

## CHAPTER 5

### PUBLIC SECTOR EXPENDITURE AND MANPOWER CEILINGS

#### INTRODUCTION

5.1 The primary focus of Government recurrent budget is to meet the cost of providing progressively better public services to all Botswana. Similarly, development expenditure by Government is aimed primarily at enhancing efficiency and productivity through providing, among others, an adequate, properly regulated, well-maintained and efficient infrastructure. In sum, the Government undertakes expenditures to pursue a variety of economic, social and political goals and to create an enabling environment for the private sector. An appropriate size and composition of public spending is needed to promote development and meet the demands for equity and efficiency.

#### MINISTRIES' DEVELOPMENT EXPENDITURE DURING NDP 8

5.2 This section provides an analysis of development expenditure during NDP 8 compared to what was initially provided for in the Plan. Such financial analysis only provides a partial assessment of what has been accomplished. While some development projects may have been fully implemented in financial terms during the Plan period, their targets may not have been achieved in physical terms due to cost escalations, programme revisions and other contingencies.

5.3 At the beginning of NDP 8, there were 179 development projects included in the Plan, of which 23 were new projects and 156 were projects carried over from NDP 7. The carry-over of many projects from the previous Plan included some projects which were not completed as envisaged, but also included many projects of an ongoing nature, such as school classrooms, health facilities and water supplies. Over the course of NDP 8, 9 new projects were added to the Plan, thus bringing the total number of projects in the Plan to 188. NDP 8 also included several parastatals projects, for BDC, BHC and BTC, which required Government assistance to undertake marginal projects especially in the rural areas. Government also provided BCL with financial assistance during NDP 8 under the development programme.

5.4 The Total Estimated Cost (TEC) of the 179 development projects, which were initially included in the Plan, amounted to P11.8 billion in current prices. During the course of NDP 8, changes in economic and social circumstances warranted revisions to the development programme. Adapting to such changing circumstances, when justified, is normal in the process of implementing national development plans. NDP 8 was no exception in this regard. The scopes of many ongoing development projects included in NDP 8 were amended and expanded during the Plan period, and new projects, not envisaged at the time of preparation of the Plan, were introduced.

5.5 The original and latest development programme TECs, by Ministry, are presented in Table 5.1. Most of the TEC revisions arose from cost increases that were due to delays in starting projects, extension of projects' completion dates, inclusion of additional components and/or activities to projects, exchange rate fluctuations, etc. During

the Plan period, Botswana also suffered natural calamities and exogenous shocks, such as drought, outbreak of foot-and-mouth disease and an oil price shock. Additional financial resources had to be provided to a number of projects to alleviate the adverse effects of these occurrences.

**Table 5.1: NDP 8 Original and Latest TECs (Pula Million, Current Prices)**

Ministry	Original NDP 8 TEC	Percentage of Total Plan TEC	Latest NDP 8 TEC	Percentage of Total Plan TEC	Difference In Pula	Difference in Percent
Parliament	15.0	0.13	135.0	0.52	120.0	800.0
State President	1,238.0	10.49	3,459.8	13.34	2,050.0	165.6
MFDP	629.5	5.33	1,284.7	4.95	655.2	104.1
MLHA	311.0	2.63	617.6	2.38	306.6	98.6
MOA	390.7	3.31	859.8	3.32	469.2	120.1
MOE	1,823.0	15.44	2,802.1	10.80	979.1	53.7
MTIWAT	149.3	1.26	423.8	1.63	274.5	183.9
MLGLH	2,645.0	22.40	6,656.6	25.67	3,643.0	137.7
MWTC	1,818.0	15.40	3,739.9	14.42	1,637.0	90.0
MMEWR	2,047.7	17.34	3,793.4	14.63	1,348.0	65.8
MOH	680.0	5.76	1,886.5	7.27	1,117.0	164.3
AOJ	35.2	0.30	144.3	0.56	109.1	309.9
MoFAIC	24.2	0.20	131.0	0.51	106.8	441.3
<b>Total</b>	<b>11,806.6</b>	<b>100.00</b>	<b>25,934.5</b>	<b>100.00</b>	<b>14,127.9</b>	<b>119.7</b>

**Source: Ministry of Finance Development Planning**

5.6 As a result of the new projects and revisions to existing projects, the overall TEC of the NDP 8 development programme increased by P14,128 million (120 percent), from P11,807 million to P25,935 million. The actual expenditure on development projects during NDP 8 turned out to be about 73 percent above the original TEC of P11.8 billion for the Plan (see Table 5.2).

5.7 The difference between the amount of the TEC expected to be spent and that approved reflects capacity constraints within line ministries, especially in service departments, such as the then Department of Architectural

and Building Services, which is responsible for all Government construction projects. Part of the difference is also due to the carry-over into NDP 9 of some projects that were initiated late in NDP 8, since they need more than the remaining plan period to be completed.

