

REPUBLIC OF BOTSWANA

Multi-Annual Indicative Programme 2021 – 2027

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1. The overall lines of the EU international cooperation in the partner country

1.1. Basis for programming

EU political relations with Botswana are stable and constructive, depicted by frequent alignment and consensus at the multilateral level as well as regular bilateral political dialogue and engagement. Botswana is also closely linked with the EU economically - the EU is the second biggest trade (goods) partner for Botswana with the total trade volume of EUR 1.427 billion (2020) dominated by Botswana exports to the EU (980 million in 2020; almost exclusively diamonds). The country plays an important role in the context of the Southern African Development Community (SADC) and hosts the SADC Secretariat.

On the development side, Botswana - a landlocked country with a small population of just above two million - has made a remarkable socio-economic progress since independence. It has transitioned from one of the least developed countries in the world in 1966 to an upper-middle income country (UMIC) within a few decades, thanks to a model of good governance, political stability and prudent management of its mineral resources.

Despite these achievements, Botswana still faces substantial structural challenges. The economy is vulnerable to external shocks due to its overreliance on one single and finite commodity: diamonds account for 87% of export and about 35% of Government revenues¹. The economy is dominated by the public sector, accounting for 14.5% GDP and 48.4% of formal employment. In the last decade before COVID-19, economic growth had stagnated at around 3-4%, with very high youth unemployment, and declining FDI. Economic diversification efforts are bearing only timid results and macro-economic buffers are decreasing rapidly. In this context Botswana has shown an interest in strengthening the partnership with the EU in an effort to diversify the economy and start moving towards high-income country status.

Botswana spends on average 4.4% of GDP on social protection, 4.5% on health and 9% on education², among the highest figures in Africa and above average for a UMIC. Nonetheless, poverty and high levels of income inequalities persist. While poverty has fallen significantly to 16,3%, (from 19,3% in 2009/10), the prevailing poverty levels remain high for a UMIC and the proportion of people living in extreme poverty stands at 5.8%. Also of major concern is the high level of income inequality; the GINI coefficient fell from 0,605 in 2009/10 to 0,522 in 2015/16, but it remains still one of the highest in the world.

The COVID-19 pandemic has added to these challenges and intensified some of the macro-economic and social pressures already faced.

Botswana is particularly vulnerable to climate change due to its semi-arid climate, as already evidenced by increasing average temperatures and high rainfall variability. With almost 80% of the country's landmass covered by the Kalahari Desert, water is scarce and droughts are a common occurrence.

Being endowed with unique ecosystems and rich biodiversity, Botswana is a strong promoter of conservation. Almost 40% of its territory is under conservation or in protected areas. The country is home to over 30% of the world's elephant population and of a large diversity of other iconic African wildlife.

¹ Bank of Botswana (2020 Report).

² NDP 11 MTR Review.

Botswana's aspiration, as stated in its *Vision 2036*, is to reach high-income status by 2036 and to shift away from a natural resource-based growth model towards a knowledge-based economy. *Vision 2036* identifies four pillars that will support these aspirations, within the auspices of creating prosperity for all citizens. These pillars are Sustainable Economic Development, Human and Social Development, Sustainable Environment and Governance, as well as Peace and Security.

Vision 2036 is implemented through National Development Plans (NDP). Each Plan specifies strategies, policies, programmes and projects that are to be realised during a six-year period. Botswana is currently executing NDP 11 (2017/18 to 2022/23), the first Plan in the implementation of *Vision 2036*. Both *Vision 2036* and the NDP 11 were drafted taking into account global, continental and regional commitments such as the Agenda 2030, the AU's Agenda 2063, the Paris Agreement, the Sendai Framework for Disaster Risk Reduction and other global and regional commitments which Botswana is party to.

In 2019, the Government embarked on a midterm review (MTR) of the NDP 11. The MTR guides implementation of NDP11 for the remaining three years to 2023. The MTR shows that the National Development Plan is still relevant but that implementation has to be stepped up, especially in reducing dependence of the economy from mineral revenues and from the public sector.

Some of the findings from the MTR of the NDP 11 include: (i) economic performance has been in line with the original NDP 11 projections (4% p.a.) and the economic diversification drive has been producing some encouraging results. The share of the non-mining private sector in value added terms rose to 66% in 2018, compared to 63% in 2015 and 50% in the late 1980s; (ii) the rate of unemployment has remained high at 17.6% (2015-16) especially for the youth (37.5%). The annual average growth rate of formal employment has been very low, averaging 0.5% in the last 5 years; and (iii) poverty continued to decline, to a rate of 16.3% in 2015/2016, down from 19.6% in 2009/2010. The data above do not take into account the impact of COVID-19 pandemic, which has negatively affected growth, employment and poverty indicators across all levels.

Despite some pre-COVID-19 progress, highlighted above, the MTR of NDP 11 identifies critical issues that need to be addressed going forward towards the realisation of the *Vision 2036*. These include: stepping up economic transformation; maintaining macroeconomic stability; fostering socio-economic inclusion; improving efficiency and quality of public services; decreasing dependency on minerals' revenues; and addressing the impact of climate change.

To tackle these challenges, the MTR has recommended focusing the remainder of NDP 11 implementation on four main priorities:

1. Promoting export-led growth. The objective is to ensure that the drivers of economic growth in Botswana shift towards export promotion on account of the limited size of the national market.
2. Ensuring more efficient government spending and financing. The economy in the last years has experienced a less favourable fiscal position due to a reduction in revenues and in growth. Therefore, the Government should increase the efficiency of spending by rationalising investment projects, streamlining social programmes, improve monitoring and evaluation of projects and programmes, and consider alternative methods of financing.
3. Building human capital. Botswana should invest more in skills and knowledge as critical building blocks for private sector development and industrialisation.

4. Providing appropriate infrastructure. Investing in enabling and climate-resilient infrastructure is critical for enhancing competitiveness and the development of the private sector³.

The priorities identified in the GoB's national plans (Vision 2036 and National Development Plan 11) are relevant and fully aligned with EU overarching political priorities and are the basis for programming.

In the wake of the COVID-19 pandemic, the Government of Botswana developed in September 2020 an Economic Recovery and Transformation Plan (ERTP) to support the restoration of economic activity and incomes, facilitate economic growth, accelerate economic transformation and build the resilience of the economy. For this purpose, the ERTP identifies a number of strategic initiatives:

- Developing economic clusters: agriculture, tourism, financial, information technology;
- Supporting SME development;
- Fast-tracking the digital transformation;
- Improving health and education outcomes;
- Developing productive infrastructure, including in the renewable energy sector;
- Fast-tracking the improvement of the business environment.

The ERTP recognises the need to “build-back better” and to factor in a “green recovery” element in order to build stronger socio-economic resilience and sustainability. The ERTP complements the measures identified in the MTR of the NDP 11 and is included as an addendum.

EU Strategic Interests and Added Value:

Overall, the priorities identified in the Government's national plans (*Vision 2036*, NDP 11 and ERTP) are relevant and fully aligned with EU overarching political priorities.

As one of the country's main investment and trade partners, the EU has an important role to play to support Botswana's aspirations and to make sure that the country can remain a role model for Africa. Botswana is at a critical crossroad on its path to further progress. If its structural challenges, now compounded by the global COVID-19 crisis, are not addressed urgently, the country risks back-sliding in its development trajectory.

The government's focus on economic diversification and job creation is in line with EU priorities identified in the “EU-Africa Alliance for Sustainable Investments and Jobs” and in the “Joint Communication Towards a Comprehensive Strategy with Africa”. Further, developing the European Economic Diplomacy could be mutually beneficial for increasing trade and investments and consequently for job creation. Likewise, accelerating the “green and digital transitions” are also clear-cut mutual priorities.

Furthermore, there are common interests in defending public goods like the protection of the country's rich biodiversity and wildlife, implementing climate change efforts under the Paris Agreement, combatting poverty and inequality and promoting peace and stability within the SADC region.

³ Ministry of Finance and Economic Development Mid-term review of NDP 11 and Budget Speech 2020 (3-2-2020).

Botswana is also a reliable partner and ally in international fora and a constructive voice in the SADC regional grouping.

1.2. Status of joint programming

No joint programming agreement with EU Member States exists for Botswana. The main reason is that only two EU Member States (Germany and France) have a diplomatic presence in Botswana and neither of them has a bilateral cooperation portfolio. Germany has only one on-going program in the field of TVET, which will be phased out by 2022.

Despite the above, there is close engagement between the EU and its resident Member States in cooperation matters, including in joint analysis, enhanced coordination and communication.

A good example of this has been the communication of the EU support to the country's COVID-19 response through the "Team Europe" branding.

1.3. Priority areas of the EU's cooperation with the partner country

As a result of the analysis undertaken, lessons learned from past cooperation and taking into account the Government of Botswana strategic vision and development agenda, the response strategy in this Multiannual Indicative Programme (MIP) identifies "**Green Transformation**" and "**Economic Diversification and Jobs**" as the two interlinked priority areas for joint cooperation under the NDICI programming period 2021-2027.

