) advisory services to a major waste water treatment plant.

II. MAIN CHANGES IN COUNTRY CONTEXT

Political and Policy Developments

7. ***Botswana is a multi-party democracy, characterized by regular elections and peaceful transitions of power.*** Having reached the final year of his second presidential term, President Ian Khama stepped down from office allowing Vice President Mokgweetsi Eric Masisi to step in as President on April 1, 2018. General elections are set for October 2019.

8. ***In his acceptance speech, President Masisi indicated his top priorities as poverty reduction, social inclusion, youth unemployment, and accelerating reforms for private sector-led growth.*** These priorities were reiterated in his 2018 State of the Nation Address. While these priorities are consistent with those of previous governments, the current administration is asserting a renewed sense of urgency as well as stronger attention to anti-corruption measures. PLR consultations with media, civil society, and the business community reflected their support for these priorities.

9. ***Botswana's governance indicators are strong but show signs of deterioration.*** According to the 2018 Ibrahim Index of African Governance (IIAG), Botswana continues to enjoy strong ratings, scoring 68.5 out of 100 and ranking 5th among 54 African countries. However, the IIAG also notes an "increasing deterioration" in Botswana's annual trend. Botswana ranks best in some important areas, such as orderly mechanisms for the transfer of power. However, the IIAG also notes deterioration in some key areas, such as transparency and accountability (-10.5) and the business environment (-11.7). The World Bank's 2018 World-Wide Governance Indicators also show a decline in government effectiveness between 2007-2017. These findings are consistent with the World Bank's in-country experience with government capacity.

⁷ UNICEF is co-financing the PER and serving as a technical partner.

Macroeconomic Developments

10. ***The 2015 economic slowdown reflected Botswana's continued dependence on mining.*** Botswana entered a period of slower GDP growth with the end of the global commodity super-cycle in 2015. Reduced demand for Botswana's minerals (diamonds, copper, nickel and zinc) resulted in lower revenues and contributed to the closure of the flagship BCL copper-nickel mine in 2016. By 2017, the overall volume of mining production was roughly half of peak levels in 2008. The contraction in mining affected non-mining sectors, such as retail trade, transport, and financial intermediation services.

11. ***Nevertheless, prudent management allowed Botswana to maintain growth without compromising macroeconomic stability.*** Using its considerable fiscal buffers, Botswana has been able to run counter-cyclical fiscal policies since 2015/2016. Accelerated capital expenditures in transport, tourism and agricultural have counteracted the economic slowdown, complemented by accommodative monetary policy. Though the combination of lower revenues and higher spending led to a widening fiscal deficit (4.8 percent of GDP in 2015/2016), the fiscal balance was rapidly restored thanks to higher dividends from the Bank of Botswana (BoB) and improved tax administration.⁸ Sound fiscal and debt management has kept public debt stable and low at approximately 17 percent of GDP (2018). The debt maturity structure indicates that most is medium- and long-term with low rollover financing risks. Though approximately 70 percent (2018) of the total public debt is denominated in foreign currency, exchange rate risks are mitigated by significant foreign reserves (equivalent to 13 months of imports). Inflation has also been kept within the policy range of 3 to 6 percent per annum.

12. ***Stable growth is expected over the medium-term.*** Going forward, GDP growth is projected to accelerate from 3 percent in 2018 to 4.1 percent in 2021, driven by services, construction, government consumption, and mining. The latter is expected to increase gradually over time, as global demand for minerals recovers. Services will remain the fastest-growing segment of the economy and will significantly expand domestic value addition, albeit in sectors related to mining. Government consumption is also expected to support GDP growth through a higher wage bill, subsidies to the parastatals, and public investments. Higher GDP growth and stronger domestic demand will place upward pressure on imports leading to a gradual reduction of the current account surplus. Domestic demand and rising oil prices will also contribute to rising inflation that could near 4 percent by 2020. The main risk facing Botswana concerns the possibility of slower-than-expected recovery in global demand for commodities, including diamonds. In addition, further delays in upgrading electricity and water infrastructure could slow non-mining economic activity, especially manufacturing. But even if these risks prove manageable, the relatively slow pace of GDP growth, and its modest impact on job creation, will not be sufficient to have a major impact on unemployment and inequality.

⁸ Better collection of non-mineral income tax and value added tax (VAT) as well as establishing a risk management unit at the Botswana Unified Revenue Service played important roles in offsetting declining revenues.

Table 1: Select Economic Indicators, 2015-2021

	2015	2016	2017e	2018f	2019f	2020f	2021f
Income and Economic Growth							
GDP growth (annual %)	-1.7	4.3	1.8	3	3.3	3.8	4.1
Real GDP per capita growth (annual %)	-3.5	2.4	0	1.2	1.5	2.1	2.2
GDP per capita- nominal (US\$)	7137	7310	7307	7394	7504	7658	7826
Private consumption (% of GDP)	50.5	49.5	49.5	49.3	49.1	48.8	48.5
Gross fixed investment (% of GDP)	35.5	35.3	34.1	33.9	34.1	34.6	35.2
Money and Prices							
Inflation, consumer prices (annual %.)	3.1	2.8	3.3	3.6	3.8	4	4.2
Nominal exchange rate (period average)	10.13	10.89	10.34	10.6	10.8	10.8	11.1
Real exchange rate Index (2010 = 100)	111	116	107	107	105	102	103.5
Fiscal							
Fiscal Balance - including Grants (% of GDP)	-4.8	0.6	-1.3	-1.6	1.3	1.5	1.6
Primary Fiscal Balance (% of GDP)	-4.2	1.2	-0.6	-0.9	2.1	2.4	2.5
Total Public Debt (% of GDP)	17	17.2	17.8	18.6	18.7	18.4	18.1
External Accounts							
Export Growth (% , yoy)	-22.5	1.9	12.3	5.2	7.3	9.7	6.2
Import Growth (% , yoy)	-10.4	-14	10.3	3.5	5	7.6	7.1
Current account balance (US\$ millions)	1190	1825	1789	1694	1718	1779	1757
Current account balance (% of GDP)	8.3	11.7	10.2	9.1	8.6	8.1	7.5
Memo							
GDP (current LCU, billions)	146	170.1	182	196.5	215.2	237.6	262.2
GDP (current US\$, billions)	14.4	15.6	17.6	18.5	19.9	21.9	23.6

Source: Statistics Botswana, World Bank, 2018

Poverty and Inequality: Botswana's Persistent Challenge

13. *Despite Botswana's macroeconomic stability and strong GDP growth, poverty is still relatively high while inequality is very high.* The share of Botswana's population living below the international poverty line (US1.90/day) has declined to 16.1 percent. Poverty is the highest in rural areas, among female-headed households and those with low levels of education. 50 percent of Botswana's poor are aged 16 years and below, with significant implications for the inter-generational transmission of poverty.

14. *Botswana's income inequality is among the highest in the world, creating obstacles to rapid poverty reduction and inclusive growth.* Based on the 2015/2016 MTHS, the national Gini coefficient has fallen from 0.61 in 2009 to 0.52 – a number that is still very high. These estimates reflect significant disparities within regions as well as differences in poverty rates by location – e.g., urban poverty is estimated at 9.4 percent while rural poverty rates rise to 24.2 percent. Similarly, poverty is extremely widespread in some districts, with three districts (Kweneng West, Ngwaketse West, and Kgalagadi South) experiencing head count poverty rates ranging from almost 40 to just over 50 percent. Poverty in Botswana also has a marked gender dimension. Given the limited economic opportunities for women, female-headed households are disproportionately represented among those living below the national poverty line: 55 percent of female-headed households are poor (46.6 percent of households in Botswana are headed by women). Botswana

is also marked by high levels of vulnerability, with approximately 30 percent of the population just above the poverty line. A broad range of adverse events, ranging from health epidemics to macroeconomic and climatic shocks, could push this group back into poverty.

15. ***Botswana social sector spending is generous, but results are disappointing.*** Education expenditure, for example, is among the highest in the world (7-9 percent of GDP) and includes the provision of nearly universal free primary education. But learning outcomes are in decline, trailing other middle-income countries.⁹ In spite of significant spending in health, Botswana's HIV/AIDS adult prevalence rate remains at 18.5 percent and childhood stunting hovers around 30 percent. Similarly, social protection spending (4-5 percent of GDP) shows limited impact on poverty and inequality. The recently launched Human Capital Index (HCI) brings this challenge into clear focus, highlighting the implications of Botswana's declining human capital base (see Box 1). As reflected in the HCI, Botswana presently risks losing 58 percent of its potential productivity. This significant mismatch between spending and human development outcomes suggests debilitating shortcomings in sector budget management as well as the need for critical sector reforms.

Box 1: Botswana and the Human Capital Index

Underinvestment in health and education undermines productivity, competitiveness, and poverty reduction. In response to these risks, the WBG launched the Human Capital Project and its associated HCI in October 2018.

But Botswana faces a more complex challenge. While social sector spending is generous, it is no longer creating a human capital base sufficient to the country's current and future needs. In the HCI, Botswana ranks 119 out of 157 countries; its score of 0.42 is only slightly higher than the average for Sub-Saharan Africa (0.40) and is well behind the average for other Middle-Income Countries (0.58).

HCI Score. A child born in Botswana today will be **42 percent** as productive in adulthood as she could be if she enjoyed complete education and full health in her early years.

Probability of Survival to Age Five. **Ninety-six** out of 100 children born in Botswana survive to age five.

Expected Years of School. In Botswana, a child who starts school at age four can expect to complete **8.4 years** of school by her 18th birthday.

Harmonized Test Scores. Students in Botswana score **391** on a scale where 625 represents advanced attainment and 300 represents minimum attainment.

Learning-adjusted Years of School. Factoring in what children actually learn, effective years of schooling is only **5.3 years**.

Adult Survival Rate. **Seventy-nine percent** of 15-year olds will survive until age 60. This statistic is a proxy for the range of fatal and non-fatal health outcomes that children will experience as adults.