5.8 Table 5.2 shows the pattern of actual development expenditure in current prices over the NDP 8 period compared to that forecast in the Plan. Although the phasing of the development programme in NDP 8 envisaged more expenditure in the first half of the Plan period and a subsequent tapering off of expenditure in the second

half, actual expenditure and the latest estimates of development expenditure now indicate that spending on the

development programme will continue to rise to the end of the Plan period.

**Table 5.2: NDP 8 Planned versus Actual Expenditure (Pula Million, Current Prices)**

Financial Year	Original NDP 8 TEC	Actual Expenditure	Difference Over/Under in Pula	Difference in Percent
1997/98	2,443.40	2,695.50	252.10	10.32
1998/99	2,707.40	2,934.47	227.07	8.39
1999/00	2,240.40	3,451.02	1,210.62	54.04
2000/01	1,792.00	3,134.60	1,342.60	74.92
2001/02	1,473.20	3,698.20	2,225.00	151.03
2002/03	1,150.20	4,501.58	3,351.38	291.37
<b>Total</b>	<b>11,806.60</b>	<b>20,415.41</b>	<b>8,608.81</b>	<b>72.91</b>

**Source: Ministry of Finance and Development Planning**

5.9 The carry-over of the TEC from one Plan to the next results not only from implementation constraints, but also from the natural overlap of ongoing projects between Plan periods.

The latest NDP 8 TEC and the actual plan period expenditure for each ministry, together with the unspent balance, are reflected in Table 5.3.

**Table 5.3: NDP 8 Latest TECs, Actual Expenditure and Carry Over to NDP 9 (P Million in Current Prices)**

Ministry	Latest NDP 8 TEC	Actual expenditure	Difference*
Parliament	135.0	11.27	123.73
State President	3,459.8	3,047.03	412.77
MFDP	1,284.7	1,107.21	177.49
MLHA	617.6	414.80	202.80
MOA	859.8	840.58	19.22
MOE	2,802.1	2,232.36	569.74
MTIWAT	423.8	374.14	49.66
MLG	5,149.0	4,826.54	322.46
MLHE	1,507.6	631.25	876.35
MWTC	3,739.9	2,998.95	740.95
MMEWR	3,793.4	2,918.20	875.20
MOH	1,886.5	798.91	1,087.59
AOJ	144.3	117.07	27.23
MoFAIC	131.0	97.08	33.92
<b>Total</b>	<b>25,934.5</b>	<b>20,415.41</b>	<b>5,519.11</b>

**Source: MFDP**

**Note: \*Underspent TEC to be carried over to NDP 9**

5.10 Large spillovers to NDP 9 arise from a number of ongoing projects and projects with long gestation periods that started late in the Plan period.

5.11 The financial assistance provided by external funding agencies, in the form of loans and grants, has played a significant role in furthering

Botswana's development in a number of sectors since independence. During NDP 8, a total of P417 million in grants and P767 million in external loans were sourced to finance the development programme (see Table 5.4). At the time of preparation of NDP 9, some of the funding, approximately P1, 053 million,

of the NDP 8 development programme was still to be negotiated; but, most of it was expected to come from the Domestic Development Fund. Thus, well over 90 percent of the financing for the NDP 8 development programme came from domestic resources.

**Table 5.4: NDP 8 Development Programme Financing by Funding Source**  
**Pula Million, Current Prices**

Ministry	Domestic Development Fund	External Grants	External Loans	Funds to be Negotiated	Total Development Expenditure
Parliament	98.39	0.00	0.00	36.61	135
State President	3,399.79	0.00	0.00	60.01	3459.8
MFDP	1089.44	17.72	0.00	177.54	1284.7
MLHA	572.78	1.32	0.00	43.50	617.6
MOA	828.83	6.81	0.98	23.18	859.8
MOE	2,593.22	74.81	9.08	124.99	2802.1
MTIWAT	255.16	49.43	86.60	32.61	423.8
MLG	4,904.01	15.58	-4.61	234.02	5149
MWTC	3,318.29	54.48	243.59	123.54	3739.9
MMEWR	3,067.64	167.45	431.40	126.91	3793.4
MOH	1806.62	29.69	0.00	50.19	1886.5
AOJ	144.3	0.00	0.00	0.00	144.3
MoFAIC	110.64	0.00	0.00	20.36	131.0
MLHE	1,507.60	0.00	0.00	0.00	1,507.60
<b>Total</b>	<b>22,189.11</b>	<b>417.27</b>	<b>767.05</b>	<b>1,053.47</b>	<b>25,934.50</b>

**Source: Ministry of Finance and Development Planning**

5.12 During NDP 6, donors contributed 28 percent of the total development programme expenditure, while in NDP 7, that figure dropped to 12 percent. Over NDP 8, external support of the much expanded development programme, at P1,184 million, only represented 5.5 percent of total development expenditure. Yet that assistance was valuable, especially in certain key development sectors, such as health, in particular combating HIV/AIDS, water supplies, education, roads and natural resources conservation and management. The relative decline in external assistance reflected the

growing perception in the international community that Botswana has become relatively well off as evidenced by its graduation into an upper middle income country and is now better able to finance most of its development programme from domestic resources.