Priority Area 1: Green Transformation

Indicative sectors:

- i. Sustainable Energy [DAC code: 232]
- ii. Biodiversity Conservation, Climate Adaptation and Sustainable Tourism [DAC code: 410]
- iii. Circular and Green Economy, including Waste Management [DAC code: 140]

Priority Area 2: Economic Diversification and Jobs

Indicative sectors:

- i. Investment Promotion and Trade [DAC code: 331]
- ii. Digital Transformation [DAC code: Internal Marker]
- iii. Skills Development [DAC code: 110]

Under Priority Area 1, the EU support will be aimed at assisting the Government of Botswana to address the country's climate resilience, unlock its renewable energy potential, and harness its rich biodiversity and ecosystem services for decent job creation and sustainable economic growth.

The support under Priority Area 2 is aimed at backing Government's economic diversification drive and recovery efforts, by fostering private sector development, reduce dependence on minerals and promoting trade and investments. EU support in this field will target as well the digital transition and skills development as a way to spur innovation and competitiveness across the sectors, and address the challenge of youth unemployment. The potential role of higher research and development expenditures for creating decent jobs (thereby promoting Botswana's vision of a knowledge-based economic model) will be further explored.

1.4. Justification and Context

1.4.1 Priority Area 1: Green transformation

For Botswana to succeed in diversifying its economy and transitioning to high-income status, there is a need to invest in a low-carbon, resource efficient and climate resilient development model and to protect its rich biodiversity. Natural resources and ecosystem services are in fact underlying elements for water, food and energy security as well as for livelihood support, tourism development and poverty reduction. Botswana's unique wildlife and pristine ecosystems are also the country's largest asset for the development of the tourism sector and for the diversification of the economy,

Harnessing its solar energy potential will also be key to diversify the economy, contribute to the green transition and create sustainable employment opportunities.

The EU has a role to play in all of these matters and a specific added value in supporting the Government's aspiration to build resilience to climate change and disaster risks, to protect biodiversity and ultimately to succeed in its green recovery efforts. This will help create sustainable wealth and decent jobs for the youth entering the labour market every year as well as more opportunities for women and thus harness the benefit of a demographic dividend. Synergies will be explored between the green deal agenda and the sustainable management of the extractive sector and natural resources.

In line with the EU Gender Action Plan 2021-2025 (GAP III), all actions under this priority area will include a gender focus (at least 85% of actions scoring G1 or G2, of which 5% scoring G2).

1.4.1.1 Sustainable energy

Botswana is a party to the UNFCCC, the Kyoto Protocol, and the Paris Agreement. In the framework of the Paris Agreement, Botswana has committed to reduce GHG emissions by 15% by 2030 relative to 2010 emissions. The drivers of GHG emissions are population and economic growth, which influence the demand for fossil fuels, land use changes, and industrial processes and product use. Energy is the main emitting sector, accounting for 58% of total emissions.

With its high levels of solar irradiation, low population density and abundant land availability, Botswana is well endowed for solar power production. However, the contribution of renewable energy to the total electricity generation mix is close to nil. At the same time, Botswana is importing around 40% of its electricity from South Africa. National access to electricity stands at 64.8% (81% in urban areas vs. 28% in rural areas⁴), which is low for a UMIC.

The government of Botswana is committed to increase the share of renewable energy sources in the energy mix in the coming years in order to reduce dependency on imported electricity and meet the increasing demand.

In this context, developing more renewable energy capacity makes perfect sense from an economic, social and environmental point of view. It is acknowledged that the average cost of new solar photovoltaic installations is becoming competitive even in comparison to the energy import price from South Africa.

⁴ World Bank 2018.

Although Botswana's carbon footprint is low in absolute terms (energy-related emissions stood at 9.24 MtCO₂ in 2016), it is high among African countries owing to the high carbon content of its energy mix

The near totality of electricity production in fact comes from burning coal and diesel. Although Botswana has vast untapped coal resources (estimated at 212 billion tonnes), the government acknowledges that off-grid solar power generation can assist with rural electrification on a more cost effective basis than grid extension.

In recent years, the government has developed a series of national strategies and targets.

Under the Renewable Energy Strategy the government aims to achieve a 15% share of domestic demand made up by renewable energy by 2030 (100% access to electricity by 2030).

Botswana recently released a new Integrated Resource Plan (IRP) in order to include more renewables into the generation mix and move towards the 15% target of renewable energy and 30% by 2040. The plan includes an additional 632 MW of installed generation capacity by the year 2040 (to 1,540MW⁵) to be achieved through a mix of technologies.

To implement these targets, the government has recently launched a number of projects aimed at expanding solar generation. Those projects consist of two 50MW independent power producer (IPPs) solar projects currently being tendered, twelve mini-grid-tied solar projects for rural villages (0.4 to 4MW for a total of 35MW – tenders underway), and electrification of public buildings and development of mini-grids in 40 small rural communities. In addition, a rooftop solar programme has been recently launched for residential and industrial customers, capped for the first year to a maximum of 10MW. The Government also plans to introduce a 50MW wind generation project by 2027 and additional 200MW from Concentrated Solar Power.

It is expected that under the IRP, an installed capacity of 145 MW will be achieved by 2025 through the committed solar photovoltaic projects which include 100 MW (Jwaneng and Orapa 50 MW x 2), 35 MW (12 x minigrids in various locations) and 10 MW (Rooftop Solar Programme) contributing to 16 % of the mix. The Integrated Resource Plan (IRP) will contribute an additional 990 MW of renewables and storage to the total planned installed of 2,025 MW by 2040, which will contribute 55 % of the total electricity installed capacity mix.

Rural electrification at village level currently stands at 98% (484 out of 492 villages⁶) even though energy access at household level stands at 64%. This shows that low-income households in rural areas have problems in connecting to the network due to affordability concerns.

The National Energy Efficiency Strategy (NEES) was developed for Botswana in 2018, followed closely by the SE4ALL Action Agenda to highlight focal areas and actions that could enhance energy savings as a first priority. These mainly included technology improvement or replacement but also behavioural and legislative changes. The target from SE4ALL is an 18% demand reduction by 2030 translating into approximately 195 MW of savings as compared to business as usual.

The savings potentials from the NEES report are highest in residential, mining and public/commercial sectors. The mining sector requires a more specialised analysis of savings potential due to specific equipment, so the focal areas for the purpose of this exercise and 'low

⁵ It should be noted however that the current available capacity is less than 400MW.

⁶ Villages are recognised settlements with at least 1,000 people.

hanging' fruit approach are on residential and public/commercial savings. The next highest rate of savings are through improved efficiency of cook stoves and cooking practice.

EU support will help the Government to achieve the targets set above, namely in the area of renewable energy generation, rural electrification and energy efficiency. While under the IRP the Government will continue to expand coal generation in the short term (new 300MW planned), EU support will focus specifically in helping the country in meeting the targets for renewable energy expansion, by supporting the development of the new solar and wind procurement plans.

The MIP will also contribute to the achievement of SDG 7 “affordable and clean energy” and the EU priorities included in the Joint Communications “Towards a Comprehensive Strategy with Africa” and “the EU Green Deal” as well as the EU-Africa Green Energy Initiative.

Considering the limited national market for electricity, in expanding its generation capacity Botswana will have first to satisfy its internal demand and then target the regional market which is projected to be in deficit.

EU interventions in Botswana in this sector will therefore benefit from regional actions in support of strengthening the regional electricity market (SA Power Pool), through infrastructure interconnectivity as well as regional harmonisation of policies and standards. The assistance provided from the MIP could be complemented by funding from the Regional Sub-Saharan Africa programme for regional projects, like the MegaSolar Programme for large scale solar generation between Namibia and Botswana and promoted by the USAID-PowerAfrica, the World Bank, the African Development Bank and AU-NEPAD.

1.4.1.2 Biodiversity conservation, climate adaptation and sustainable tourism

Botswana has abundant wildlife and has been a strong proponent of its protection; approximately 40% of its surface area has been set aside for conservation and wildlife management. The country has a high concentration of biodiversity together with large numbers and a diverse range of wildlife species, including over 30% of the world's elephant population; a Botswana Elephant Management Plan and Action 2021–2026 was launched in April 2021, which now needs to be implemented in earnest.

The Okavango Delta is a UNESCO world heritage site and one of the most pristine ecosystems on the planet. Nature-based tourism is potentially a major future driver of economic growth and employment. The tourism industry in Botswana already contributes 11.5% to GDP and employs 7.6% of the population⁷; and prior to COVID-19, it was the most rapidly growing sector in Botswana.

Supporting nature-based tourism should go hand-in-hand with the development of indigenous and rural communities, who disproportionately incur the opportunity costs of co-existing with wildlife but are currently not obtaining sufficient financial benefits from the tourism sector. Innovative models for increasing local community benefits from the wildlife sector need to be explored, so as to diversify the tourism product offerings.