Healthy Growth (Not Stunted Rate). **Sixty-nine** out of 100 children are **not** stunted. **31** out of 100 children are stunted, and so at risk of cognitive and physical limitations that can last a lifetime.

Sources: The Human Capital Index 2018: Country Briefs and Data (October 2018)

⁹ Trends in International Math and Science Study (TIMSS), 2015.

16. ***Unemployment has remained stubbornly high at 17.8 percent in 2017, contributing to both poverty and inequality.*** Addressing unemployment calls for accelerated efforts to further shift Botswana's growth model away from extractive industries and the public sector. While Botswana's economy has diversified in the last two decades, with services comprising almost 70 percent of GDP, GoB estimates suggest that non-diamond GDP will need to grow on average by 6.4 percent a year for 20 years to 2036 to reduce unemployment to 5 percent. While diamond production is expected to remain stable over the coming 2-3 decades, making inroads in Botswana's sizable youth unemployment problem will require more aggressive efforts to diversify its sources of economic growth.

17. ***Botswana's economic model will need significant adjustments to achieve the goals of shared prosperity and elimination of extreme poverty.*** The current economic model has delivered important results, but it has also generated strong state-dependence (as both investor and employer) with limited private sector-led manufacturing, services, and job creation. This in turn has exacerbated income inequality given the concentration of government investments in urban areas. Underpinning all of this is the urgent need for a more effective public sector that can efficiently expand the delivery of key services (e.g., water and electricity), improve the efficiency of social sector spending, ensure sustainable natural resource use as well as facilitate a stronger climate for private sector-led growth. Intensified attention to the three priority areas agreed in the current CPF is essential if Botswana's future development is to be more inclusive and the country is to achieve its stated ambition to become a high-income country by 2036.

18. ***NDP 11 provides a good basis for continued cooperation between Botswana and the WBG in the medium-term.*** The central role of a vibrant private sector in economic diversification, as well as a stronger focus on productivity and learning and sustainable natural resource use, are common themes of both the Vision 2036 document and NDP 11. Building on the themes of NDP 10, NDP 11 identifies poverty, unemployment and income inequality as the overarching challenges confronting Botswana today and thus suggests the following four pillars:

- Inclusive, diversified growth and employment creation;
- Good governance, safety and security;
- Social upliftment, including education/skills, health care and social protection; and
- Sustainable environment and natural resource use.

19. ***Because of the continuity between NDPs 10 and 11 (2017-2023), the FY16-FY20 CPF remains well-aligned to country priorities.*** As noted at the outset of this document, the consultative PLR process confirmed that the three focus areas of the CPF respond to national priorities and are fully consistent with the NDP 11 framework. They will therefore continue to provide the structure for WBG interventions over the proposed extended CPF period until FY21.

III. SUMMARY OF PROGRAM IMPLEMENTATION

20. ***The CPF was aligned with NDP 10 but designed to flexibly respond to emerging priorities identified through Botswana's Vision 2036 and NDP 11.*** Considering SCD findings and the expected emphases of Vision 2036 and NDP 11, the CPF laid out three main Engagement Areas: (i) promoting private sector-led, job-intensive growth; (ii) strengthening human and

physical assets; and (iii) supporting effective resource management (both natural and financial resources). Each Engagement Area encompassed 2-4 Objectives involving specific activities/products identified through Client demand, the World Bank's previous engagement, and potential for spillover and scale-up. At the outset of the CPF for FY16-FY20, there were two ongoing operations – the Northern Botswana Human Wildlife Coexistence Project, P095617 (US\$0.5 million)¹⁰ and the Integrated Transport Project, P102368 (US\$186 million) --- while the Botswana Emergency Water Security and Efficiency Project, P160911 (US\$145.5 million) was under preparation. The CPF foresaw additional lending of US\$94.5 million in education (Secondary Education and Skills Development, P151047) and health (Botswana Health Systems Support Project, P156009) as well as additional US\$30 million in social protection (Botswana Social Protection and Modernization Project, P151830); unfortunately, none of these projects have materialized. Financial support for Engagement Area 1 was provided principally through IFC investments which were projected to be around US\$30 million for the first two years of the CPF. The CPF also included innovative cooperation modalities, such as RAS programs, as well as traditional advisory services and analytics (ASA).

21. ***Implementation of the IBRD portfolio has been slow.*** Table 2 provides a summary of the status of CPF interventions by the three Engagement Areas and each of the nine Objectives. As the table shows, decisions were taken not to advance the preparation of two projects planned for FY16-FY20 – in secondary education and health systems support. The HIV/AIDS fiscal space analysis was also discontinued when the World Bank decided to instead undertake a more comprehensive Public Expenditure Review (PER) of health sector and HIV/AIDS spending. In the case of education, the decision to stop preparation was related to both institutional restructuring of the sector and the need to establish a tighter linkage to the jobs agenda. The decision not to advance the health project was due to the availability of significant grant funds from The Global Fund for HIV, TB and Malaria to undertake similar activities anticipated under the World Bank project (P156009). The World Bank health team was instrumental in positioning Botswana to access these grant funds. The remaining lending operations planned for the CPF period encountered delays. Originally planned for FY16, the Botswana Emergency Water Security and Efficiency Project (P160911) was presented to the WBG Board of Executive Directors in the third quarter of FY17 and not made effective until FY18. Preparation of the agreed operations in education and social protection has not commenced despite the Government's stated continued interest.

22. ***The IBRD portfolio has suffered from a range of institutional weaknesses.*** Public sector implementation capacity in Botswana is weak, characterized by a skills deficit and poor accountability in key sectors. While Botswana's early post-colonial governments actively recruited foreign talent to key positions, subsequent efforts to nationalize positions and limit foreign work permits resulted in the departure of essential skills that could not be readily replaced. Incentives have played an important role. While certain ministries retained key skills given their mandates over macroeconomic stability and key economic sectors, others saw their capacity deteriorate which has affected the implementation of the IBRD portfolio and GoB own-financed projects alike. The situation has been exacerbated by declining public sector compensation and poor accountability for non-performance. Botswana's capacity constraints and poor cross-government coordination have become more apparent as the country faces a range of increasingly

¹⁰ This project closed in January 2016. As such, it did not contribute to the agreed Results Matrix for the CPF and is not included in Annexes 1 or 3.

complex challenges, such as: more acute pressures around economic diversification, doing business reforms, and youth unemployment; the quality of public spending in social and infrastructure sectors; the country's poor/declining human capital outcomes; and the need to build a more dynamic and self-reliant entrepreneurial culture.

23. ***However, most advisory, TA, and knowledge products have had strong results.*** Several activities undertaken within the Public Service Performance and Economic Diversification and Competitiveness RAS programs have had discernable impacts. Examples include: (i) RAS products formed the basis for Vision 2036; (ii) Botswana's Trade Information Portal now serves as a single authoritative point of information; (iii) assessments of Botswana's Labour Market Observatory and manufacturing skills formed the main inputs to the National Human Resource Strategy; (iv) developing a National Monitoring and Evaluation (M&E) Framework for NDP 11¹¹; and (v) Botswana's first Multi-Topic Household Survey which used poverty estimation methods made possible through World Bank TA. Though they require careful attention, both RAS programs have opened new opportunities for WBG engagement and now include several new elements, including support for Botswana's first collateral registry and rapid evaluations of the health, education, and tourism sectors. Trust-funded activities have also had strong impacts. A water transfer study helped inform negotiations between Lesotho, Botswana and South Africa while Rapid Social Response (RSR) grants have helped maintain reform momentum in social protection. TA on Wealth Accounting and Valuation of Ecosystem Services (WAVES) has led to the creation and publication of water and tourism satellite accounts, though sustaining the impact of these reforms is challenging. Other knowledge products are having positive impacts (see Annex 3).

24. ***Botswana has begun to benefit from growing World Bank-IFC collaboration.*** After several years without any transactions, IFC - through its Pan-African Domestic Medium-Term Note Programme - issued a Pula-denominated bond (the *Kgalagadi Bond*) for approximately US\$25 million in late 2017. IFC is now the first non-resident entity to publicly issue a local currency bond in Botswana; it is also the country's first amortizing bond. Leveraging IFC's AAA credit rating, the *Kgalagadi Bond* proved an attractive asset to local banks.¹² Bond proceeds will support the Botswana Building Society (BBS) – a domestic financial institution – in extending financial services to low-income and other underserved market segments, including small and medium-sized enterprises (SME). Another result of growing World Bank-IFC collaboration is the Water Utilities Corporation's FY19 decision to contract IFC for PPP transaction advisory services.

IV. EMERGING LESSONS

25. ***CPF implementation has yielded some important lessons that will inform the World Bank's strategic engagement and portfolio implementation through FY21.*** These are as follows:

- Given government capacity constraints, the CPF program should be more selective and designed with greater attention to ground-level realities. These include the skills deficit in several ministries and poor cross-ministerial coordination which hinders timely decisions, effective implementation, and utilization of loan proceeds. ***The World Bank will therefore design projects with more careful attention to Government readiness***

¹¹ The M&E Framework for NDP 11, and related implementation tools, were completed ahead of schedule.

¹² Government of Botswana debt is rated A2.

and helping ministries develop the right skills during the course of implementation. Consideration will also be given to using/combining other instruments (beyond IPFs) that could create stronger incentives for implementation.