#### **MINISTERIAL RECURRENT EXPENDITURE DURING NDP 8**

5.13 The total Ministerial recurrent expenditure grew at a much more rapid rate than was anticipated when formulating NDP 8. As shown in Table 5.5, recurrent expenditure growth averaged 20.44 percent per annum over the NDP 8 period; almost four times as

fast as the average 5.10 percent per annum rate of growth of recurrent budget expenditures envisaged in the

Plan. All Ministries and Departments, with a few exceptions, had actual growth rates much higher than that projected.

**Table 5.5: NDP 8 Ministerial Recurrent Expenditures (Pula Million, Current prices)**

Ministry	1997/98 Actual	1998/99 Actual	1999/00 Actual	2000/01 Actual	2001/02 Actual	2002/03 Revised Estimate	Actual Growth P/A(%)	NDP 8 projected growth P/A%
Parliament	9.79	15.31	17.03	20.58	25.45	30.13	23.05	0.3
State President	774.61	979.9	1,049.96	1,249.05	1,455.34	1,731.26	19.93	4.1
MFDP	367.23	402.77	595.61	615.98	618.18	902.55	24.81	1.6
MLHA	118.86	159.1	179.34	221.13	263.08	326.91	15.71	5.0
MOA	244.44	333.43	357.72	380.8	473.79	565.01	19.30	0.5
MOE	1,201.65	1,576.03	1,758.41	2,329.77	2,800.09	3,186.10	21.37	6.1
MTIWAT	75.37	113.92	125.57	151.51	174.44	226.67	13.07	2.3
MLG	916.31	1,160.95	1,379.13	1,450.82	1,694.44	2,069.76	19.53	6.0
MWTC	428.28	492.03	541.23	591.51	720.30	822.49	12.80	5.2
MMEWR	95.01	153.78	178.05	210.1	271.92	406.75	30.93	5.5
MOH	319.19	395.74	475.86	563.18	713.89	820.01	21.19	8.0
AOJ	13.21	17.53	20.19	26.54	35.31	43.91	26.57	5.6
Attorney General	7.65	9.46	10.73	13.81	19.83	29.63	27.34	0
Auditor General	4.58	6.14	7.47	7.8	10.66	13.53	22.67	0
MoFAIC	55.72	66.68	73.09	90.48	105.19	169.20	23.50	0.4
IEC	4.07	12.69	24.32	6.97	20.38	24.44	69.52	0
Ombudsman	0.31	0.86	1.39	1.89	2.67	4.29	N/A	NA
MLHE	0	0	0	133.78	142.16	180.59	N/A	NA
<b>Total</b>	<b>4,636.28</b>	<b>5,896.32</b>	<b>6,795.10</b>	<b>8,065.70</b>	<b>9,547.12</b>	<b>11,553.23</b>	<b>20.44</b>	<b>5.10%</b>

**Source: Ministry of Finance and Development Planning**

5.14 Some of the especially high rates of growth of recurrent expenditure were due to the relatively low base from which the expenditures for NDP 8 started; e.g., for the Independent Electoral Commission, the Attorney General and the Auditor General. Other high growth rates arose from increased responsibilities for departments, which could not be adequately forecast when NDP 8 was prepared, such as the Ombudsman's Office and the HIV/AIDS programme. Some increased expenditure also arose from the need to

provide adequate resources to properly operate and maintain existing Government facilities, which had not been allocated sufficient recurrent budgets during NDP 8. However, much of the increased recurrent expenditures arose from the implications of the much expanded development programme, which brought much infrastructure on stream and created new programmes that needed to be funded. The preponing of expenditure on the development programme also meant that recurrent budget implications of development

expenditures arose much earlier in the Plan period, thus contributing to the more rapid rate of growth of recurrent expenditures over the Plan period.

### Estimates and NDP 8 Forecasts (Pula Million, Current Prices)

5.15 Table 5.6 shows the comparison of the Provisional Actual of

the Ministerial Recurrent Expenditure for 2001/02 with that forecast in NDP 8 for that year. In NDP 8, total recurrent expenditure for 2001/02 was forecast at P5,512 million, while the revised estimate for that year has such expenditure at P9,547 million; more than 73 percent above the Plan target.