Land degradation, one of the precursors to a loss of biodiversity, is a serious threat in Botswana, due to overgrazing, climate change and prolonged droughts. Declining agricultural productivity and lack of viable alternative sources of livelihoods in areas under increasing climatic stress are contributing factors to land degradation and rapid rural-urban migration. In a Joint Research Centre ranking of 120 countries, Botswana was identified as the country with the worst land

⁷ World Travel and Tourism Council, 2018.

degradation. According to this study, 51% of Botswana's territory is affected by land degradation, against a regional average of 17%.

Forty-six percent of the population lives in rural areas and depends on subsistence agriculture and rain-fed farming. Due to recurrent drought and unsustainable farming practices, the level of food insecurity among the rural community is high and competition for resources with wildlife is an increasing problem (human-wildlife conflict). Consequently, there is an urgent need for investment in human-wildlife conflict mitigation measures, especially interventions meant to reduce the negative impacts of wildlife on agriculture and food production systems.

Regrettably, the wildlife resource that underpins much of Botswana tourism is under immense pressure from poaching and illegal wildlife trade, affecting a broad range of plant and animal species to varying extents. The largest volume of poaching and illegal trade by monetary value is on elephant, rhino and pangolin. The country is finalising a National Anti-Poaching Strategy for 2021–2026, to be implemented under an inter-agency model involving both state and non-state actors. The strategy identifies a need to invest in ensuring the financial and operational sustainability of Botswana's protected area network, especially national parks and game reserves (17% of Botswana) which form the cornerstone of biodiversity conservation in Botswana. Furthermore, other than support to law enforcement agencies, the strategy recognises a need to strengthen the prosecution and judiciary, as well as engaging and supporting local communities as a 'First Line of Defence' against wildlife crimes. In view of the international dimensions of poaching, the strategy also promotes transboundary coordination, including using Multilateral Environmental Agreements, African Union, SADC and Transfrontier Conservation Areas to which Botswana is a party.

EU support in this sector will target the protection of Botswana's biodiversity, linked to livelihood support for communities living in and around protected areas, including indigenous people, the protection of the wildlife resource from unregulated offtake and illegal wildlife trade and other wildlife crimes, and the development of the eco-tourism value chain. This will have a direct bearing on employment generation, especially for youth and women, and ultimately on the diversification of the economy. Investing in wildlife economy could be an opportunity for reconciling nature conservation outcomes with socio-economic benefits for the local population. Support in this area would also lead to reduction in incidents of poaching as a result of active participation of local communities.

EU support will also target food insecure communities by building resilience to climate change and disaster risks as well as introducing sustainable farming practices through climate-smart agriculture.

In the implementation of the programme, the EU will apply a humanitarian-development-security nexus approach to reach the most exposed, vulnerable, communities, leaving no one behind.

Botswana's high biodiversity-value landscapes have a strong regional/transboundary dimension. Three important Transfrontier Conservation Areas (TFCA) are shared between Botswana and neighbouring countries, namely KAZA (Botswana, Namibia, Zambia, Zimbabwe, Angola), Kgalagadi (Botswana, Namibia, South Africa) and the Greater Mapungubwe (Botswana, South Africa Zimbabwe). There is need to link national interventions with the regional programme, like NaturAfrica following a landscape and territorial approach.

EU support in this sector will contribute directly to the achievement of SDG 15, "Life on Land" which aims to *Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt*

biodiversity loss. At the same time healthy ecosystems and biodiversity are also central to other SDGs such as SDG 2 (food security), SDG 3 (health and wellbeing), SDG 8 (growth and decent jobs) and SDG 13 (climate change). The MIP interventions in this sectors will contribute to the implementation of the National Biodiversity Strategy and Action Plan, the National Tourism Policy, the NDC commitments under the Paris Agreement and more broadly to the National Development Plan 11 (NDP11).

The proposed EU interventions will also contribute to the EU commitments spelled out in the EU Green Deal Communication, the new EU strategy on adaptation to climate change and the EU Biodiversity Strategy of May 2020, which are aimed at bending the curve of biodiversity loss by addressing all key drivers and to protect and promote the sustainable use of ecosystems. The EU intervention will also support the implementation of the 2021 Botswana Climate Change Policy and the Country's commitments under the Paris Agreement.

1.4.1.3 Circular and green economy, including waste management

Botswana is committed to improving environmental standards. In the area of waste management, the Government has set a 15% target for the recovery of recyclable solid waste material by 2022 (baseline of 2% in 2015/16). On average, 56% of households have access to regular residential waste collection services. Illegal dumping has however reached massive proportions in some urban areas, due to slow progress with developing solid waste disposal infrastructure. This is particularly a problem in Gaborone, where there are no legal sites for waste disposal in close proximity to the capital city.

In 2017, the Government prepared a law to ban certain types of plastic but eventually it was not adopted as there were concerns about its impact on businesses. Nonetheless, in 2021 the Government has introduced a special levy on plastic bags, showing that the issue of reducing plastic use and littering remains high on the Government's agenda.

In the ERTF approved in September 2020, the Government put the emphasis on greening the economic recovery and embracing a more sustainable and resource-efficient development path.

EU support in this sector will aim to promote the transition towards a circular and green economy through knowledge exchange, awareness raising and support to policy and regulatory reforms.

Actions at regional level for promotion, policy development and regional harmonisation in the area of green and circular economy, like the Covenants of Mayor Initiative or the Switch to Green Africa programme, would be a good complement for maximising the impact of EU interventions in Botswana.

Support to the circular economy is one of the pillars of the EU Green Deal and will contribute directly to SDG 12 Ensure sustainable consumption and production patterns as well as to other related SDGs (SDG 3 Health, SDG 6 Clean Water, SDG 8 Decent Jobs, SDG 11 Sustainable Cities, SDG 13 Climate, SDG 15 Life on Land). Attention will be paid also to align EU support in this field with the EU Circular Economy Action Plan and the EU Action Plan on Critical Raw Materials.

1.4.2 Priority Area 2: Economic Diversification and Jobs

With a combination of political stability, democratic institutions, good governance and low criminality, Botswana offers an attractive environment for business and investment. Botswana's

macroeconomic framework has sound fundamentals, providing an adequate basis for domestic and external stability.

Nonetheless, Botswana's economy presents structural issues.

The contribution of the manufacturing sector to GDP has remained between 5%-6%, showing that industrialization is still at an incipient phase. Employment in the private sector is only growing by 1% per annum. The economy is heavily dependent on diamond production, which represents 87% of total exports and 35.6% of the government budget. Diamond exports dominate the trade account, featuring both on the export and import sides (for sorting and processing). However, the mining sector only employs 5% of the total workforce, showing the limitations of the mining sector in terms of job creation. Government accounts for 14.5% of GDP and 48.4% of formal employment. The past economic model has thus created a strong dependence on the State as the main investor and employer in the country.

To address the above challenges, the government has put its central focus on the diversification of the economy, on private sector development and on human capital development as engines for growth and job creation. However, economic diversification efforts are bearing only timid results, which are being endangered by the consequences of the COVID-19 pandemic.

The government also recognises the important role of digital transformation in the economic recovery, in spurring innovation and in transitioning from a resource-based towards a knowledge-based economy.

The EU, as one of the major investment and trade partners of Botswana, has a clear added value and interest in supporting Government's aspiration for the diversification of the economy, to maintain its model role for Africa and avoid that the country slides back in its development trajectory.

In line with the EU Gender Action Plan 2021-2025 (GAP III), all actions under the two priority areas (economic diversification and jobs) will include a gender focus (at least 85% of actions scoring G1 or G2, of which 5% scoring G2).

1.4.2.1 Investment promotion and trade

The government recognises that due to the limited internal market, the diversification of the economy should be driven by export-led growth around selected value chains with a high potential for sustainable job creation.

With a combination of political stability, good governance and a credible electoral process, Botswana offers an attractive environment for business and investment. However, the general trend in several major international reports, such as the World Bank Doing Business or the WEF Global Competitiveness Index indicates little improvement in Botswana's investment climate over the past years. FDI has also experienced a declining trend in recent years.

Botswana is part of the EU-SADC Economic Partnership Agreement (EPA), which has been provisionally applied since October 2016. The EPA has not shown much visible effect due to the dominance of the diamonds in the trade balance sheet. However, there are several small companies ready to export to Europe in other sectors. Continued support to the implementation of the EPA could enhance Botswana's efforts at diversification, but it is also important in the continental discourse on economic partnership agreements with Europe. The EU-SADC EPA is the first African regional EPA and thus a building-block towards continental free trade and ultimately continent-to-continent free trade. Making the EPA work will likewise benefit EU companies,

which could access the growing internal market and use Botswana as a bridge for regional value chains.

EU support in this sector should target the diversification of exports and investment promotion, in particular green investments, through the implementation of the EPA and European Economic Diplomacy initiatives. The engagement should also include investment climate reforms aimed at creating a conducive environment for private sector investments. Being a landlocked country, with a small internal market, Botswana will benefit enormously from regional economic integration and the participation in regional value chains.