- WBG experience shows that its knowledge and advisory products are especially relevant for Botswana, where the effective management of its substantial per-capita resource base is compromised by knowledge gaps and capacity limitations. World Bank knowledge and TA products have had significant impacts in areas such as procurement, trade, transboundary water management, statistical capacity, strategy development, and social protection. RAS interventions have also effectively supported policy/program changes given their tight alignment to national priorities and strong government ownership. ***The impact of current and future RAS programs could be strengthened by exposing Botswana to WBG clients with more mature RAS portfolios.*** The World Bank can also provide RAS-funded services to improve the design and implementation of Government-funded development projects.
- ***The WBG should continue its efforts to crowd in additional private sector financing applying Maximizing Finance for Development (MFD) principles.*** As noted earlier, growing World Bank-IFC collaboration in Botswana has yielded important results. Drawing on the local networks and facilitation of the Country Office, IFC is scaling up its attention to Botswana; in addition to planning a stakeholder mapping of the agribusiness sector, it is exploring new transactions in finance/banking and agribusiness. MIGA is also looking to support a leading financial service provider in Botswana to help accelerate credit to the economy and support greater economic dynamism. ***To further the Client's understanding of MFD principles and possible opportunities, the WBG will work to familiarize the Government with the MFD approach.*** Not only is MFD a clear WBG corporate priority, it is also aligned with the Government's renewed emphasis on private sector-led growth and job creation.
- ***In addition to MFD, the WBG's current and future ASA and lending portfolio in Botswana is well-positioned to support commitments on gender and climate change.*** The decided strategic emphasis on human capital, and the planned operations in basic education and social protection, provide several entry points to strengthen attention to the WBG corporate priority on gender equality. With respect to climate change, the existing WBG portfolio is already well-placed. The completed ASA related to Renewable Energy and Energy Efficiency Strategies (P155059) is opening new avenues of dialogue concerning greater energy efficiency, as well as the expanded use of renewable energy. The follow-up ASA on Energy Efficiency Opportunities in Africa (P166317) includes Botswana as one of the focus countries where pilot investments in energy efficiency are planned; in addition, the Client plans to construct a 100 MW solar-photovoltaic plant, which is substantial renewable energy capacity that would replace some of the current fossil fuel-based capacity. Moreover, the Botswana Emergency Water Security and Efficiency Project (P160911), which enjoys 100 percent climate co-benefits, will help the country adapt to the impacts of climate change through enhanced water security and efficiency as well as a specific component focused on drought preparedness.

Table 1: Status of Original CPF Activities, by CPF Engagement Area
(bold = completed; plain = ongoing, *italics* = discontinued)

ENGAGEMENT AREA 1: Promoting private sector-led, jobs-intensive growth	ENGAGEMENT AREA 2: Strengthening human and physical assets	ENGAGEMENT AREA 3: Supporting effective resource management
<p><u>Addressing key constraints to private sector-led growth and diversification:</u></p> <ul style="list-style-type: none"> • Botswana Trade Facilitation TA, P154931 (completed) • RAS on Economic Diversification and Competitiveness, P132426 (2nd Assignment) (completed) • RAS3 on Economic Diversification and Competitiveness, P159532 (ongoing) • ASA on Accelerating Entrepreneurship in Botswana, P168702 (ongoing) <p><u>Promoting private sector:</u></p> <ul style="list-style-type: none"> • IFC Kgalagadi Bond (issuance completed; impact ongoing) • IFC exploring transactions in agriculture and financial sectors. (ongoing) • IFC to provide PPP advisory services in the water sector (ongoing) • MIGA exploring opportunities in financial/energy sectors (ongoing) 	<p><u>Improving management and quality of basic education:</u></p> <ul style="list-style-type: none"> • <i>Transforming Senior Secondary Education and Skills Development, (IPF), P151047 (discontinued)</i> • ASA Education Sector PER, P168022 (ongoing) <p><u>Improving health system spending and management:</u> TA for HIV Investment Analysis and Allocative Efficiency Analysis (ongoing).</p> <ul style="list-style-type: none"> • <i>Botswana Health Systems Support (IPF), P156009 (discontinued)</i> • <i>ASA-Health and HIV/AIDS Fiscal Space Analysis (discontinued)</i> • ASA - PER Botswana Health and HIV/AIDS, P151189 (completed) • ASA -Health Systems Technical Support, P162006 (completed) <p><u>Improving efficiency and sustainability of water supply and sanitation services:</u></p> <ul style="list-style-type: none"> • TA -Lesotho Highlands Botswana Water Transfer Study, TF016233 (completed) • Regional TA CIWA Okavango Multi-Sector Investment Opportunity, P150383 (completed) • Emergency Water Security and Efficiency Project (IPF), P160911 (ongoing) • Innovative mechanisms to support water supply resilience for Botswana utilities in drought vulnerable areas, TF072584 (to support the P160911, ongoing) <p><u>Upgrading roads and connectivity:</u></p> <ul style="list-style-type: none"> • Integrated Transport Project (IPF), P102368 (ongoing) 	<p><u>Improving the efficiency and effectiveness of social protection system:</u></p> <ul style="list-style-type: none"> • <i>Botswana Social Protection Modernisation Project (IPF) P151830 (discontinued)</i> • ASA P158950 - Strengthening the SP System to Contribute to Eradication of Food Poverty (completed) • ASA P166742 - Support to a Coordinated and Scalable Social Protection System in Botswana (ongoing) <p><u>Creating national performance management framework:</u></p> <ul style="list-style-type: none"> • RAS2 Economic Diversification and Competitiveness, P154953 (completed) • RAS3 on Strengthening Public Sector Performance, P159841 (ongoing) <p><u>Strengthening natural resources management:</u></p> <ul style="list-style-type: none"> • ASA Wealth Accounting and Valuation of Ecosystem Services (WAVES), P143847 (Phases 1 and 2 completed) • TA Botswana Renewable Energy and Energy Efficiency Strategy, P155059 (completed) • Emergency Water Security and Efficiency Project (IPF), P160911 (ongoing) • ASA - Energy Efficiency Investment Opportunities in Africa, P166317 (regional) (ongoing)

V. ADJUSTMENTS TO COUNTRY PARTNERSHIP FRAMEWORK

26. ***The PLR proposes extending the CPF timeframe by one year to FY21.*** Given the lessons discussed above, including a more realistic understanding of Government capacity, the WBG and GoB agreed that more time is necessary to account for key inputs and events over 2019 and 2020 as well as incorporate the agreed results. The proposed extension would allow the CPF to be informed by the anticipated mid-term review of NDP 11 (to be completed in 2020), take full advantage of the Government's renewed interest in human capital, as well as allow for dynamics leading up and following the October 2019 general elections. Ongoing and future ASA products could then be positioned to more effectively inform the World Bank's dialogue in Botswana.

27. ***This PLR also proposes rebalancing the scope and size of the World Bank's portfolio to ensure better strategic coverage of agreed CPF pillars while also reflecting a more realistic agenda.*** Given the absence of perceived GoB demand in the health sector, the agreed project will no longer be part of the CPF. The focus for the remainder of the CPF period will be to accelerate the effective implementation of the two ongoing lending operations (transport and water) and move forward the planned operations in education and social protection in keeping with the originally-envisaged CPF lending envelope. The World Bank will endeavor to provide stronger implementation support, perhaps by recruiting World Bank Global Practice (GP) Staff into the Botswana Country Office and/or by drawing on staff in neighboring country offices. Efforts will also be taken to explore/combine a broader range of instruments to ensure sufficient TA for backstopping and capacity building. As appropriate, the WBG will leverage new financing through trust funds and other instruments.

28. ***Following IFC's successful issuance of the Pula-denominated Kgalagadi Bond, the WBG will work to identify new opportunities in line with CPF objectives and MFD principles.*** IFC will leverage its experience with the Botswana Building Society and the Botswana Stock Exchange to continue its focus on SMEs and financial inclusion through support to the banking sector. Efforts will also be taken to support agribusiness. IBRD and IFC will continue to promote private sector participation through advisory services for PPPs. IBRD/IFC will also promote South-South exchange to facilitate learning from successful PPP approaches elsewhere.

29. ***Going forward, the CPF will pursue a more focused ASA, TA, and advisory service agenda in response to Government's demand.*** New ASA activities will include a PER in the education sector, an assessment of how to accelerate youth entrepreneurship in Botswana, continued TA for social protection, statistical capacity building (the forthcoming Continuous Multi-Topic Household Survey), transaction advisory support for PPPs, and expansion of the Economic Diversification and Competitiveness RAS to include support for developing a collateral registry. Other activities may emerge based on ongoing dialogue with the Client.

30. ***MIGA continues to actively pursue opportunities in Botswana.*** MIGA, supported by the strong involvement of its Africa Hub, is exploring projects in the finance and energy sectors through both its credit enhancement instrument (non-honoring) as well as traditional political risk insurance. In the energy sector, MIGA is looking at the potential to support the country's grid expansion as well as expansion into solar.

Adjustments to the Results Matrix

31. **The PLR proposes adjustments to the results matrix to reflect the proposed adjustments to the CPF noted in Section V.** These adjustments are summarized in Annex 2. The results matrix now accurately reflects CPF activities and Government’s priorities. It also includes greater detail on what has been and will be achieved, including through the expanding RAS portfolio as well as IFC’s recent breakthroughs. It also eliminates milestones pertaining to the health operation and, in general, includes clearer baselines and targets.

VI. RISKS

32. *Risks are being adjusted to reflect recent experience.* As previously discussed, macroeconomic and fiscal risks remain relatively low but will require careful monitoring given Botswana’s continued dependence on volatile sources of revenue. Similarly, fiduciary, environmental and social, and stakeholder risks continue to be low. However, risks associated with sector strategies are rated moderate, reflecting the skills deficit and inadequate coordination across ministries. As noted earlier, future projects will give greater attention Government readiness as well as building the necessary skills for implementation and coordination. The risk rating for Political and Governance is downgraded from low to moderate given Botswana’s notable (and in some cases accelerating) decline in international governance indicators. Institutional capacity risks remain substantial as organizational and capacity issues have delayed the CPF program and could challenge efforts to monitor and comply with the World Bank’s environmental and social safeguards. In addition to more frequent implementation support and TA, the World Bank will seek to mitigate this risk through specialized training and workshops. Careful attention to the staffing and management of World Bank operations/initiatives will also help. The country office will also continue its pro-active approach to safeguards.