**Table 5.6: 2001/02 Ministerial Recurrent Expenditures, Budget**

Ministry	Provisional Actual 2001/02	Percentage Share	NDP 8 Forecast 2001/02	Percentage Share	Percent Revised Estimate above NDP 8 Target (%)
Parliament	25.45	0.27	11.00	0.20	131.36
State President	1,455.34	15.24	728.00	13.21	99.91
MFDP	618.18	6.48	320.00	5.81	93.18
MLHA	263.08	2.76	146.00	2.65	80.19
MOA	473.79	4.96	255.00	4.63	85.80
MOE	2,800.09	29.33	1520.00	27.58	84.22
MTIWAT	174.44	1.83	84.00	1.52	107.67
MLGLH	1,694.44	17.75	1241.00	22.51	36.54
MWTC	720.3	7.54	563.00	10.21	27.94
MMEWR	271.92	2.85	130.00	2.36	109.17
MOH	713.89	7.48	419.00	7.60	70.38
AOJ	35.31	0.37	16.00	0.29	120.69
Attorney General	19.83	0.21	10.00	0.18	98.30
Auditor General	10.66	0.11	5.00	0.09	113.20
MoFAIC	105.19	1.10	61.00	1.11	72.44
IEC	20.38	0.21	2.00	0.04	919.00
Ombudsman	2.67	0.03	1.00	0.02	167.00
MLHE	142.16	1.49	0.00	0.00	NA
<b>Total</b>	<b>9,547.12</b>	<b>100</b>	<b>5512.00</b>	<b>100.00</b>	<b>73.21</b>

**Source: Ministry of Finance and Development Planning**

5.16 As a result of the differences in ministerial growth rates of recurrent expenditures and the variations from the Plan targets, actual expenditure shares

varied from those forecast in the Plan, reflecting the changes in budget priorities over the Plan period.

### Functional Analysis of Government Expenditures

5.17 Table 5.7 shows the functional breakdown of total recurrent and development expenditures for 1997/98

and 2002/03, along with the respective shares and percentage growth over the period of NDP 8. The revised estimate

for 2002/03, at P16,642 million, is 125 percent above the NDP 8 projected level

of Government expenditure of P7,406 million for 1997/98.

**Table 5.7: Functional Classification of Government Development and Recurrent Expenditures in 1997/98 and 2002/03 (Pula Million, Current Prices)**

Functional Category	1997/98		2002/03		Growth in Total Expenditure (%)
	Total Expenditure	Percentage Share	Total Expenditure	Percentage Share	
Public Administration	1,082.20	14.61	2,527.60	14.52	133.6
Defence	625.8	8.45	1,411.10	8.11	125.5
Education	1,787.80	24.14	3,820.80	21.95	113.7
Health	411.2	5.55	1,130.80	6.50	175.0
Food & Social Welfare Programmes	160.3	2.16	168.3	0.97	5.0
Housing, Urban & Regional Development.	430.2	5.81	1,269.90	7.30	195.2
Other Community & Social Services	131.4	1.77	580.5	3.33	341.8
Economic Services	1,701.80	22.98	3,133.50	18.00	84.1
Public Debt Interest	86.2	1.16	104.1	0.60	20.8
Local Authorities	887.2	11.98	2,341.68	17.85	163.9
FAP Grants	102	1.38	154	0.88	51.0
Total	7,406.10	100.00	16,642.28	100.00	124.7

**Source: Ministry of Finance and Development Planning**

## **PUBLIC SECTOR MANPOWER DURING NDP 8**

5.18 During NDP 8, growth of the Central Government establishment was restrained, with the overall manpower establishment growing from 70,538 in 1996/97 and to 77,277 in 2002/03, an average annual increase of 1.53 percent. Highly skilled manpower in manpower category 'A', typically requiring a post-secondary diploma or degree, experienced the most rapid growth, with an average annual growth rate of 2.6 percent. In spite of the rapid increase in posts in the 'A' category, its growth was constrained, in part because there were a lot of vacant posts in this category. This

also applied to the 'B' manpower category, which is comprised of lower-level skilled manpower (artisans) than category 'A'. The 'B' level manpower establishment did not grow much during NDP 8 due to the problem of retaining qualified artisans.

5.19 The 'C' manpower category consists of the Industrial Class workforce, which has been subject to limited growth during NDP 8. Except for new ministries, departments and agencies, the creation of new 'C' category posts was frozen for all existing institutions during NDP 8. Almost 56 percent of the posts created during NDP 8 were for the 'Other' manpower category, which is comprised of cadres such as Nurses, Teachers, Prison