Trade facilitation policies and transport infrastructure development linked to regional strategic corridors, are important enabling factors to trade across borders and to access regional and international markets for Botswana products and services. The potential role of trade in services for creating decent jobs will be further explored.

Therefore the initiatives identified in the MIP in the area of trade and investments, will be complemented by regional actions aimed at strengthening regional economic integration, trade and transport facilitation at the SADC or continental levels.

Support under this area presents a strong link with the green transition priorities. While supporting investments in priority value chains in the agri-food sector, it will be key to highlight the inter-linkages between natural resource management, climate, food security and sustainable agriculture practices. Adopting sound agro-ecological standards (following the Farm-to Fork strategy) will be a strong incentive for Botswana products to access the EU high-end market under the EPA.

Particular attention will be paid in empowering women and promote youth entrepreneurship as well as facilitating the emergence of social enterprises.

Future support will be based on the results and lessons-learned from the current assistance provided under the 11th EDF, namely the “EU-Botswana EPA support programme” and the “Business Environment and Sustainable Jobs” programme, which should end by 2024.

Support under this priority area will contribute to the achievement of SDG 1 – No Poverty, SDG 8 – Decent work and economic growth, SDG 9 – Industry, Innovation and Infrastructure, SDG 12 - Sustainable Consumption and Production as well as to the EU strategic priorities included in the Joint Communication “Towards a Comprehensive Strategy with Africa”, “the EU-Africa Alliance for Sustainable Jobs and Growth” and the EU Green Deal.

In the area of export and investment promotion, particular attention will be paid also to the sustainable extraction and use of mineral raw material in line with the EU action plan on critical raw materials.

1.4.2.2 Digital transformation

The Government of Botswana recognises that digitalization is key to move the country towards a knowledge-based economy and transition to a high income status by 2036. The COVID-19 pandemic has also highlighted the need to accelerate this digital transformation in order to provide services to citizens in a safe manner and boost the economic recovery through innovation and entrepreneurship. For this purpose in July 2020 the Government of Botswana adopted the SmartBots strategy with a view to guide the digital transformation across all sectors of the economy.

The SmartBots strategy adopts a whole-of-government approach to transform the public sector in order to provide services to citizens and businesses and to reform the education system with a focus on building human capital.

The main objectives of the strategy are to:

- Increase connectivity while leaving no one behind;
- Build a knowledge workforce through an overhaul of the education system;
- Digitise the Public Service through the development of e-government services;
- Build an innovation ecosystem for digital start-ups and entrepreneurs.

It should be noted that President of Botswana has put the implementation of the SmartBots strategy at the centre of his “reset” agenda, elevating the digital transformation among the top-priorities for his presidential mandate.

The priorities identified in the SmartBots strategy are fully aligned with the EU digital transformation agenda and with the digital partnership under the Communication “Towards a strategic partnership with Africa”.

The EU is a recognised partner for supporting a fair digital transformation where the rights of citizens and high levels of consumer and personal data protection are upheld.

The EU support in this field will aim at assisting the implementation of the SmartBots action plan, with particularly emphasis on governance and regulatory reforms, development of e-government services, digital skills and connectivity and the promotion of an ecosystem for digital entrepreneurship.

At the regional level, a number of interventions can help maximise the impact of EU support in the digital area, such as digital connectivity and infrastructures, connectivity research, integration of regional digital markets, and interoperability of digital and financial services, including development of cross-border payment systems.

A strong emphasis should be put on a human-centred approach to digitalization focusing on the users, their needs and requirements, especially those of women and youth but also the working population. The MIP support will also cover issues related to consumer and personal data protection. High data protection standards will help to unfold the benefits of the digital economy, increase access to safe and affordable digital services create a level playing field for businesses competing on the market and strengthen consumer trust, thus contributing to the economic development of the country.

Support in the area of digital transformation will contribute to the achievement of SDG 9 “Industry, Innovation and Infrastructure”, SDG 8 (Decent work and economic growth), SDG 11- Sustainable cities and communities but also indirectly to many other SDGs due to the cross-cutting nature of digital solutions, like SDG1 (poverty), SDG 3 (Good health and well-being), SDG 4 (Quality education), SDG 12 - Sustainable Consumption and Production, SDG 17 – Partnerships for the Goals; SDG 5 (Gender equality), SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy), SDG 10 (Reduced inequalities), 13 (Climate Action),

1.4.2.3 Skills Development

Successful diversification requires an economic growth rate that is high enough to generate sufficient decent jobs to help address unemployment, raise household incomes and reduce

poverty. The annual average growth rate of formal employment is however very low, averaging 0.5% in the last 5 years. In this period, the number of net new formal jobs created was less than 2,000 a year, compared with an estimated 20,000 net new entrants to the labour force each year. On the other hand, there are companies who cannot fill vacant positions due to the lack of available relevant skills in the market. This shows that the high level of spending on education and training is not translating into employment opportunities, also due to a mismatch between the skills created and labour market requirements.

EU support in this area will build on the achievements of past cooperation under the 10th and 11th EDF. While in earlier years infrastructure development was the main focus of EU support to Education and TVET, in the 10th and 11th EDF the focus shifted towards the implementation of the reforms targeting quality improvement, teachers' training, policy formulation and systems strengthening. The EU's current TVET budget support programme (11th EDF) is trying to address some of the structural deficiencies which still persist, such as the coordination of the Education sector, the TVET sector governance, gender equality and the involvement of the private sector as a fundamental partner in the TVET arena.

Based on the lessons learned and building on the results achieved by past interventions, the EU support under the MIP 2021-2027 will be narrowed-down around the anticipation and provision of skills for the digital and green transition, targeting not only the youth (initial training) but also the active population (lifelong learning) that will strongly need up-skilling and re-skilling to respond to labour market demands brought by the twin transitions.

This will involve looking at the regulatory processes that will enable a more flexible education sector with stronger role of private sector as providers of non-bearing credit courses to re-skill and up-skill the work force and also in the promotion of digital skills and e-learning opportunities.

Special attention will be given to gender equality, ensuring that women not only have equal opportunities but also are effectively able to benefit from the opportunities created by the twin transitions and ensuring that women will not be left out of trades that will be on high demand by the labour market and provide well paid jobs. The same applies to youth and to the inclusion of people with disability and most marginalized groups.

Support under this area will contribute to the attainment of SDG4 (Quality Education), SDG8 (Decent works, SDG 9 (Industry), but indirectly to all SDGs (10 inequalities, 17 Partnerships, 5 Gender, etc.)

1.5. Duration of the MIP and option for synchronisation

The MIP will have a duration of 7 years, with a Mid-Term Review scheduled in 2024. The overarching strategic document of the Government of Botswana, *Vision 2036*, will be implemented by a series of National Development Plans (NDP) with a duration of 6 years each. The current NDP 11 runs from April 2017 till March 2023. In the wake of the COVID-19 pandemic, the Government has developed the Economic Recovery and Transformation Plan (ERTP), which identifies the measures and means for guiding the recovery process till March 2023. The ERTP has been included as an annex of the NDP 11.

The 2019 MTR of NDP11, together with the ERTP, are the programmatic documents that form the basis of current programming.

NDP11 will end in March 2023 and the Government will soon start preparation of NDP 12 which will run from April 2023. The NDP12 and the Mid-Term Review of the MIP can therefore be

used as a basis for review of the MIP in 2024 to align it to national priorities as would be contained in the NDP12.

2. EU support per priority area and proposals of Team Europe Initiatives

Despite the limited bilateral envelope, it is expected that the MIP will have a transformative impact in advancing the digital and energy transition among other areas.

2.1. Priority Area 1: Green Transformation (SDG 6, 7, 12, 13, 15)

2.1.1 Specific objectives (SO) related to the priority area

The Green Transformation priority area will be implemented through three main objectives corresponding to three sub-sectors:

SO 1.1 Promote and increase access to affordable, reliable and sustainable energy through the expansion of renewable energy generation

The EU contribution in this area will support the Government in achieving its targets for increasing electricity generation from renewable sources, rural access and energy savings.

The Government targets are to reach 15% of electricity generation from renewable energy by 2030, an 18% demand reduction by 2030, and 100% household access by 2030.

Promoting an expansion of renewable energy generation will help the country achieve energy security, improve its balance of payments, reduce GHG emissions and create jobs. At the same time, increasing access to electricity in marginal areas will improve living conditions and businesses opportunities in rural communities. Finally, by promoting energy efficiency, the EU support will contribute to reduce GHG emissions and decouple resource and energy use from economic growth in line with SDG 7 and SDG 12.

SO 1.2 Contribute to biodiversity conservation, climate resilience and sustainable livelihoods in and around conservation areas, through landscape and nexus approaches

Botswana's rich biodiversity, protected and conservation areas and unique ecosystems, are the country's greatest assets and one of the major drivers for economic diversification and job creation.