Table 2: Risk Assessment for CPF Outcomes

Risk Categories	Rating
Political and governance	Moderate
Macroeconomic	Low
Sector strategies and policies	Moderate
Technical design of project or program	Low
Institutional capacity for implementation and sustainability	Substantial
Fiduciary	Low
Environment and social	Low
Stakeholders	Low
Overall	Moderate

Annex 1: CPF FY16 - FY21 Results Matrix Framework Revised

ENGAGEMENT AREA 1: Promoting private sector-led, jobs-intensive growth		
<p>Changing the growth model and developing a more diverse economic base is critical for Botswana’s sustained economic growth, employment creation, and reducing poverty and inequality. This change requires a strong private sector, entrepreneurship, and a competitive business climate to expand to export markets beyond diamonds and other minerals. Attracting domestic entrepreneurs and FDI to invest in tradeables in Botswana requires (i) a policy environment that enables private firms to be competitive and provide them with the export focus incentive; and (ii) higher levels of private sector investment.</p>		
CPF Objective 1.1: Addressing key constraints to private sector-led growth and diversification.		
<p>Intervention Logic Botswana’s domestic policy environment has been slow to adjust to the pressures of international competition and, thus, have not contributed to raising firm competitiveness. While macroeconomic and political stability secured Botswana’s position for some years in global business rankings/indexes vs. its Sub-Saharan competitors, several countries have undertaken more aggressive reforms; while Botswana continues to make very modest absolute progress, its relative ranking is in decline. WBG interventions aim to assist the GoB in addressing the policy constraints and successfully implementing strategies and policies in economic diversification and competitiveness. The World Bank will provide (i) advisory services to support accelerated implementation of reforms in five priority areas: business environment, trade and industrial policies, infrastructure, access to finance (in particular for MSMEs), skills and innovation; (ii) TA to the PPADB to support procurement reforms; (iii) TA to improve trade facilitation and transparency (Botswana Trade Portal).</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Programs
<p><u>Improvement in the Distance to Frontier score (on DBI)</u> Baseline (2015): 64.87 Current (2019): 65.40 Target (2021): 2-point DTF/Doing Business score increase</p> <p><u>Improved ease of access to information on trade for domestic and foreign businesses and entrepreneurs as measured by use of GoB’s one-stop trade portal</u> Baseline (2016): No Trade Portal Target (2020): Botswana Trade Portal operational</p>	<p>i. Decrease in time, number of steps and cost required to start a business ii. Decrease in time, number of steps and cost required for a new electricity connection iii. Decrease in time and number of payments to comply with tax requirements (iv) Design and implementation of an online “one-stop” trade portal</p>	<p>Completed FY16 RAS 2 (P132426) Economic Diversification and Competitiveness (2nd Assignment)</p> <p>Ongoing Botswana Economic Diversification and Competitiveness (RAS3) Reimbursable Advisory Services Project – (P159532)</p> <p>Completed ASA P154931 - Trade Information Portal</p> <p><i>Ongoing-New</i> P168702-Accelerating Entrepreneurship in Botswana</p>
CPF Objective 1.2: Promoting private sector growth		
CPF Objective Indicators	Supplementary Progress	WBG Programs
<p><u>Investment Mobilized – FIs (US\$ million)</u> Baseline (2016): 0 Target (2021): 30</p>	<p>Impacts related to “Investment Mobilized–FIs” shall be monitored through data on the proxies: i. Number of SMEs reached ii. Loans disbursed (# & US\$) iii. No. of jobs created or saved iv. Sales revenue growth</p>	<p>New IFC Kgalagadi Bond (issuance completed; impact ongoing)</p> <p>IFC providing PPP advisory services in the water sector/Glenn Valley Waste Water Treatment Plant</p> <p>IFC exploring transactions in agriculture and financial sectors. (ongoing)</p> <p>MIGA exploring opportunities in financial/energy sectors (ongoing)</p>

ENGAGEMENT AREA 2: Strengthening human and physical assets

A step change in Botswana’s economic competitiveness will require sustained improvements to its human capital as well as the quality of infrastructure in key sectors. Improvements in human capital will focus on foundational skills acquired through basic education as well as contributing to improvements in health sector management and HIV/AIDS spending. Strengthened physical assets will focus on improved infrastructure for water and sanitation.

CPF Objective 2.1: Improving management and quality of basic education.

Intervention Logic

The effort to shift towards a new, private sector-led export-oriented growth model and to address widespread unemployment will require better human capital leading to greater collective productivity. At present, a child born in Botswana will only be 42 percent as productive as s/he should be, with declining education outcomes proving an important contributing factor. Notwithstanding significant public spending, Botswana’s education sector is in crisis with the growing public dissatisfaction due to little real improvement over the past decade; student learning outcomes have dropped more than a half, measured by the Junior Certificate Examination (JCE) pass rate (from 75 percent to 33.4 percent), accompanied by 34 percent youth unemployment. This puts the country’s ambitious development agenda in jeopardy and presents an urgent need for system reform in access, quality and relevance of education. While all levels of education need reform, Botswana’s development partners have withdrawn from the basic education sector leaving it need of urgent support. To help the Government identify effective interventions to address system reform priority needs, the World Bank will provide TA first with a sector-wide assessment through PER; resources permitting, this could be followed by a public expenditure tracking survey (PETS) as well as quantitative service delivery survey (QSDS) in collaboration with other development partners. This will be followed by a possible lending operation drawing on the findings from the assessments for project design.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><u>Priority areas of intervention for education system reform and improvement identified</u> Baseline: No priority areas for reform identified Target (2021): Reform priorities drawn from PER evidence identified in national strategies.</p>	<p>PER, PETS-QSDS completed Baseline: No PER exists Target: FY20</p>	<p><i>Ongoing</i> ASA P168023 - Education Sector PER RAS3 P159532 - Economic Diversification and Competitiveness Jobs Diagnostics/Strategy (and other products) to inform GoB National Employment Policy.</p>

CPF Objective 2.2: Improving health system spending and management.		
Intervention Logic Health is a major factor hindering individual capacity and contributing to Botswana’s human development outcomes that are among the lowest in the world for a middle-income country. The impact of the HIV/AIDS pandemic – one of the principal factors behind the poor outcomes – remains widespread. Analytical work will inform evidence-based strategy development, policy making and operational design.		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Improved health sector analysis and strategy development.</p> <p><u>Health Financing Strategy</u> Baseline (2015): None in existence Target (2021): HFS developed</p> <p><u>HIV Investment Analysis</u> Baseline (2015): None in existence Target (2021): Done</p>	<p>i. Health management information system (HMIS) improved, with respect to standardization and timely data collection</p> <p>ii. Health financing strategy developed, based on on-going and planned analytic work</p> <p>iii. Efficiency of HIV/AIDS spending tracked regularly.</p>	<p>Completed ASA P162006-Botswana Health Systems Technical Support</p> <p>Completed ASA P151189 - Botswana Health and HIV/AIDS PER</p> <p>Ongoing HIV Investment Analysis in 2018/Allocative Efficiency Study in 2019</p> <p>Ongoing RAS3 P159841 - Strengthening Public Sector Performance</p> <p>Ongoing In-country consultant appointed and engaging with the National AIDS Coordinating Agency (NACA). Report to be ready in FY19.</p>
CPF Objective 2.3: Improving efficiency and sustainability of water supply and sanitation services		
Intervention Logic Botswana has succeeded in ensuring wide access to clean water, with more than 95 percent access to improved drinking water sources. However, access to piped water supply remains uneven, ranging from 80 percent (Gaborone) to 20–30 percent in some urban centers. Only 42 percent of rural households have access to proper sanitation. System losses amount to 33 percent. The WBG will support the Government through a package of financial and knowledge services to improve the provision of water and sanitation while addressing affordability concerns, and will specifically (i) support the WUC investment program in underserved localities; (ii) strengthen water sector institutions, including the MMEWR, DWA, WUC and the sector regulator, to further pursue water sector reform; and (iii) provide TA for improving the prioritization of new investments and the selection process.		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Additional water produced (per day) Baseline: 0 (2015) Current: No change (2019) Target: 14,500 m³ (2021)</p> <p>Number of households benefiting from improved water service delivery. Baseline (2015): 0 Current (2019): No change Target (2021): 75,000 households</p>	<p>i. Preparation of WUC District Center Investment Plans</p> <p>ii. Preparation of Feasibility Studies, Designs and Bidding Documents</p> <p>iii. Preparation of Utility Performance Improvement Plans</p> <p>iv. Implementation of Priority Works Contracts (water distribution, wastewater treatment facilities)</p> <p>v. Implementation of key activities from Utility Performance Improvement Plans</p> <p>vi. Implementation of Second Phase Works Contracts</p>	<p>Completed TA P144228 - Lesotho Highlands-Botswana Water Transfer Study</p> <p>Completed TA P150383 - Okavango Multi-Sector Investment Opportunity</p> <p>Ongoing IPF P160911 - Emergency Water Security and Efficiency Project</p> <p>Ongoing TF 072584-Innovative mechanisms to support water supply resilience for Botswana utilities in drought vulnerable areas (to support the P160911).</p>

CPF Objective 2.4: Upgrading roads and increasing connectivity

Intervention Logic

Roads are the predominant mode of transport for Botswana carrying over 90 percent of freight and passenger traffic. While Botswana’s internal infrastructure is generally well developed, significant gaps remain in connecting to regional and global markets. The country’s landlocked position and distance from ports is a structural barrier that raises costs for exporters and importers and hinders the country’s ability to exploit regional and global trade opportunities. Some of the major challenges include increased traffic growth, deterioration of the road network, higher operation and management (O&M) costs; and effective traffic management. With its ongoing IPF operation from the current portfolio engagement, the WBG will continue to invest in critical transport infrastructure that enhances the efficiency of the transport system by building modern strategic planning and management capacity in the sector.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Improved road connectivity Baseline (2015): 0 km improved to required standards Current (2018): 201 km completed Target (2021): 335 km improved to required standards</p>	<p>i. Rehabilitation and maintenance of project roads carried out successfully under OPRCs methodology ii. Capacity and knowledge enhancement of Road Department staff improved iii. Satisfactory financial management and reporting</p>	<p>Ongoing IPF P102368 - Integrated Transport Project</p>

ENGAGEMENT AREA 3: Supporting effective resource management

The priority interventions outlined in the engagement areas above will not deliver rapid and sustainable progress on the twin goals without addressing fundamental enablers, including improving public resource management and service delivery by strengthening performance M&E, including linkages for enhanced planning, budgeting, civil service and public investment management. Botswana’s natural resources will remain at the heart of the country’s success. But they are highly constrained, fragile, and face many competing demands. Therefore, putting in place effective systems for natural resource management that take clear account of the implications on important resources will be critical to ensure sustainability over the medium term.