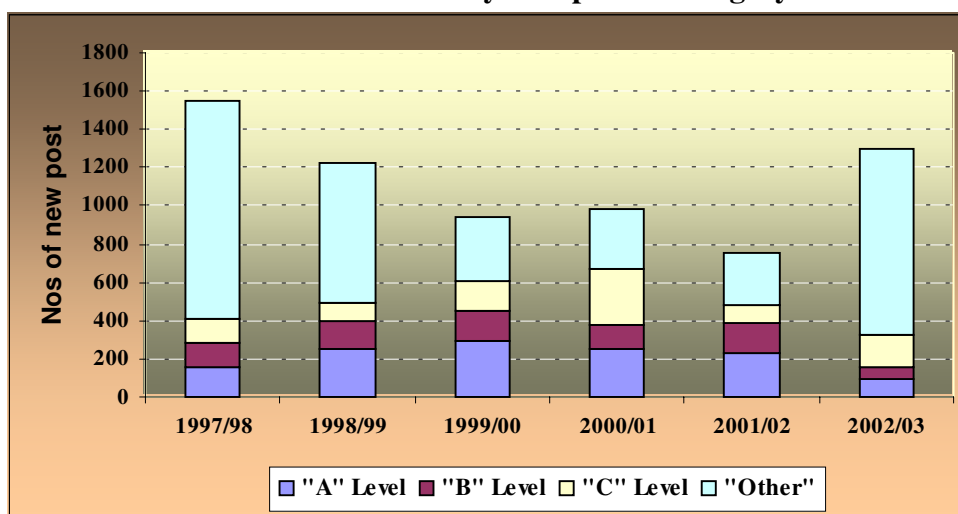
Warders, Government Security Guards, Police and Game Wardens.

**Table 5.8 NDP 8 Establishment Growth by Manpower Category by Year**

<b>New Posts Established during NDP 8</b>											
<b>Establishment</b>											
Type	96/97 Cumulative	97/98 Cumulative	97/98	98/99	99/00	00/01	01/02	02/03	Total	02/03 Establishment (cumulative)	NDP 8 Annual Average Growth Rate %
A	7,845	8,005	160	254	293	247	227	93	1,274	9,119	2.6
B	7,943	8,062	119	143	159	133	163	62	779	8,722	1.7
C	27,866	27,995	129	98	152	291	92	167	929	28,795	0.6
Other	26,884	28,021	1,137	728	337	309	274	972	3,757	30,641	1.8
<b>Total</b>	<b>70,538</b>	<b>72,083</b>	<b>1,545</b>	<b>1,223</b>	<b>941</b>	<b>980</b>	<b>756</b>	<b>1,294</b>	<b>6,739</b>	<b>77,277</b>	<b>1.5</b>
<b>Percent of New Posts Established during NDP 8</b>											
<b>Establishment</b>											
Type	1996/97	1997/98	97/98	98/99	99/00	00/01	01/02	02/03	NDP 8 Period	% of establish	
A	11.1	11.1	10.4	20.8	31.1	25.2	30.0	7.2	18.9	11.8	
B	11.3	11.2	7.7	11.7	16.9	13.6	21.6	4.8	11.6	11.3	
C	39.5	38.8	8.3	8.0	16.2	29.7	12.2	12.9	13.8	37.3	
Other	38.1	38.9	73.6	59.5	35.8	31.5	36.2	75.1	55.8	39.7	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	

Source: Directorate of Public Service Management

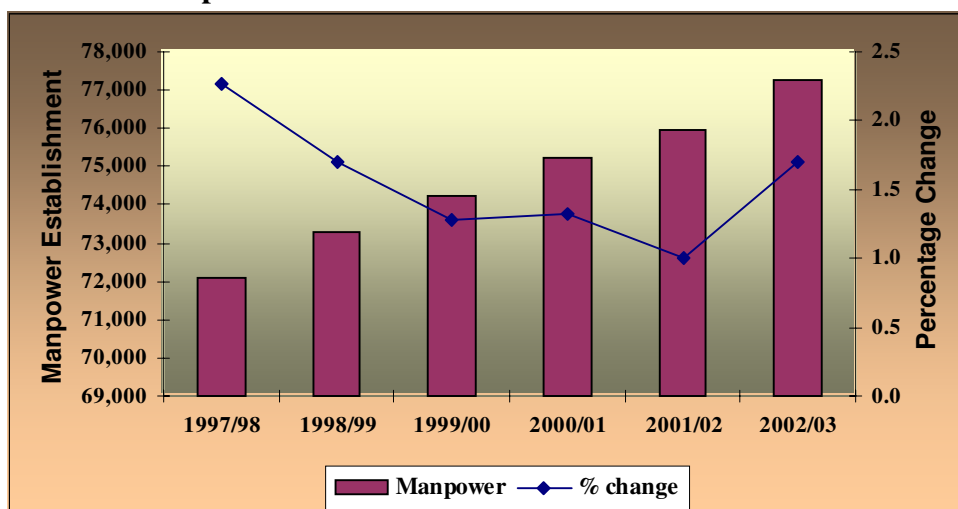
**Chart 5.1: Establishment Growth by Manpower Category**



Source: Directorate of Public Service Management



**Chart 5.2 Manpower Establishment for NDP 8**



**Source: Directorate of Public Service Management**

5.20 National Development Plan 8 (NDP 8) had set the annual growth target of public service manpower at 1.1 percent, in conformity with the policy of ‘right-sizing’ the public service. The 1.1 percent per annum growth target for NDP 8 contrasted sharply with the 5.2 percent per annum manpower growth realised during NDP 7. In the event, the actual growth of the manpower establishment over NDP 8 averaged 1.5 percent per annum (see Chart 5.2), almost 40 percent more than the target rate of manpower growth in the Plan. The total number of established posts in the public service increased by 6,739 during NDP 8, from 70,538 at the end of NDP 7 to 77,277 at the end of NDP 8, a net increase of 9.6 percent over the Plan period. This is in contrast to the 4,853 new posts set as the target growth for manpower for NDP 8.