Under this objective, EU support will promote new approaches to conserve wildlife and protect ecosystems (with emphasis on protected and conservation areas, and tackling wildlife crimes), whilst improving the livelihood of indigenous people and rural communities dependant on these resources. The objective under this sector is also to build resilience of rural communities to the impact of climate change and disaster risks through the promotion of sustainable rangeland management and smart agriculture practices, while reducing human-wildlife conflicts and the opportunity costs of co-existing with wildlife. All actions under this specific objective will mainstream disaster preparedness as a way to mitigate possible climate-induced shocks, and include to the extent possible a crisis modifier in interventions as a flexible way to adapt and respond to unforeseen events.

In doing so, the EU will adopt landscape and nexus approaches in view of the interlinkages between biodiversity loss, climate change, water and food security and sustainable development.

SO 1.3 Contribute to the promotion of a circular and green economy model

EU support in this field is aimed at raising awareness and developing conducive policies for the promotion of a circular and green economy.

It will also help the Government in the implementation of its waste management policy and in meeting the target of 15% of recovery of Botswana's recyclable solid waste material.

The EU will provide technical assistance and peer learning to national and local governments, the private sector and civil society for the uptake of the circular economy practices in the different sectors of the economy.

It is acknowledged that embracing circular and green economy approaches can bring tangible contributions to job creation, to climate neutrality, to health and wellbeing, to pollution and waste abatement, and to decoupling economic growth from resource use in line with SDG 12.

2.1.2 Expected results per specific objective

SO 1.1 Promote and increase access to affordable, reliable and sustainable energy through the expansion of renewable energy generation.

Expected results:

- Energy market reforms and a more conducive business environment supported
- Renewable energy generation capacity increased (solar and wind)
- Increased access to energy in rural areas through decentralised innovative renewable solutions (off-grid and on-grid systems)
- Access to cleaner cooking solutions increased
- Energy efficiency promoted at public and private level through enhancements of the regulatory enabling framework and standards

Indicators:

See intervention framework in Annex 1.

SDGs:

SDG 7, SDG 13

DAC code: 232

SO 1.2 Contribute to biodiversity conservation, climate resilience and sustainable livelihoods in and around conservation areas, through landscape and nexus approaches.

Expected results:

- Improved capacity of public and private operators for wildlife management, land use planning, water basin management and biodiversity conservation in and around protected areas
- Increased community participation and decent job opportunities from nature-based tourism
- Improved financial and operational sustainability of protected and conservation areas

- Reduction of human-wildlife conflict, poaching and wildlife trafficking
- Increased resilience of rural communities to climate change and drought through climate-smart agriculture practices
- Increased incomes and improved food-security from sustainable use of ecosystem services; sustainable agriculture, forests, wildlife and fisheries

Indicators:

See intervention framework in Annex 1.

SDGs:

Central to SDG 2, SDG 3, SDG 6, SDG 13, SDG 14 and SDG 15. A key role in SDG 1, SDG 8 and SDG 12.

DAC code: 410

SO 1.3 Contribute to the promotion of a circular and green economy model

Expected Results:

- Improved regulatory and policy framework for the promotion of clean production practices and use
- Increased capacity and awareness about circular and green economy among citizens, government and businesses
- Enhanced waste policy in support of waste reduction, including for plastic littering and hazardous waste including used waters and waste-water collection, treatment, and management
- Increased recovery, recycling and re-use of waste

Indicators:

See intervention framework in Annex 1.

SDGs:

SDG 6, SDG 11, SDG 12, SDG 13, SDG 15

DAC code: 140/14050

2.1.3 Possible use of blending and guarantees for investment under EFSD+

Interventions under this priority area could be supported by blending operations especially for larger infrastructure or productive investments.

The focus for the EFSD+ support in this specific area could be in 1) renewable energy, especially supporting investments in renewable generation by independent power producers (IPP), in enabling energy infrastructure (distribution, transmission, storage) and supporting special financial vehicles for uptake of distributed off-grid generation and energy efficiency investments; 2) climate adaptation by supporting investments in water management or sustainable agriculture/eco-tourism; 3) circular economy, by financing investments in solid waste management, recycling and waste water treatment.

The EFSD+ and the EU External Action Guarantee could also be used to support access to finance for start-ups and SMEs for green investments and entrepreneurship.

To date there have been no EU blending operations in Botswana. Uptake has been limited due to the low appetite from the Government to take up loans, the constitutional cap on public debt and the small size of the local market, which reduces the attractiveness for larger investors.

Subject to its confirmation through the implementation phase, it is expected that an indicative total amount of EUR 3 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations, including under this priority area.

2.1.4 Risk Assessment

Risks	Mitigation measures
Key political measures and reforms required are not implemented and some ineffective policies are continued	Improve sector dialogue with the government, engagement with the private sector, local authorities and CSO and coordination with development partners.
Climate change effects and environmental mismanagement	Sound screening for environmental impact and climate change risk will be ensured, and best practices to build resilience to climate change and prevent/reverse environment and natural resources degradation will be supported. Integrate flexibility in formulation, including space for crisis modifiers to adapt and respond to unforeseen events.
Low ownership and political commitment due to the abundant coal reserves and divergent interests	Advocacy and policy dialogue through capacity building and information on new technologies in order to highlight benefits of energy transformation.
Indirect drivers of environment degradation insufficiently addressed (such as governance, agriculture and energy practices, land tenure)	Stronger political and policy dialogue, support to CSO for increased capacity to hold government accountable and end environmentally damaging practices, greater involvement of local communities in decision making, and incentive mechanisms for small holders to protect ecosystems
Low appetite to contract loans due to constitutional debt cap and other constraints	Negotiations with interested IFIs, combined with dialogue with Government and private sector for non-sovereign loans in order to leverage investments in sustainable strategic infrastructure and in the productive sector.
Extended Covid-19 pandemic leading to further restrictions, economic disruptions and/or closing of schools	Support to strengthen Covid-19 related sanitary measures and foresee flexibility in formulation, including space for crisis modifiers

2.1.5. Role of Civil Society Organisations (CSO)

Meaningful engagement with CSO will systematically be sought to deliver on each specific objective, and monitor interventions. Such engagement would range from consulting CSO on

specific policies and programmes to ensuring their active participation and involvement in policies and/or implementation programmes. Private sector, rural community and indigenous community involvement will be crucial for the success of the programme and more in general for the green recovery and transition. Actions under the biodiversity component will also aim to strengthen the Community Based Natural Resource Management (CBRNM) approach to increase the participation of local communities in the tourism value chain. The role of the private sector in the green transition will also be addressed during implementation.

2.2. Priority area 2 Economic Diversification and Jobs (SDG 1, 4, 5, 8, 9, 10, 17)

2.2.1 Specific objectives related to the priority area

SO 2.1 Support the economic diversification drive of Botswana, by facilitating investment and trade opportunities

The EU contribution in this area, including via European Economic Diplomacy, will support the Government's efforts to diversify the economy, reduce dependency on mineral revenues and create decent jobs, especially for the youth. Attention will be drawn to the promotion of nature-based solutions as well as the need to support sustainable production patterns. Emphasis will be put in the implementation of the Export Diversification Policy by facilitating FDI, private sector development and promoting trade. By doing so, the EU will support Botswana entrepreneurs and SMEs in reaping the benefits of the EU-SADC EPA, which has been provisionally applied since October 2016. Support should target notably youth and women's entrepreneurship as well as SMEs that will embark in green sectors and businesses.

Corporate Social Responsibility (CSR) will be promoted, as will preparations for the upcoming EU due diligence legislation, be it for EU enterprises active in Botswana, for local enterprises from Botswana or for enterprises from third countries active in Botswana interacting with international supply chains linked to the EU market.

The business environment reforms will be specifically targeted by the programme in order to create a more conducive framework for investments, innovation and entrepreneurship.

Finally, Botswana as a landlocked country will benefit from more regional integration in order to be able to participate in regional value chains and facilitate access to market for its products.

The regional programme for Sub-Saharan Africa will be key in facilitating investments in transport infrastructure and interconnectivity, along strategic corridors, as well as in promoting harmonized policies and standards for trade facilitation and movement of goods and services across borders.

SO 2.2 Contribute to Botswana's digital transformation

Botswana is committed to fast-track digital transformation as a way to transition to a knowledge economy and reach high-income status by 2036.

The EU's contribution in this area will support the Government in the implementation of the SmartBots Strategy and Action Plan, which were adopted in 2020.

Through SmartBots, the government wants to create an enabling digital ecosystem for innovation and entrepreneurship and aims at transforming the public sector to better serve citizens' needs. Emphasis will also be put on increasing access and digital literacy across sectors and to develop a digital governance framework that will ensure a high degree of data protection and security for

its citizens. The digital transition will have an impact across all sectors of the economy, beyond e-government services and encompassing health, education, agriculture, commerce, energy and many others.

By leapfrogging in its digital transformation, Botswana seeks to increase its overall competitiveness, and aspires to position itself as a leader in Africa in digital innovation.