CPF Objective 3.1: Improving the efficiency and effectiveness of social protection system

Intervention Logic

Despite considerable government investment in the social protection sector, delivery of social protection in Botswana is fragmented while, at the same time, programs have overlapping eligibility criteria. Botswana currently has an amalgam of social protection programs that operate with little or no coordination and with multiple cash and food distribution programs. Each program requires completion of a separate application, investigation by staff, and documentation although information collected is generally the same for all programs. Separate applications for each program are administratively costly and increase time and out-of-pocket costs for applicants. Botswana lacks the administrative systems and tools that underpin efficient service delivery including objective targeting mechanisms, a social registry, and modern information systems.

The WBG will support improvements in the efficiency and effectiveness of Botswana’s social protection system through the interventions by (i) supporting the operationalization of a single social register through implementation of a pilot and (ii) providing technical support to lay the foundation for implementing an objective targeting mechanism (i.e., Proxy Means Test) in select districts.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Operationalize Single Social Register</p> <p>Baseline (2016): No Single Social Register exists</p> <p>Target (2021): Single Social Register operationalized in 4 districts</p>	<p>Number of beneficiaries included in the Single Social Register</p>	<p>Completed ASA P158950 -Strengthening the SP System to Contribute to Eradication of Food Poverty</p> <p>Ongoing ASA P166742 - Support to a Coordinated and Scalable Social Protection System in Botswana</p>

CPF Objective 3.2: Creating national performance management framework

Intervention Logic

Weak planning and M&E of policies, programs and projects reduced public sector efficiency, effectiveness, transparency and accountability, resulting in weak service-delivery. Low frequency data collection and delays in dissemination impede evidence-based policymaking, and the implementation of programs designed to address employment, poverty, and growth. Through the ongoing engagement under the RAS second assignment, the World Bank will: (i) support the NSO efforts to put in place a government-wide performance M&E system, including linkages to planning, budgeting, public service and public investment management; and (ii) provide TA to Statistics Botswana with the implementation of a multi-topic household survey as a core instrument for data collection.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>M&E policy approved by Cabinet, and M&E tools are used to enhance service-delivery Baseline: no M&E policy (2015) Target: M&E policy operationalized (2020) Timeliness and quality of statistics improved Baseline (2015): no Multi-Topic Household Survey (MTHS) implemented Target (2020): Multi-Topic Household Survey implemented</p>	<p>i. M&E Policy Framework developed ii. Monitoring tools developed iii. Rapid evaluations carried out iv. Multi-Topic Household Survey (MTHS) published</p>	<p>Completed RAS2 P154545 - Economic Diversification and Competitiveness Ongoing RAS3 P15981 - Strengthening Public Sector Performance</p>

CPF Objective 3.3: Strengthening natural resources management		
Intervention Logic		
<p>Botswana is one of the most water-stressed countries in the world, with general scarcity and high dependency on internationally shared and trans-boundary waters. As water scarcity is growing, Botswana must be able to make careful and informed allocation strategies that prioritize the most beneficial sectors, balancing economic, strategic, and livelihood benefits, including employment. The World Bank will support the Government in addressing this challenge through knowledge, advice, and lending for (i) building capacity and strengthening sector institutions to plan and execute sector investments, and to enhance sector policy and regulation; and (ii) financing the design and development of a monitoring system for the assessment and control of water resources, sector policy support, and crisis response mechanisms. TA will be provided to the MMEWR for staff training, strategic assessments, feasibility studies, and assessing water security tradeoffs. Given the scale of Botswana’s coal and solar resources and comparative advantage, the World Bank will be supporting the Government in developing a strategy for exploring long-term investment opportunities in the sector.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Per capita wealth including natural capital (pula per person in constant 2006 prices) Baseline (2014): BWP139,992 Target (2021): BWP 200,000</p> <p>Share of renewable energy in total electricity production capacity Baseline (2015): less than 0.2 percent Target (2021): 2 percent</p>	<p>Publication of satellite water accounts Department of Water Affairs ii. Adjusted National Savings indicator developed using national dataset, and reported as part of national accounts</p> <p>Renewable energy and energy efficiency strategies and implementation plans adopted</p>	<p>Completed ASA P143847 - Wealth Accounting and Valuation of Ecosystem Services (WAVES) Phase 1 and Phase 2</p> <p>Ongoing IPF P160911 - Emergency Water Security and Efficiency Project</p> <p>Completed ASA P155059 - Renewable Energy and Energy Efficiency Strategy</p> <p>New ASA P166317 - Energy Efficiency Investment Opportunities in Africa (regional)</p>

Annex 2: Summary of Changes to CPF Results Framework

Original CPF Outcomes and Indicators	Revision	Rationale for change
<p>CPF Objective 1.1: Addressing key constraints to the development of non-diamond sectors.</p> <p>Intervention Logic. The domestic environment and government policies, have not been effective in significantly raising the bar for firm competitiveness. Protection incentives for focusing on the domestic market undermine the potential for a competitive private sector to emerge. There is a need for integration into the global markets. The WBG interventions aim at assisting the GoB in addressing the policy constraints and successfully implementing strategies and policies in economic diversification and competitiveness. The World Bank will provide (i) advisory services to support accelerated implementation of reforms in five priority areas: business environment, trade and industrial policies, infrastructure, access to finance, (in particular of the MSMEs), skills and innovation; (ii) development of non-diamond priority clusters including tourism, beef, ICT and financial services; (iii) TA to the PPADB for implementation of government devolution and a capacity building strategy; (iv) trade facilitation TA for improved trade facilitation and transparency by supporting the establishment of a Trade Information Portal.</p>	<p>Reformulated. Revised Intervention Logic now reads: Botswana’s domestic policy environment has been slow to adjust to the pressures of international competition and, thus, has not contributed to raising firm competitiveness. While macroeconomic and political stability secured Botswana’s position for some years in various global rankings vs. its Sub-Saharan competitors, several countries have undertaken more aggressive reforms; while Botswana continues to make very modest absolute progress, its relative rankings are in decline. WBG interventions aim to assist the GoB in addressing the policy constraints and successfully implementing strategies and policies in economic diversification and competitiveness. The World Bank will provide (i) advisory services to support accelerated implementation of reforms in five priority areas: business environment, trade and industrial policies, infrastructure, access to finance (in particular of the MSMEs), skills and innovation; (ii) support to the development of non-diamond priority clusters including tourism, beef, ICT and financial services; (iii) TA to the PPADB to support procurement reforms; (iv) trade facilitation TA for improved trade facilitation and transparency (Trade Information Portal).</p>	<p>Revised intervention logic more accurately reflects the nature of Botswana’s challenge and corresponding relevance of WBG support.</p>

<p>ENGAGEMENT AREA 2: Strengthening human and physical assets.</p> <p>Developing a new growth model will require a step change in the productivity of Botswana’s firms. The latter depends on substantial improvements in human capital, including education and health: (i) Improving the quality of education, developing skill sets demanded by the labor market, and increasing access to appropriate job training programs will be necessary for reducing unemployment and poverty and achieving the country’s much-needed economic diversification, sustainable growth, and job creation. (ii) Addressing health barriers to skills acquisition and labor market participation would be essential for ensuring that all individuals have the capacity to contribute to productivity and are in the position to enjoy human development outcomes. Such sustainable livelihoods will require focus on strengthening physical assets, including infrastructure for water and sanitation.</p>	<p>Reformulated. Revised Engagement Area 2 now reads: A step change in Botswana’s economic competitiveness will require sustained improvements to its human capital as well as the quality of infrastructure in key sectors. Improvements in human capital will focus on foundational skills acquired through basic education as well as contributing to improvements in health sector management and HIV/AIDS spending. Strengthened physical assets will focus on improved infrastructure for water and sanitation.</p>	<p>Reference to health is refined given PLR’s recommendation to drop health IPF project from CPF but still recognizing ongoing ASA on HIV/AIDS spending and RAS on Medical Supply Chain management. Stronger reference also given to water infrastructure.</p>
<p>CPF Objective 2.1: Improving equitable access and relevance of secondary education and TVET</p>	<p>Reformulated. Revised CPF Objective 2.1 now reads: Improving management and quality of basic education.</p>	<p>Revised to account for revised focus on basic education in light of donor withdrawal from basic education sector as well as HCP/HCI focus.</p>
<p>Intervention Logic. The effort to shift towards a new, private sector-led export-oriented growth model and to address widespread unemployment will require better human capital leading to greater collective productivity. At present, a child born in Botswana will only be 42 percent as productive as s/he should be, with declining education outcomes proving an important contributing factor.</p>	<p>Reformulated. Revised Intervention Logic now reads: The effort to shift towards a new, private sector-led export-oriented growth model and to address widespread unemployment will require better human capital leading to greater collective productivity. At present, a child born in Botswana will only be 42 percent as productive as s/he</p>	<p>Revised to account for revised focus on basic education and HCP/HCI logic.</p>