### **Allocation of Posts during NDP 8**

5.21 While the allocation of manpower to Ministries, departments and agencies was distributed in line with

national priorities, the last year of NDP 8 (2002/03) experienced a higher increase than in the previous years. This was mainly because, during 2002/03, there was a significant increase in the number of posts created through the special arrangement of the Financial Establishment Authority (FEA). Almost 25 percent of the new posts created in 2002/03 were through the FEA. This resort to special authority for creating manpower posts has since prompted Cabinet to direct that any variation of the approved manpower establishment which involves additional budgetary provision must be approved by Parliament as is the case with all financial requests.

### **Vacancies**

5.22 The target for the overall vacancy rate during NDP 8 was set at 2 percent or lower. However, the overall vacancy rate during NDP 8 averaged 4 percent of the manpower establishment. This was a marginal improvement on the performance achieved during NDP 7

when the overall vacancy rate averaged nearly 5 percent.

5.23 Although strategies adopted during NDP 8 kept the vacancy levels relatively low, the Computerisation of the Personnel Management System (CPMS) Project revealed that some Ministries and Departments had been overstating their vacancies. As a result

of the computerisation project, some Ministries and Departments were able to identify some posts which they did not need. These were subsequently deleted from the Establishment Register. This resulted in a net saving of about 700 posts from the establishment, giving rise to negative establishment growth in the financial year 2001/2002.

**Table 5.9: Vacancies in Ministries/Departments during NDP 8**

<b>Ministry</b>	<b>October 1996</b>	<b>October 1997</b>	<b>October 1998</b>	<b>October 1999</b>	<b>October 2000</b>	<b>October 2001</b>
Parliament	21	8	20	9	83	36
State President	300	227	246	203	228	584
MFDP	521	364	439	170	371	186
MLHA	219	224	229	92	197	51
Agriculture	284	447	275	158	293	411
Education	461	336	234	228	306	293
MTIWAT	189	266	261	208	120	129
MLG	206	129	212	145	44	249
MWTC	633	635	360	208	426	742
MMEWR	71	353	153	120	118	44
MOH	374	202	294	168	178	270
Admin. Of Justice	0	19	59	105	9	165
Attorney General	20	22	14	25	30	24
Auditor General	25	18	9	8	4	9
MoFAIC	14	5	12	24	20	36
Ombudsman		7	10		6	3
IEC				37	8	24
MLHE					55	61
<b>Total Vacancies</b>	<b>3,338</b>	<b>3,262</b>	<b>2,827</b>	<b>1,908</b>	<b>2,496</b>	<b>3,317</b>
<b>Establishment</b>	<b>71,356</b>	<b>72,361</b>	<b>73,185</b>	<b>74,096</b>	<b>75,179</b>	<b>74,523</b>
<b>Vacancy Rate</b>	<b>4.68</b>	<b>4.51</b>	<b>3.86</b>	<b>2.58</b>	<b>3.32</b>	<b>4.45</b>

**Source: Directorate of Public Service Management**

## **PRINCIPLES OF PUBLIC SECTOR RESOURCE ALLOCATION FOR NDP 9**

5.24 The level of the development budget should be set within the limits defined by the Government's

implementation capacity, both in terms of actually undertaking the development projects and in terms of efficiently operating and maintaining the resulting economic and social infrastructure. Since there is generally a one to two year lag between development expenditure incurred and the full recurrent budget

implications of that expenditure, Government must plan the development programme with a view to matching of recurrent expenditure that can be sustained by Government's non-mineral domestic revenues.

5.25 The main lesson to be learnt from NDP 8 arises from the continuing high vacancy rates and manpower shortages, exacerbated by consequences of HIV/AIDS. The creation of substantial numbers of additional manpower posts, which will take time to fill, means that many completed projects will remain understaffed and/or poorly managed and operated. Projects that will exacerbate already critical manpower shortages should, therefore, be phased back until there are concrete signs that the shortages are being alleviated.

5.26 Government recognises the financial and manpower constraints it faces for NDP 9. These constraints call for careful planning to ensure that the scarce manpower and finance available over the Plan period are allocated efficiently to uses that will contribute most to national development and social welfare. Such allocation of resources must be done fairly, with a view to satisfying the needs of the different sectors of the economy, while ensuring that Government provision of public goods and services grows in line with the resources available. There are a number of key principles which Government takes on board in determining the level of resources it plans to utilise, and their allocation amongst users and ministries, departments and agencies.