SO 2.3 Improve the quality and labour-market relevance of the TVET system in order to enhance skills availability and increased employability in the green and digital sectors

Based on the lessons learned from the 10th and 11th EDF programmes, the EU will continue to support the effective implementation of Technical Vocational Education and Training (TVET) reforms that are vital to provide the market with the skills that are needed for employment and self-employment.

Empowering youth with skills that meet market requirements, like technical skills, soft skills and work ethics, and with entrepreneurial skills, complemented by conducive policies for entrepreneurship, will allow to bridge the skills gap and to create self-sustained employment. Attention will also be paid to the inclusion of people with disabilities and most marginalized groups.

In the aftermath of the COVID 19 crisis, the workforce will need to re-train or improve their existing skills to adapt to a changing labour market. The TVET system should be flexible enough and ready to up-skill (improve existing skills) and re-skill (train in new skills) its workforce in line with the new demands, such as those brought by the green and digital transitions.

Therefore, actions will continue to focus on strengthening and expanding TVET and entrepreneurship programmes, in order to improve employability especially in priority economic sectors in support to the green and digital sectors. Support for girls and women will receive a particular emphasis in order to promote greater gender equity and women empowerment. A lifelong learning approach to skills development will be considered to address not only the youth but also the active workforce.

Finally the promotion of TVET and enhancement of its attractiveness and status will contribute to reduce early school leaving, drop-outs and educational poverty.

2.2.2 Expected results per specific objective

SO 2.1 Support the economic diversification drive of Botswana, by facilitating investment and trade opportunities

Expected results:

- Increased capacity of government institutions responsible for trade facilitation, export promotion and in attracting Foreign Direct Investments
- Enhanced enterprise and product competitiveness along selected value chains notably those with a potential to strengthen women and youth's economic empowerment and in support of the green transition
- Business-enabling environment and investment climate are improved
- Small and medium-sized enterprises (SMEs) are better equipped to seize opportunities offered by the EPA and the AfCFTA

- Improved access to finance for SMEs, informal sector and youth/women entrepreneurs

Indicators:

See intervention framework in Annex 1.

SDGs:

SDG 5, SDG 8, SDG 9, SDG 17

DAC code: 331

SO 2.2 Contribute to Botswana’s digital transformation

Expected results:

- Legal, regulatory and institutional frameworks for data, cybersecurity and e-commerce is improved
- E-government services are developed and rolled-out across ministries and sectors
- Equitable access to affordable, secure and quality digital infrastructures is expanded in view of addressing the digital-divide in rural areas
- Digital innovation and entrepreneurship is promoted. General digital literacy is enhanced, including for women

Indicators:

See intervention framework in Annex 1.

SDGs:

SDG 9

DAC code: N/A Digitalisation internal marker

SO 2.3 Improve the quality and labour-market relevance of the TVET system in order to enhance skills availability and increased employability in the green and digital sectors.

Expected Results:

- Equitable access to quality, relevant and inclusive VET (initial and continuous) for learners is improved
- Skills and competencies for the digital and green transitions, including of teachers and trainers, have been enhanced
- Integration of digital learning into VET and mainstream curricula supported.
- Working age people (youth and adults) have had opportunities to build their skills or to reskill after initial formal education and training
- Entrepreneurship skills have been embedded in the VET curriculum and mentoring to business creation is available
- VET system is able to forecast immediate and long term skill needs of people and labour market

- Private sector participation in VET, including up-skilling and re-skilling is taking place and is recognised
- VET's attractiveness has been strengthened

Indicators:

See intervention framework in Annex 1.

SDGs:

SDG 4, SDG 8

DAC code: 110/11330

2.2.3 Possible use of blending and guarantees for investment under EFSD+

Interventions under this priority area could be supported by blending operations and guarantees, for infrastructure investments and productive investments, including in the area of digital connectivity.

The focus for the EFSD+ support in this area could also target access to finance for SMEs and youth and women entrepreneurship in the selected value chains with potential for green growth and export.

Subject to its confirmation through the implementation phase, it is expected that an indicative total amount of EUR 3 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations, including under this priority area.

2.2.4 Risk Assessment

Risks	Mitigation measures
Slow implementation and resistance to conducive socio-economic reforms	Enhance policy dialogue to promote reforms and provide related technical support. Promote greater engagement from key non-state actors, in particular CSOs and private sector.
Mismatch between skills available, TVET curriculum offer and private sector needs	Greater dialogue and engagement with the private sector
Extended Covid-19 pandemic leading to further restrictions, economic disruptions and/or closing of schools	Support to strengthen Covid-19 related sanitary measures and foresee flexibility in formulation, including space for crisis modifiers

2.2.5 Role of CSO

Meaningful engagement with CSO will systematically be sought to deliver on each specific objective and monitor interventions. Such engagement would range from consulting CSO on specific policies and programmes to ensuring their active participation and involvement in policies and/or implementation programmes, while promoting their role in fostering accountability and innovation, and strengthening CSO capacities through support intervention, to the extent possible.

Civil society have also a key role to play in advocating for inclusive economic development policies, addressing a just and fair digital and green transition and addressing the need of the most vulnerable.

EU support in the digital space can be directed to strengthen digital awareness and capacities of CSO to advocate for fair and inclusive digital frameworks and policies that may contribute to equitable access, reduce inequalities and uphold the rights of citizens.

In the area of economic diversification and investment policies, EU support could target, among others, the dialogue and coalition building with private sector associations, labour unions and women/youth entrepreneurs associations, for the pursuit of more inclusive labour and economic policies.

2.3. Proposals of country/multi-country/regional Team Europe Initiatives

In the case of Botswana, the possibility of developing fully-fledged Team Europe Initiatives (TEI) is limited due to the fact that only two Member States have a diplomatic presence in the country and neither of them has a bilateral envelope for the next programming period.

Despite the interest expressed by France and Germany in cooperating in the area of digital transformation or renewable energy, no EU Member State will be able to contribute financially in any TEI.

Discussions are at the moment focusing on possible ways to cooperate beyond direct financial assistance, such as through expert exchanges, private sector engagement and/or policy dialogue.

AFD and EIB have also expressed interest in stepping up their presence in Botswana and in joining possible EU-led initiatives in the area of green or digital transition. Nonetheless, discussions with the Government and with the private sector are still on-going without clear short-term openings. The EU Delegation has been actively facilitating this dialogue especially for investments in the area of climate adaptation, sustainable energy or digitalisation.

If the criteria for Member States' contributions are not interpreted more broadly and flexibly, there is little possibility of developing TEI for Botswana in the short term. The EU's indicative contribution to any future TEI is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

3. Support measures

3.1. Measures in favour of civil society

The strategies incorporated into NDP 11, and embodied in the Botswana NGO Policy include the establishment of robust partnerships between Government and Civil Society across all sectors, to ensure their active involvement in implementing national priorities and programmes. In line with *Vision 2036*, Government's role is to create a conducive environment, while the non-state actors are to commit to align their activities in a way that delivers on national development priorities. The National NGO Council, established in 2014, remains a main and vital link between government and CSO.

The EU Roadmap for Engagement with Civil Society in Botswana was developed in 2018 following extensive consultations with CSO. Since then, two countrywide structured dialogues per year have been held with CSO (except in 2020 due to COVID-19 restrictions). The Gender Dialogue was also established, hosted in collaboration with the Department of Gender Affairs and UNDP. It has proven to be a popular and successful forum where members collaborate to respond to pressing gender-related issues.

In the wake of the COVID-19 pandemic, civil society came together to establish the Tripartite Engagement & Collaboration forum on COVID-19, which has been successful in building a collaborative platform for knowledge and experience sharing and for dialogue among a coalition of NGOs, donors partners and the Government. In 2020 the EU has stepped up its support to CSO providing assistance to victims of gender-based/domestic violence, which peaked in consequence to restrictions imposed by the health emergency.

Civil Society funding remains a general challenge in Botswana as many donors have phased out their bilateral cooperation with the country due to its UMIC status. This has resulted in CSO having to rely more on domestic resources, especially from government. CSO's role in Botswana is therefore geared primarily at service delivery, as an extension of the Government's arm, rather than holding government accountable or advocate for policy reforms and change.

It is therefore important for the EU to continue supporting civil society in order to create capacity and maintain CSO's important role in the space of civic participation, democratic governance and implementation of country's development agenda.