<p>Notwithstanding significant public spending, Botswana’s education sector is in crisis with the growing public dissatisfaction due to little real improvement over the past decade; student learning outcomes have dropped more than a half, measured by the Junior Certificate Examination (JCE) pass rate (from 75 percent to 33.4 percent), accompanied by 34 percent youth unemployment. This puts the country’s ambitious development agenda in jeopardy and presents an urgent need for system reform in access, quality and relevance of education. While all levels of education need reform, Botswana’s development partners have withdrawn from the basic education sector leaving it need of urgent support. To help the Government identify effective interventions to address system reform priority needs, the World Bank will provide TA first with a sector-wide assessment through PER; resources permitting, this could be followed by a public expenditure tracking survey (PETS) as well as quantitative service delivery survey (QSDS) in collaboration with other development partners. This will be followed by a possible lending operation drawing on the findings from the assessments for project design.</p>	<p>should be, with declining education outcomes proving an important contributing factor. Notwithstanding significant public spending, Botswana’s education sector is in crisis with the growing public dissatisfaction due to little real improvement over the past decade; student learning outcomes have dropped more than a half, measured by the Junior Certificate Examination (JCE) pass rate (from 75 percent to 33.4 percent), accompanied by 34 percent youth unemployment. This puts the country’s ambitious development agenda in jeopardy and presents an urgent need for system reform in access, quality and relevance of education. While all levels of education need reform, Botswana’s development partners have withdrawn from the basic education sector leaving it need of urgent support. To help the Government identify effective interventions to address system reform priority needs, the World Bank will provide TA first with a sector-wide assessment through PER; resources permitting, this could be followed by a public expenditure tracking survey (PETS) as well as quantitative service delivery survey (QSDS) in collaboration with other development partners. This will be followed by a possible lending operation drawing on the findings from the assessments for project design.</p>	
<p>CPF Objective 2.2: Improving health outcomes.</p>	<p>Reformulated. Revised CPF Objective 2.2 now reads: Improving health system spending and management.</p>	<p>Revised given decision to drop health IPF from CPF as well as more closely reflect ongoing ASA/RAS.</p>

<p>Intervention Logic. Health is a major factor hindering individual capacity and contributing to Botswana’s human development outcomes that are among the lowest in the world for a MIC country. The impact of HIV/AIDS pandemic – one of the principal factors behind the poor outcomes – remains widespread. Through investment lending the World Bank will support interventions for: (i) training health professionals, (ii) improving health information system, and(iii) improving prevention, diagnosis and treatment of NCDs and communicable diseases. More specifically, proposed World Bank lending will support the Ministry of Health in strengthening implementation of its service delivery integration agenda (with respect to more efficiently addressing the national communicable and non-communicable disease double burden along a health care continuum from disease prevention, treatment and care, and rehabilitation); in addressing persistent maternal and child health challenges; and supporting organizational changes at the MOH and related decentralization arrangements by helping build and strengthen institutional capacity, technical, managerial, and operational to improve access to quality health services. Analytical work will inform evidence-based policy making and operational design by examining overall sector expenditures and, to improve (a) the value for money in the sector, and (b) produce better health outcomes.</p>	<p>Reformulated. Revised Intervention Logic now reads: Health is a major factor hindering individual capacity and contributing to Botswana’s human development outcomes that are among the lowest in the world for a MIC country. The impact of HIV/AIDS pandemic – one of the principal factors behind the poor outcomes – remains widespread. Analytical work will inform evidence-based strategy development, policy making and operational design.</p>	<p>Revised given decision to drop health IPF and more realistically reflect prospective impact of ASA/RAS support.</p>
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WBG Program	<p>Revised to add:</p> <ul style="list-style-type: none"> - HIV Investment Analysis in 2018/Allocative Efficiency Study in 2019 - ASA/RAS – (P154953) Rapid evaluation of Medical Supply Chain. 	Revised to reflect ongoing ASA on HIV/AIDS spending as well as rapid evaluation of Medical Supply Chain (ASA/RAS).
CPF Objective Indicators	<p>Reformulated. Revised indicators now read: Improved health sector analysis and strategy development.</p> <p>Health Financing Strategy Baseline (2015): None Target (2021): HFS developed</p> <p>HIV Investment Analysis Baseline (2015): None Target (2021): Done</p>	Revised to more closely reflect ASA/RAS support.

Annex 3: Original CPF Results Framework Updated

ENGAGEMENT AREA 1: Promoting private sector-led, jobs-intensive growth			
<p>Changing the growth model and developing an export-oriented, diversified economic base in Botswana is critical for sustained economic growth, employment creation, and poverty reduction. This change requires a strong private sector, entrepreneurship, and competitiveness to expand to export markets. Attracting domestic entrepreneurs and FDI to invest in tradeables in Botswana requires (i) a policy environment that enables private firms to be competitive and provide them with the export focus incentive; and (ii) higher levels of private sector investment.</p>			
CPF Objective 1.1: Addressing key constraints to the development of non-diamond sectors			
Intervention Logic			
<p>The domestic environment and government policies have not been effective in significantly raising the bar for firm competitiveness. Protection incentives for focusing on the domestic market undermine the potential for a competitive private sector to emerge. There is a need for integration into the global markets. The WBG interventions aim at assisting the GoB in addressing the policy constraints and successfully implementing strategies and policies in economic diversification and competitiveness. The Bank will provide (i) advisory services to support accelerated implementation of reforms in five priority areas: business environment, trade and industrial policies, infrastructure, access to finance, (in particular of the MSMEs), skills and innovation; (ii) development of non-diamond priority clusters including tourism, beef, ICT and financial services; (iii) technical assistance to the PPADB for implementation of government devolution and a capacity building strategy; (iv) trade facilitation TA for improved trade facilitation and transparency by supporting the establishment of a Trade Information Portal.</p>			
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p><u>Export diversification, defined as the percent of non-diamond export in real GDP</u> Baseline: 15 percent (2014) Target: 20 percent (2020)</p> <p><u>Improvement in the Distance to Frontier score (on DBI)</u> <u>Baseline: 64.87 (2015)</u> Target: at least 2 points increase (2020)</p>	<p>i. Decrease in time, number of steps and cost required to start a business</p> <p>ii. Decrease in time, number of steps and cost required for a new electricity connection</p> <p>iii. Decrease in time and number of payments to comply with tax requirements</p> <p>iv. Decrease in time, number of steps and cost required to transfer a property</p> <p>v. Decrease in time, number of steps and cost required to obtain a construction permit</p>	<p><i>Ongoing</i> Economic Diversification and Competitiveness (RAS)</p> <p><i>New</i> Botswana Trade Facilitation TA (FY16)</p> <p>Follow up Economic Diversification and Competitiveness (RAS3)</p>	<p>Completed FY16 RAS 2 (P132426) Economic Diversification and Competitiveness</p> <p><i>Ongoing</i> Botswana Economic Diversification and Competitiveness (RAS3) Reimbursable Advisory Services Project – (P159532)</p> <p>i. Doing Business Reform agenda making slow progress. This is due to a range of factors, including poor internal communication and slow legislative change.</p> <p>ii. Development of Botswana’s first collateral registry is underway.</p> <p>Completed Botswana Trade Facilitation TA (P154931)</p> <p>i. Trade Portal has been designed and being implemented -The portal is live and running https://www.botswanatradeportal.org.bw/</p> <p><i>New</i> ASA P168702 - Accelerating Entrepreneurship in Botswana</p>

CPF Objective 1.2: Promoting private sector growth

Intervention Logic

The growth of the working age population in Botswana increases the expectations for job creation. However, the private sector is struggling to create enough employment, and non-farm self-employment levels remain low. The household and microenterprise sectors do not appear to be dynamic enough to absorb the increasingly large inactive labor force. Taking into account the limited potential of the domestic market size, the WBG, especially IFC, will be assisting the government to promote private sector growth by (i) supporting financial institutions, focusing on financial inclusion/access to finance for MSMEs; (ii) supporting investment opportunities in state-owned or -controlled financial institutions that are being commercialized or privatized; (iii) exploring, through PPP advisory, areas where private sector expertise and capital could be brought in to support the public sector, including in renewable energy (e.g. solar, water and sanitation, transport, health, education).

CPF Objective Indicators	Supplementary Progress	WBG Program	Progress/Status
<u>Investment Mobilized – FIs (\$M)</u> Baseline: 0 (FY16) Target: 30 (FY20)	Impacts related to “Investment Mobilized–FIs” shall be monitored through data on the proxies: i. Number of SMEs reached ii. Loans disbursed (# & \$) iii. No. of jobs created or saved iv. Sales revenue growth	At the request of GoB, IFC will explore PPP advisory services	<p><i>New</i> Kgalagadi Bond issued to leverage US\$25 million in local currency to support Botswana Building Society lending to individuals and SMEs.</p> <p><i>New</i> WUC finalized contract for IFC to provide PPP advisory services to the Glen Valley Wastewater Treatment Plan.</p>

ENGAGEMENT AREA 2: Strengthening human and physical assets

Developing a new growth model will require a step change in the productivity of Botswana’s firms. The latter depends on substantial improvements in human capital, including education and health: (i) Improving the quality of education, developing skill sets demanded by the labor market, and increasing access to appropriate job training programs will be necessary for reducing unemployment and poverty and achieving the country’s much-needed economic diversification, sustainable growth, and job creation. (ii) Addressing health barriers to skills acquisition and labor market participation would be essential for ensuring that all individuals have the capacity to contribute to productivity and are in the position to enjoy human development outcomes. Such sustainable livelihoods will require focus on strengthening physical assets, including infrastructure for water and sanitation.