5.27 Government expenditure targets for NDP 9 have been set by taking into account, *inter alia*:

- The anticipated levels of Government revenues.
- The need to ensure consistency between recurrent expenditure growth and recurrent revenue growth, so that the fiscal position is sustainable in the medium to long term.
- The recurrent budget implications of development expenditures.
- The effects of Government expenditure on the growth of the private sector, in terms of ensuring that the needed manpower and infrastructure are provided timeously, and a conducive environment for private sector development is maintained.
- The need to have adequate financial reserves to cushion the country from exogenous shocks, such as international market fluctuations for diamonds, drought and outbreak of animal diseases, as well as to support a liberal, outward orientated trade and exchange regime, which can foster high levels of foreign and domestic investment to accelerate sustainable diversification of the economy.
- The requirements for human resources development aimed at alleviating critical manpower shortages and expanding opportunities for Botswana to participate meaningfully in national development.
- The need to win the fight against HIV/AIDS.

5.28 Government is committed to sustainable budgeting, which is the only way to have a sound and viable fiscal

position and avoid budgetary crises in the long run. Since the nation's mineral revenues are derived from depleting a non-renewable asset, non-investment recurrent budget expenditure must be financed from other recurring sources of revenues, such as income taxes, VAT and customs duties, or interest earnings on Government savings. In the last two years of NDP 8, the sustainability ratio exceeded 1, which implies that some of the mineral revenues were used to finance non-investment recurrent expenditure. Consequently, during NDP 9, Government will have to restrain recurrent expenditure growth and augment its efforts to increase cost recovery for the goods and services it provides from those who can afford it.

5.29 Government strategy of re-investing the returns from the mineral wealth is aimed at ensuring that in future when the minerals are depleted, Botswana will be able to sustain the higher levels of income and standards of living the country has been able to enjoy by exploiting the minerals.

5.30 In line with the theme for NDP 9 of "Towards Realisation of Vision 2016: Sustainable and Diversified Development through Competitiveness in Global Markets", Government will vigorously implement policy strategies and schemes to promote the growth and diversification of non-mining sectors. However, Government's role in the diversification process will be limited to being a facilitator, by providing an environment that is conducive for rapid and diversified private sector development.

5.31 Government's fiscal strategy for NDP 9 will take into account

implementation capacity constraints, with a view to avoiding the kinds of substantial cost overruns that were incurred on many projects during NDP 8. Government will give adequate attention to the recurrent costs of development projects, including manpower, operating and maintenance costs. In formulating and implementing its public expenditure strategy, priority will be given to maintenance of the existing infrastructure before making provision for new facilities.

5.32 Through public sector reform, Government will "right-size" the public sector and implement effective productivity improvement programmes. The processes of public sector reform will be transparent, with the responsible authorities held publicly accountable for carrying out their responsibilities in an efficient and cost effective manner. With respect to public enterprises, reform will entail exposing the management of such enterprises to market principles and discipline, thus fostering conditions for sustainable growth and job creation. Government, through the Public Enterprises Evaluation and Privatisation Agency (PEEPA), will selectively privatise some of the functions it currently undertakes; functions which can be performed more efficiently by the private sector. As a result of efficiency gains, Government will be able to achieve some cost savings over NDP 9. To this end, Government will be carrying out detailed analyses of activities and enterprises that are candidates for privatisation before decisions are taken regarding the reforms to be implemented.

## **Sustainable Budgeting**

5.33 While achieving a sustainable budgetary position during NDP 9 is a fiscal policy goal, doing so will require strict financial management, not only on the expenditure front, but also, and equally, on the revenue generation front. Thus, Government will be vigilant in ensuring that “right-sizing” of the public service is pursued, and that all Government assistance programmes are monitored and reviewed to establish their relevance and effectiveness.

### **PROPOSED PUBLIC SECTOR EXPENDITURE PROGRAMME, 2003/04-2008/09**

5.34 The Public Sector Expenditure Programme for NDP 9 entails total Government expenditure and net lending rising from P17.1 billion in 2003/04 to P25.5 billion in 2008/09. Development expenditures will grow at an average rate of 6.95 percent per annum throughout the Plan period. Recurrent expenditures will increase at an average annual rate of growth of 8 percent, from P13.1 billion at the beginning of NDP 9, to reach P18.5 billion in 2008/09. However, the proposed expenditure is dependent upon revenues projected over the Plan period. In the event that the level of projected revenues is not achieved, some projects will have to be scaled down to ensure budgetary sustainability.