Based on the priorities identified in CSO roadmaps and on lessons learned from past cooperation and dialogue with CSO partners, the CSO support under the MIP will indicatively target the following measures:

- Contributing to an enabling environment for civil society for a more inclusive CSO participation in the dialogue on development policy
- Capacity building/strengthening of Civil Society across all its dimensions in EU priority areas
- Supporting organisations active in the fields of human rights including Human Rights Defenders, gender, children's rights, disability rights as well as those active in the field of youth, culture, climate change, environmental protection and good governance
- Supporting grassroots organisations working in the areas of women empowerment/gender equality, indigenous people's rights, youth participation, digital/green/entrepreneurial skills and social protection
- Promoting knowledge dissemination, networking and mentoring opportunities for CSO through the support to CSO platforms/coordination mechanisms/umbrella organisations
- Prioritize support to Civil society as actor of governance, by supporting watchdog functions to promote openness, transparency and accountability, particularly to ensure that public resources are used effectively and efficiently and budgets are reflective of people's needs and priorities
- Promoting access to information, particularly on issues related to implementation of budgets, policies and laws at both national and local level
- Increasing competency of media, their understanding and capacity

- Support tri-partite dialogue and engagement with the private sector, trade unions and employer associations in the area of business environment reforms and economic diversification

The list above is indicative and not exhaustive as the priorities for engagement with the CSO will be further defined during implementation through targeted consultations.

The CSO support will be complementary to the measures identified under the two main priority areas of the MIP and with the support provided under the thematic and regional programmes.

3.2. Cooperation facility

A Technical Cooperation Facility, will be established in order to support, amongst others:

- Capacity development and institutional building, including through technical assistance and exchange of public expertise in the areas covered by the MIP as well as in other relevant policy areas, such as gender equality, governance and PFM, labour standards and employment aspects, social protection and inclusion, youth and culture
- Organisation of policy dialogues, events, conferences, studies, exchange platforms to support sector dialogues leading to policy reforms and engagement with government and other stakeholders
- Participation of the country in EU Programmes and cooperation with EU Agencies, including in the area of research and innovation, and where relevant
- Communication activities including strategic communication campaigns and the fight against disinformation, as well as visibility actions on EU cooperation and public diplomacy specific interventions to promote EU policies, leverage existing EU programmes and initiatives for Public Diplomacy purposes (e.g. Erasmus+, Jean Monnet Actions, Creative Europe) as well as EU multilateral agenda in the partner country
- Strengthen bi/multi-lateral relations by fostering people-to-people contacts, intercultural exchanges, dialogues with think-thanks, youth representatives, media engagement and training
- Preparation, implementation and evaluation of the Union's cooperation
- Triangular cooperation initiatives for exchanges and peer learning
- European Economic Diplomacy initiatives favouring exchanges and business links between EU and Botswana private sector operators, including activities supporting further advancement of the EU-SADC EPA implementation, in complementarity with regional programming.

4. Financial overview

Although the duration of this MIP is seven years, the indicative allocations for Botswana and for each priority area and support measures laid down in the table below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of Botswana.

<i>Financial overview for the period 2021-2024</i>		
Green Transformation	EUR 7.5 million	<i>47% of total</i>
Economic Diversification and Jobs	EUR 6 million	<i>37% of total</i>
Support measures	EUR 2,5 million	<i>16% of total</i>
<i>TOTAL for initial period*</i>	<i>EUR 16 million</i>	<i>100%</i>

** Subject to its confirmation through the implementation phase, it is expected that out of the total of EUR 16 million [1st period], an indicative amount of EUR 3 million may be used between 2021 and 2024 to provision EFSD+ guarantee operations across all priority areas.*

5. Annexes

1. Intervention framework
2. Donor matrix showing the current indicative allocations per sector

Annex 1. Draft intervention framework

Priority Area 1: Green Transformation		
Specific objective 1.1: Promote and increase access to affordable, reliable and sustainable energy through the expansion of renewable energy generation.		
Expected Results	Indicators	Baseline & targets
1.1.1. Energy market reforms and a more conducive business environment improved	a) Proportion of renewable generation as source of electricity (in %)	a) Baseline: <0.5% (2021) Target: 15% of renewable energy by 2030 in the combined on- and off-grid market. Source of data:
1.1.2 Renewable energy generation capacity increased (solar, wind)	b) Renewable energy generation capacity installed (MW) with EU support	b) Baseline: 0 Target: 50MW Source of data: Ministry of Energy
1.1.3 Increased access to energy in rural areas through decentralised renewable solutions	a) Proportion of rural population with access to clean electricity disaggregated by sex	a) Baseline: 28% rural access (2018) Target: Bridging rural electrification gap with >50% from renewable sources by 2030 (100% access by 2030) Source of data:
1.1.4 Access to cleaner cooking solutions increased	b) Number of individuals disaggregated by sex with new access to electricity with EU support	b) Baseline: 0 Target: 1200 Source of data: Ministry of Energy

1.1.5 Energy efficiency promoted at public and private level through enhancements of the regulatory enabling framework and standards.	a) National energy consumption in ktoe b) Greenhouse Gas (GHG) emissions avoided (tonnes CO ₂ eq) with EU support (CO ₂ eq/MJ CO ₂ eq/MWh CO ₂ eq/kg) ith EU support	a) Baseline:2850 ktoe Target:18% reduction in energy consumption by 2030 from the business-as-usual figure of 2850 ktoe Source of data: Ministry of Energy b) Baseline: level of emissions (2010)81307 Cg of CO ₂ eq Target: 7346 Cg of CO ₂ eq Source of data: Ministry of Energy
Specific objective 1.2: Contribute to biodiversity conservation, climate resilience and sustainable livelihoods in and around conservation areas, through landscape and nexus approaches.		
Expected Results	Indicators	Baseline & targets
1.2.1 Improved capacity of public and private operators for wildlife management, land use, water management and biodiversity conservation in and around protected areas	Areas of terrestrial ecosystems under a) improved protection b) sustainable management with EU support (ha)	Baseline: 0 Target: Management Effectiveness Tracking Tool (METT) scores of individual protected areas increase by>10% Source of data: FAO/MERT
1.2.2 Increased community participation and job opportunities from nature-based tourism	Number of jobs created in nature-based tourism or sustainable management of protected areas	Baseline: 0(2021) Target: At least 500 new Jobs created Source of data: GoB Statistics
1.2.3 Human-wildlife conflict, poaching and wildlife trafficking reduced	a) Number of human-wildlife conflict occurrences b) Number of case for poaching incidents by species c) Number of cases for wildlife trafficking offences	a) Baseline: 8000 incidents (45 deaths) 2019 Target: Reduction of at least 30% with respect to 2019 figures b) Baseline: 58 Rhinos killed (2020) Target: 40% reduction c) Baseline: TBD Target: TBD Source of data: GoB/UNODC

1.2.4 Increased resilience of rural communities to climate change and drought through climate-smart agriculture practices	<p>a) Rangeland and agriculture areas under improved climate resilient and wildlife friendly practices (ha) with EU support</p> <p>b) Number of rural communities sensitised about climate change and/or disaster risk reduction strategies with EU support</p> <p>c) Agricultural and pastoral ecosystems (Ha) where sustainable and resilient management practices have been introduced with EU support</p>	<p>a) Baseline: 0 Target: At least 2000 ha</p> <p>b) Baseline: 0 Target: At least 120 communities/villages</p> <p>c) Baseline: 0 Target: 3000 ha</p> <p>Source of data: GoB</p>
1.2.5 Increased incomes from sustainable use of ecosystem services; sustainable agriculture, forests, wildlife and fisheries	<p>a)% Income increase from nature based economic activities in targeted communities</p> <p>b) Number of smallholders with EU supported interventions aimed to increase their sustainable and resilient production</p>	<p>a) Baseline: TBD Target: at least 25%</p> <p>b) Baseline: 0 Target: 1100 families</p> <p>Source of data: Programmes' reporting</p>
Specific Objective 1.3 Contribute to the promotion of a circular and green economy model		
Expected Results	Indicators	Baseline & targets
1.3.1 Improved regulatory and policy framework for the promotion of clean production practices and use	<p>a) Number of policies developed/revised with EU support</p> <p>b) Number of related circular, low-carbon and green economy government policies developed or revised with civil society organisation participation through EU support</p>	<p>a) Baseline: 0 Target: 2 policies Source of data: Intervention M&E system</p> <p>b) Baseline: 0 Target: 2 policies Source of data: Intervention M&E system</p>

<p>1.3.2 Increased capacity and awareness about circular and green economy among citizens, government and businesses</p>	<p>a) # of companies supported, communication campaigns</p> <p>b) Number of women with increased training, financial resources, technology or other resources for sustainable and safe food production, sustainable energy, sustainable transport and clean water sources, for family consumption or for productive users [GAP3-Gender Action Plan];</p> <p>c) Number of companies publishing sustainability reports [POLICY_MARKER-Aid to environment,SDG-12]</p> <p>d) Women in managerial positions</p>	<p>a) Baseline: 0 Target: 10 Source of data:</p> <p>b) Baseline: 0 Target: 230 Source of data: Intervention M&E system</p> <p>c) Baseline: 0 Target: 20 Source of data: Intervention M&E system</p> <p>d) Baseline 34% (public sector) Target: > 50% Source of data: GoB</p>
<p>1.3.3 Enhanced waste policy in support of waste reduction, including for plastic littering and hazardous waste including used waters and waste water collection, treatment and management</p>	<p>a) National recycling rate, tonnes of material recycled</p> <p>b) Number of related circular, low-carbon and green economy government policies developed or revised with civil society organisation participation through EU support (no 39)</p>	<p>a) Baseline: TBD Target: 30% increase Source of data: MENRT</p> <p>b) Baseline (2021): Number of policies:0 Target: 4 Source of data: Intervention M&E system</p>
<p>1.3.4 Increased recovery, recycling and re-use of waste</p>	<p>a) % annual average reduction of waste (T/per capita)</p> <p>b) Proportion of municipal solid waste collected and managed in controlled facilities out of total municipal waste generated by cities</p>	<p>a) Baseline: TBD Target: 20% reduction Source of data: MLG</p> <p>b) Baseline: 40% Target: 60% Source of data: GoB</p>