CPF Objective 2.1: Improving equitable access and relevance of senior secondary education

Intervention Logic

The education sector, and secondary education in particular, faces challenges that present important opportunities for reforms. These include (i) unequal access to senior secondary school; (ii) low and declining learning achievements; (iii) outdated and unconnected vocational streams of secondary education; and (iv) high levels but inefficient use of investment in education and training. To help the government improve the labor market relevance and address the inequities in the system, the World Bank will provide investment lending assistance that focuses on the secondary school, and senior secondary school system. The interventions will aim to (i) expand the general senior secondary education in underserved areas; (ii) establish labor market-relevant, professional education streams for senior secondary education; and (iii) strengthen the capacity and accountability of managing and sustaining system expansion at the senior secondary and post-secondary levels.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p><u>Improved transition rate from junior secondary to senior secondary education</u>, including enrollment in the vocational/professional training stream; girls transition rate; Baseline: 62 percent (2015) Target: TBD (2020)</p> <p><u>Increased intake into senior secondary school in underserved districts</u> (to be defined as per school mapping and cost analysis during project preparation); intake rate for girls; Baseline: # of districts and intake in thousands; TBD (2015) Target: TBD (2020)</p>	<p>i. School mapping completed with forecasted demand for secondary education per district</p> <p>ii. Identification of locations for conversion of under-utilized school infrastructure or new construction completed</p> <p>iii. Curricula for a professional stream of secondary education developed</p>	<p><i>New</i> Transforming Senior Secondary Education, Investment Project Finance (IPF)</p>	<p><i>Dropped</i> IPF (P151047) - Secondary Education and Skills Development</p> <p><i>New</i> ASA (P168023) - Education Sector PER currently in early implementation.</p> <p>Completed Reports on Job-ready Graduates of Secondary Education and Youth Employment under RAS3 (P159532)</p> <p>Completed Strengthening Botswana Human Resource Development Council under RAS3 (P159532)</p> <p><i>New</i> Jobs Diagnostics/Strategy (and other products) to inform GoB National Employment Policy.</p>

CPF Objective 2.2: Improving health outcomes

Intervention Logic

Health is a major factor hindering individual capacity and contributing to Botswana’s human development outcomes that are among the lowest in the world for a MIC country. The impact of HIV/AIDS pandemic – one of the principal factors behind the poor outcomes – remains widespread. Through investment lending the World Bank will support interventions for: (i) training health professionals, (ii) improving health information system, and (iii) improving prevention, diagnosis and treatment of NCDs and communicable diseases. More specifically, proposed World Bank lending will support the Ministry of Health in strengthening implementation of its service delivery integration agenda (with respect to more efficiently addressing the national communicable and non-communicable disease double burden along a health care continuum from disease prevention, treatment and care, and rehabilitation); in addressing persistent maternal and child health challenges; and supporting organizational changes at the MOH and related decentralization arrangements by helping build and strengthen institutional capacity, technical, managerial, and operational to improve access to quality health services. Analytical work will inform evidence-based policy making and operational design by examining overall sector expenditures and, to improve (a) the value for money in the sector, and (b) produce better health outcomes.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p>Quality and efficiency in health service delivery improved, measured by:</p> <p><u>Percent children (under five years) with suspected pneumonia taken to appropriate health provider; boys/girls ratio per age group;</u> Baseline: 14.1 percent (2014) Target: 30 percent (2020)</p> <p><u>Percent children (under five years) with diarrhea treated with oral rehydration solution (ORS); boys/girls ratio per age group;</u> Baseline: 48.9 percent (2014) Target: 70 percent (2020)</p>	<p>i. Health information management system (HMIS) improved, with respect to standardization and timely data collection</p> <p>ii. Hospital electronic HMIS expanded beyond the 27 largest public hospitals currently utilizing the Integrated Patient Management System (IPMS)</p> <p>iii. Health financing strategy developed, based on on-going and planned analytic work.</p>	<p><i>Ongoing</i> Health and HIV/AIDS Fiscal Space Analysis</p> <p><i>New</i> Health Systems Support (IPF)</p> <p>Health PER (TA)</p>	<p>Completed Botswana Health Systems Technical Support (P162006) was completed and recommendations are being implemented via an ongoing grant from the Global Fund.</p> <p><i>Dropped</i> Botswana Health Systems Support Project (P156009). Plans for a World Bank lending operation in health dropped from the CPF.</p> <p><i>Dropped</i> Health and HIV/AIDS Fiscal Space Analysis. Replaced by the Health and HIV/AIDS PER (P151189)</p> <p>Completed Botswana Health and HIV/AIDS PER (P151189)</p> <p><i>New</i> HIV Investment Analysis in 2018/Allocative Efficiency Study in 2019</p> <p><i>New</i> ASA/RAS - Rapid evaluation of Medical Supply Chain (P154953)</p>

CPF Objective 2.3: Improving efficiency and sustainability of water supply and sanitation services

Intervention Logic

Botswana has succeeded in ensuring wide access to clean water, with more than 95 percent access to improved drinking water sources. However, access to piped water supply remains uneven, ranging from 80 percent (Gaborone) to 20–30 percent in some urban centers. Only 42 percent of rural households have access to proper sanitation. System losses amount to 33 percent. The World Bank will support the government through a package of financial and knowledge services to improve the provision of water and sanitation while addressing affordability concerns, and will specifically (i) support the WUC investment program in underserved localities; (ii) strengthen water sector institutions, including the MMEWR, DWA, WUC and the sector regulator, to further pursue water sector reform; (iii) provide technical assistance for improving the prioritization of new investments and the selection process.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p><u>Expansion of water service coverage in selected systems</u> Baseline: 60 percent (2015) Target: 80 percent (2020)</p> <p><u>Improved operating efficiencies</u>— reduction in non-revenue water Baseline: 33 percent (2015) Target: 23 percent (2020)</p>	<p>i. Preparation of WUC District Center Investment Plans</p> <p>ii. Preparation of Feasibility Studies, Designs and Bidding Documents</p> <p>iii. Preparation of Utility</p>	<p><i>Ongoing</i> Lesotho Highlands-Botswana Water Transfer Study (TA)</p> <p>Okavango Multi-Sector Investment Opportunity (TA)</p> <p><i>New</i> Water Security and Efficiency Project</p>	<p>Ongoing P160911 Emergency Water Security and Efficiency Project became effective in August 2017. A project launch workshop was held in December 2017 with key counterparts. Project implementation is progressing slowly.</p> <p>Completed TA P144228 Lesotho Highlands-Botswana Water (TA)</p>

*Qualitative Indicators are also acceptable	<p>Performance Improvement Plans</p> <p>iv. Implementation of Priority Works Contracts (water distribution, wastewater treatment facilities)</p> <p>v. Implementation of key activities from Utility Performance Improvement Plans</p> <p>vi. Implementation of Second Phase Works Contracts</p>	(IPF)	<p>Transfer Study Botswana water transfer study was completed and is informing GOB discussions on water imports from Lesotho.</p> <p>Completed TA P150383 Okavango Multi-Sector Investment Opportunity (TA) has completed a 1st phase and the 2nd phase is ongoing.</p> <p>Ongoing WUC finalized contract for IFC to provide PPP advisory services to the Glen Valley Wastewater Treatment Plan.</p> <p>TF 072584-Innovative mechanisms to support water supply resilience for Botswana utilities in drought vulnerable areas (to support the P160911).</p>
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CPF Objective 2.4: Upgrading roads and increasing connectivity

Intervention Logic

Roads are the predominant mode of transport for Botswana carrying over 90 percent of freight and passenger traffic. While Botswana’s internal infrastructure is generally well developed, significant gaps remain in connecting to regional and global markets. The country’s landlocked position and distance from ports is a structural barrier that raises costs for exporters and importers and hinders the country’s ability to exploit regional and global trade opportunities. Some of the major challenges include increased traffic growth, deterioration of the road network, higher operation and management (O&M) costs; effective traffic management. With its ongoing IPF operation from the current portfolio engagement, the World Bank will continue to invest in critical transport infrastructure that enhances the efficiency of the transport system by building modern strategic planning and management capacity in the sector.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p><u>Improved road safety</u> Baseline: Number of annual accidents on project roads (2015) Target: Number of annual accidents on project roads down by 20 percent (2020)</p>	<p>i. Rehabilitation and maintenance of project roads carried out successfully under OPRCs methodology</p> <p>ii. Capacity and knowledge enhancement of Road Department staff improved</p> <p>iii. Satisfactory financial management and reporting</p> <p>iv. Traffic situation improved by traffic management solutions.</p>	<p><i>Ongoing</i> IPF P102368 Integrated Transport Project</p>	<p><i>Ongoing</i> IPF P102368 Integrated Transport Project Currently the project is due for closure in FY20.</p> <p>Improved road connectivity</p> <p>i. All 335 km of roads under rehabilitation with 201 km completed (as of November 2018).</p> <p>ii. Most studies and activities have been completed with the remainder currently under implementation. Three-year Training Program (2016/17 to 2018/19) cleared and under satisfactory implementation.</p> <p>iii. Ongoing use of financial management arrangements adequately supporting project.</p>

ENGAGEMENT AREA 3: Supporting effective resource management			
<p>The priority interventions outlined in the engagement areas above will not deliver rapid and sustainable progress on the twin goals without addressing fundamental enablers, including improving public resource management and service delivery by strengthening performance monitoring and evaluation, including linkages for enhanced planning, budgeting, civil service and public investment management. Botswana's natural resources will remain at the heart of the country's success. But they are highly constrained, fragile, and face many competing demands. Therefore, putting in place effective systems for natural resource management that take clear account of the implications on important resources will be critical to ensure sustainability over the medium term.</p>			
CPF Objective 3.1: Improving the efficiency and effectiveness of social protection system			
Intervention Logic			
<p>Despite considerable government investment in the social protection sector, the targeting of this social protection spending is relatively regressive, and significant ground needs to be covered to support eradication of extreme poverty and address the high inequality in Botswana. The current set of transfers lacks coherence and is prone to duplication. In absence of proper targeting of the beneficiaries, significant resources are being allocated to the non-poor, and program coverage is often too small to have a real impact on the recipient. The World Bank will support improvements in the efficiency and effectiveness of Botswana's social protection system through the interventions aiming to (i) promote efficiency by improving targeting of the poorest, and by implementing a social registry of beneficiaries and a monitoring of information system; (ii) improve effectiveness of the social protection system by expanding coverage and delivering rationalized packages of benefits; and (iii) ensure the availability of relevant and updated data for implementation, monitoring, and decision making.</p>			
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p>Percent reduction of households in Q4 and Q5 receiving benefits from more than one program; female beneficiaries Baseline: Q4 = 17.4 percent; Q5 = 7.9 percent Target: Q4 = 11.6 percent; Q5 = 5.3 percent Note: target is reduction of 1/3 in each quintile Percent of poor beneficiaries (Q1 and Q2) supported by social protection programs; female beneficiaries; Baseline: Q1 = 91.6 percent; Q2 = 87.3 percent Target: Q1 = 96.6 percent; Q2 = 93.3 percent Note: target represents an increase of 5 percentage points in each quintile, equivalent to roughly 20,000 additional people *Qualitative Indicators are also acceptable</p>	<p>i. Number of beneficiaries of selected social protection programs enrolled based on new targeting methodology ii. Number of poor households receiving a consolidated package of benefits iii. Number of poor households receiving social intermediation services</p>	<p><i>New</i> Social Protection Modernisation (IPF)</p>	<p>Dropped IPF P151830 - Botswana Social Protection Modernisation Project</p> <p>Completed ASA P158950 -Strengthening the SP System to Contribute to Eradication of Food Poverty (i) design of social registry; (ii) design of improved targeting mechanism; (iii) social intermediation strategy document; and (iv) support the drafting of the nutrition-sensitive National Social Protection Framework.</p> <p>Ongoing-New ASA P166742 - Support to a Coordinated and Scalable Social Protection System in Botswana i. Conduct pilot of a single social registry (SSR) in four districts.</p>

CPF Objective 3.2: Creating national performance management framework			
<p>Intervention Logic</p> <p>Weak planning and monitoring and evaluation of policies, programs and projects reduced public sector efficiency, effectiveness, transparency and accountability, resulting in weak service-delivery. Low frequency data collection and delays in dissemination impede evidence-based policymaking, and the implementation of programs designed to address employment, poverty, and growth. Through the ongoing engagement under the RAS second assignment, the Bank will: (i) support the NSO efforts to put in place a government-wide performance M&E system, including linkages to planning, budgeting, public service and public investment management; and (ii) provide technical assistance to Statistics Botswana with the implementation of a multi-topic household survey as a core instrument for data collection.</p>			
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p>Monitoring and evaluation policy approved by Cabinet, and M&E tools are used to enhance service-delivery Baseline: no M&E policy (2015) Target: M&E policy operationalized (2020) Timeliness and quality of statistics improved Baseline: no Multi-topic household survey implemented (2015) Target: Multi-topic household survey implemented (2020)</p>	<p>i. M&E Policy Framework developed ii. Monitoring tools developed iii. Rapid evaluations carried out iv. Multi-topic survey published</p>	<p><i>Ongoing</i> Economic Diversification and Competitiveness (RAS2)</p>	<p>Completed P154545 - Economic Diversification and Competitiveness RAS2 i. Continuous completed in FY19</p> <p>Ongoing RAS Strengthening Public Sector Performance (P159841) i. Support to the Client to strengthen the coordination and implementation of the national performance M&E system (Establishing a National M&E Framework, P154953, completed) --The PM&E policy has already been adopted (well before target) -Several data tools have been developed ii. Strengthening Public Procurement -Value for Money Audit Report drafted. -4 Training modules -Certification Scheme drafted -Text Book procurement report, global practice and guidance note developed iv. TA on a Continues MTHS to commence in January 2019.</p>
CPF Objective 3.3: Strengthening natural resources management			
<p>Intervention Logic</p> <p>Botswana is one of the most water-stressed countries in the world, with general scarcity and high dependency on internationally shared and trans-boundary waters. As water scarcity is growing, Botswana will have to be in a position to make careful and informed allocation strategies that prioritize the most beneficial sectors, balancing economic, strategic, and livelihood benefits, including employment. The World Bank will support the government in addressing this challenge through knowledge, advice, and lending for (i) building capacity and strengthening sector institutions to plan and execute sector investments, and to enhance sector policy and regulation; and (ii) financing the design and development of a monitoring system for the assessment and control of water resources, sector policy support, and crisis response mechanisms. Technical assistance will be provided to the MMEWR for staff training, strategic assessments, feasibility studies, and assessing water security tradeoffs. Given the scale of Botswana's coal and solar resources and comparative advantage, the Bank will be supporting the government in developing a strategy for exploring long-term investment opportunities in the sector.</p>			

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program	Progress/Status
<p>Per capita wealth including natural capital (pula per person in constant 2006 prices) Baseline: BWP139,992 (2014) Target: to be set in the new Vision document (2020)</p> <p><u>Share of renewable energy in total electricity production capacity</u> Baseline: less than 0.2 percent (2015) Target: 5 percent (2020)</p>	<p>i. Publication of satellite water accounts Department of Water Affairs</p> <p>ii. Adjusted National Savings indicator developed using national dataset, and reported as part of national accounts</p> <p>iii. Renewable energy and energy efficiency strategies and implementation plans adopted</p>	<p>Ongoing P143847 Wealth Accounting and Valuation of Ecosystem Services WAVES (TA)</p> <p>ASA P155059 Botswana Renewable Energy and Energy Efficiency Strategy (TA)</p> <p>New Water Security and Efficiency Project (IPF)</p>	<p>Ongoing P160911 - Emergency Water Security and Efficiency Project</p> <p>Completed WAVES (TA) ASA P143847 - Wealth Accounting and Valuation of Ecosystem Services (WAVES) i. Phase 1 and Phase 2 Water accounts published and adjusted national savings indicator incorporated</p> <p>Completed ASA P155059 Botswana Renewable Energy and Energy Efficiency Strategy i. National Renewable Energy and Energy Efficiency strategies adopted. Off-grid Solar PV action plan was also completed to ensure energy access for areas where grid extensions are impracticable in the medium-term</p> <p>Ongoing-New ASA P166317 - Energy Efficiency Investment Opportunities in Africa (regional)</p>

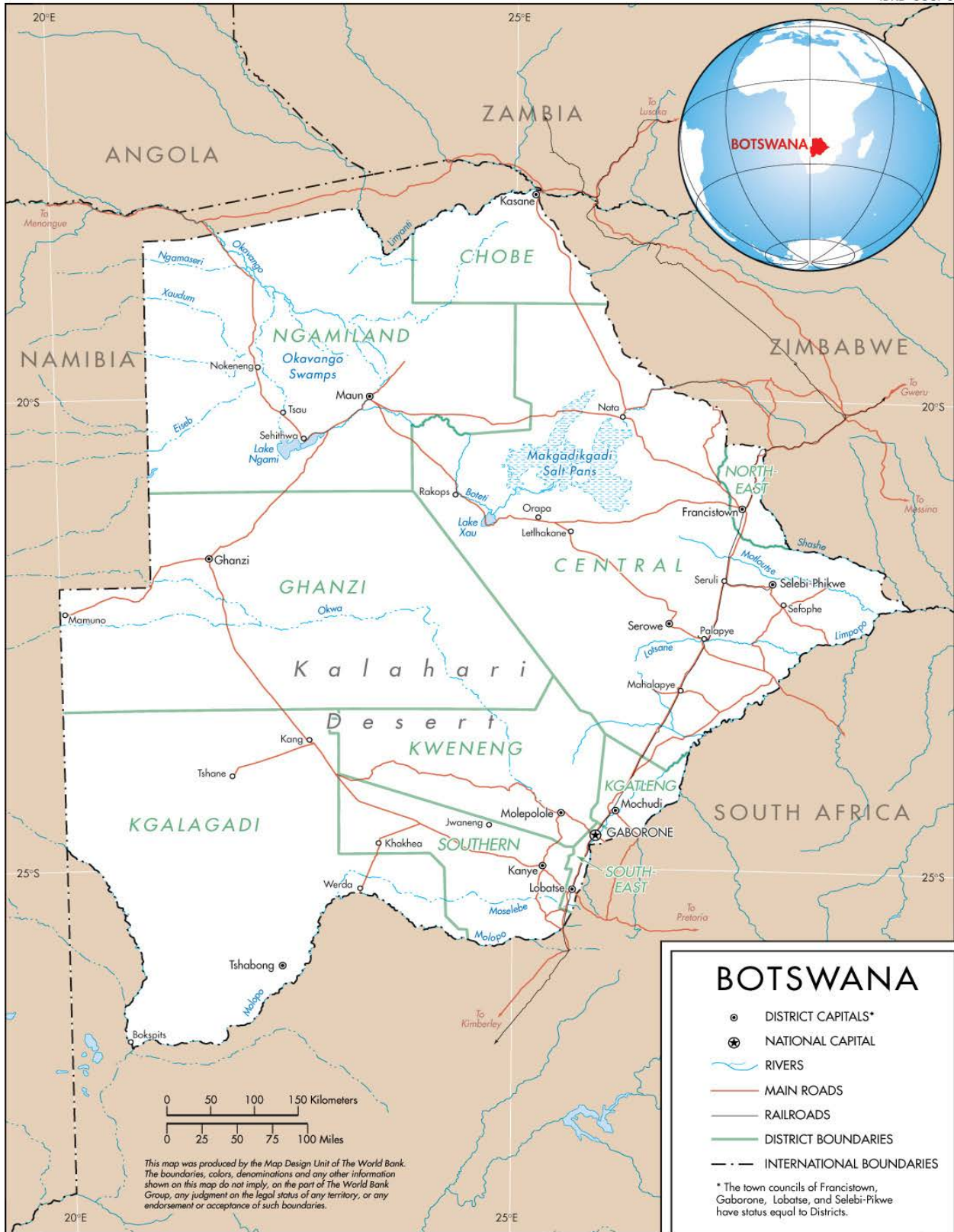
^a *Note: expected results are outlined below; however concrete baseline and target indicators are not identified yet, given the early stage of new project preparations. These indicators will be updated during the PLR*

^b *Data source: UNICEF (2015) State of the World's Children Country Statistical Tables-Botswana (Note: this baseline figure derives from national MICS survey data)*

^c *Ibid.*

Map of Botswana

IBRD 33376



SEPTEMBER 2004