Priority Area 2: Economic Diversification and Jobs

Specific objective 2.1: Support the economic diversification drive of Botswana, by facilitating investment and trade opportunities

Expected Results	Indicators	Baseline & targets
2.1.1 Increased capacity of government institutions responsible for trade facilitation, export promotion and attracting FDI	<p>a) Employment generated in value chains benefiting from EU support disaggregated by sex/age</p> <p>b) Number of new (non-mining) export products that have founded new markets (EU or in the region)</p>	<p>a) Baseline: 0 Target: New Employment generated: At least 500 by 2027 Sources of data: Intervention M&E system</p> <p>b) Baseline (2021) new export products: 0 Target (2027): 10</p>
2.1.2 Enhanced enterprise and product competitiveness along selected value chains notably those with a potential to strengthen women's economic empowerment and in support to the green transition	Position in ranking of the Global Competitiveness Index	<p>Baseline: 64/138 score 4,3 Target: 50/138 score 5,5 Source of data: Global Competitiveness Report - World Economic Forum</p>
2.1.3 Increased Foreign Direct Investments in support of the export effort	<p>a) Value of Domestic and Foreign Direct investment in non-mining sectors (USD million)</p> <p>b) Value of new Investments attracted with EU support</p> <p>c) Number of countries supported by the EU to strengthen investment climate [EURF-Level 2]</p>	<p>a) Baseline: 261M\$ (total) Target: 15% increase Source of data: UNCTAD/Gov Bots</p> <p>b) Baseline: 0 Target: 20M\$ Source of data: Intervention M&E system</p> <p>c) Baseline: 15 in SSA Target: 25 Source of data: European Commission</p>

<p>2.1.4 Business-enabling environment and investment climate are improved.</p>	<p>a) Number of countries supported by the EU to strengthen investment climate [EURF-Level 2] b) Position in ease of Doing Business Country ranking</p>	<p>a) Baseline: 0 Target: 1 Source of data: Intervention M&E b) Baseline: 87 (2020) Target: 75 Source of data: Doing Business Report – World Bank</p>
<p>2.1.5 Small and medium-sized enterprises (SMEs) are better equipped to seize opportunities offered by the EPA and the AfCFTA</p>	<p>a) Value of non-mining products exported to the EU, to the SADC region and within the continent/GDP b) Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land. c) Number of MSMEs applying sustainable consumption and production practices with EU support</p>	<p>a) Baseline: 6M€ Target: 12M€ Source of data: TRADE b) Baseline: 0 Target: 60 Source of data: Intervention M&E system c) Baseline: 0 Target: 25 Source of data: Intervention M&E system</p>
<p>Specific objective 2.2: Contribute to Botswana’s digital transformation</p>		
<p>Expected Results</p>	<p>Indicators</p>	<p>Baseline & targets</p>
<p>2.2.1 Legal, regulatory and institutional frameworks for data, cybersecurity and e-commerce improved</p>	<p>Number of policies/laws/ revised with EU support Number of countries supported by the EU to a) develop and/or revise, b) implement digital-related policies/strategies/laws/regulations (Number of) [EURF-Level 2];</p>	<p>Baseline: 0 Target: At least 5 Source of data: Intervention M&E system</p>

2.2.2 E-government services are expanded and rolled-out across ministries and sectors	<p>a) Number of new E- services rolled out with EU support</p> <p>b) Number of people supported by the EU with enhanced access to digital government services</p>	<p>a) Baseline: 0 Target: 12 Source of data: Intervention M&E system</p> <p>b) Baseline: 0 Target: 1M Source of data: Intervention M&E system</p>
2.2.3 Equitable access to affordable, secure and quality digital infrastructures is expanded	<p>a) Number of people with access to internet with EU support</p> <p>b) Number of fixed Internet broadband subscriptions per 100 inhabitants, by speed</p>	<p>a) Baseline: 0 Target:120,000 Source of data: Intervention M&E system</p> <p>b) Baseline: 2.14 Target: 3.5 Source of data: GoB</p>
2.2.4 Digital Innovation and Entrepreneurship is enhanced and systems is developed	Improvement in Digital Evolution Index Country Score	<p>Baseline: 0 Target: TBD Source of data: Institute for Business in the Global Context –Tufts University</p>
2.2.5 General digital literacy is enhanced	Number of people with access to internet with EU support	<p>Baseline: 0 Target: 120,000 Source of data: Intervention M&E system</p>
2.2.6 Improved connectivity infrastructure, esp. in remote and inaccessible	Number of rural/remote villages with access to broadband infrastructure with EU support	<p>Baseline:0 Target:50 Source: Intervention M&E system</p>
2.2.7 Increased connection to open, affordable and secure broadband infrastructure esp. youth, women, vulnerable groups, and rural communities	Digital Evolution Index Country Score	<p>Baseline: 0 Target: Break out economy Source: Digital Evolution Index at the start and end of the intervention</p>
Specific objective 2.3: Improve the quality and labour-market relevance of the TVET system in order to enhance skills availability and increased employability in the green and digital sectors		
2.3.1 Equitable access to quality, relevant and inclusive TVET (initial and continuous) for learners is improved	# of enrolment in TVET, all levels(disaggregated by sex, age)	<p>Baseline: 10.215 (6.547 m ; 3.668 f) year 2018/2019 Target: 30% increase Source of data: Statistics Botswana, MOTE, MELSD, HRDC</p>

<p>2.3.2 Skills and competencies for the digital and green transitions (including for teachers and trainers) have been enhanced</p>	<p>a) % of teachers and trainers trained in digital and green skills (disaggregated by sex)</p> <p>b) Number of people who have benefited from institution or workplace based VET/skills development interventions supported by the EU, disaggregated for digital skills (Number of) [EURF-Level 2</p>	<p>a) Baseline: 0 Target:50% Source of data:</p> <p>b) Baseline: 0 Target: Source of data: Intervention M&E system</p>
<p>2.3.3 Integration of digital learning into VET and mainstream curricula supported.</p>	<p>Number of programmes developed or restructured to include digital learning with EU support</p>	<p>Baseline: 0 Target: 12 Source of data: Intervention M&E system</p>
<p>2.3.4 Working age people (youth and adults) have had opportunities to build their skills or to reskill after initial formal education and training.</p>	<p>a) Number of people taking part in upskilling or reskilling (sex disaggregated) with EU support.</p> <p>b) % of adults with basic digital skills</p> <p>c) Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex [SDG-4,SIG-Resilience,SIG-Education)</p>	<p>a) Baseline: 0 Target: 2500 Source of data: Intervention M&E system</p> <p>b) Baseline: TBD Target: 25% increase Source of data: Intervention M&E system</p> <p>c) Baseline: TBD Target: 25% increase</p>
<p>2.3.5 Entrepreneurship skills have been embedded in the TVET curriculum and mentoring to business creation is available</p>	<p>Number of active actions taken to mainstream entrepreneurship</p>	<p>Baseline: 0 Target: 80% Source of data: Intervention M&E system</p>
<p>Private sector participation in TVET, including upskilling and reskilling is taking place and is recognised</p>	<p>Number of available training programmes for green and digital skills, formal and non-formal (non-credit bearing courses) provided by public and private sector</p> <p>A mechanism for effective recognition, validation and accreditation of skills is in place</p>	<p>Baseline: 0 Target: 12 Source of data: Intervention M&E system</p>
<p>VET system is able to forecast the immediate and long term skills needs of people and the labour market</p>	<p>Status of a system for labour market information and forecasting</p>	<p>Baseline: Non existing Target: In place Source of data: Intervention M&E system</p>

TVET's attractiveness has been strengthened	# of awareness-raising and TVET communication campaigns implemented	Baseline: 0 Target: 6 Source of data: Intervention M&E system

Annex: 2 Donor Matrix

Donor	Government and civil Society	Education	Trade Policies and regulations	Health	Energy	Water	Transport and Storage	Agriculture, Forestry, Fishing	Industry, Mining, Construction	Social Infrastructure & services	Total
Japan	X			X				X			3
EU	X	X	X						X		4
US Govt				X							1
Global Fund				X							1
BADEA				X							1
World Bank						L					1
JICA			X				L				2
China					X		X			X	3
African Development Bank								X			1

X= Grant; L= Loan