### **NDP 9 Development Expenditure Ceilings**

5.35 Table 5.10 presents the breakdown of the development expenditure ceilings by ministry over NDP 9. The development programme

ceilings are based on information regarding the resources expected to be available for the development programme, given the principles for public sector resource allocation for NDP 9 set out above. The ceilings also take into account the spillover of NDP 8 projects to NDP 9, and the information provided by ministries, departments and agencies about new projects that are to be implemented in this Plan period. Some of the main development activities to be financed during NDP 9 include:

- The HIV/AIDS programme
- The expansion of police stations
- The continued implementation of the Revised National Policy on Education
- The implementation of the National Water Master Plan
- The National Sanitation Master Plan
- The National Master Plan for Arable Agricultural and Dairy Development
- The Revised Rural Development Policy
- Construction of Roads
- The upgrading of District Hospitals
- The Poverty Reduction Strategy

**Table 5.10: Ministerial Development Expenditure Ceilings for NDP 9, Current P.Million**

Expected Phasing of Expenditure								
Ministry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	NDP 9TEC	Percent of NDP 9 TEC
Parliament	34.00	35.00	36.20	37.30	38.50	39.40	220.40	0.62
State President	570.40	682.57	619.29	711.69	899.78	856.15	4,339.88	12.15
MFDP	35.37	112.50	141.90	92.70	88.86	147.47	618.80	1.73
MLHA	100.00	213.20	227.10	223.91	219.00	248.99	1,232.19	3.45
MOA	187.00	138.19	163.62	181.63	161.84	176.98	1,009.26	2.83
MOE	327.00	635.90	659.50	677.80	696.70	713.00	3,709.90	10.38
MTI	73.66	56.33	34.10	19.76	19.49	49.74	253.08	0.71
MLG	680.18	918.78	1,160.54	1,402.64	1,390.63	1,457.32	7,010.09	19.62
MWT	448.26	525.47	1,080.01	769.18	760.32	656.81	4,240.07	11.87
MMEWR	450.00	784.50	813.70	836.60	766.13	974.60	4,625.53	12.95
MOH	261.70	566.50	587.30	658.94	538.86	660.31	3,273.61	9.16
AOJ	16.00	27.90	28.90	29.70	30.60	47.38	164.50	0.46
MoFAIC	10.00	23.60	24.50	25.10	25.80	26.40	135.40	0.38
MLH	403.94	200.61	239.24	424.94	584.19	580.78	2,433.70	6.81
MCST	143.96	145.15	193.80	206.24	199.17	177.02	1,065.34	2.98
MEWT	179.51	121.11	203.15	249.40	335.93	289.06	1,378.15	3.86
IEC	0	6.88	2.92	2.92	1.46	0	14.18	0.04
<b>Total</b>	<b>3,905.00</b>	<b>5,194.20</b>	<b>6,215.77</b>	<b>6,550.44</b>	<b>6,757.25</b>	<b>7,101.43</b>	<b>35,724.09</b>	<b>100.00</b>

Source: Ministry of Finance and Development Planning

## NDP 9 Recurrent Expenditure Ceilings

5.36 Recurrent expenditure ceilings are set to increase at an average annual rate of 8.0 percent over NDP 9, from P13.1 billion in 2003/04 to P18.5 billion

in 2008/09. Most Ministries and Departments have target recurrent budget growth rates of around 8 percent per annum.

**Table 5.11: Ministerial Recurrent Expenditure Ceilings for NDP 9**  
**Pula million, Current Prices**

Ministry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Total
Parliament	30.43	33.56	36.25	38.63	41.32	44.20	224.40
State President	1,849.98	1,983.83	2,139.77	2,280.54	2,434.49	2,603.25	13,291.86
MFD	995.31	1,145.20	1,231.79	1,310.70	1,396.91	1,491.37	7,571.28
MLHA	352.62	392.20	423.40	452.03	483.24	517.35	2,620.82
MOA	571.73	637.65	688.26	733.54	783.22	837.59	4,251.98
MOE	3,822.83	3,938.19	4,254.82	4,566.98	4,860.62	5,206.76	26,650.20
MTI	85.40	101.74	109.64	114.79	120.48	127.05	659.11
MLG*	2,250.85	2,315.88	2,508.30	2,661.27	2,875.96	3,086.05	15,698.31
MWT	739.85	884.06	953.54	1,015.56	1,083.45	1,157.92	5,834.37
MMEWR	466.11	496.30	535.96	572.23	611.89	655.26	3,337.75
MOH	961.12	1,026.38	1,108.47	1,183.41	1,265.41	1,355.13	6,899.92
AOJ	47.56	46.65	50.43	53.90	57.68	61.76	317.98
Attorney Gen.	28.31	33.57	36.26	38.64	41.23	43.12	221.13
Auditor General	14.45	16.70	17.99	19.28	20.57	21.97	110.96
MoFAIC	139.39	148.78	160.71	171.54	183.47	196.50	1,000.39
IEC	30.81	29.24	31.62	33.81	36.19	38.78	200.45
Ombudsman	4.62	5.33	5.73	6.12	6.52	7.02	35.34
MLH	189.25	192.93	208.46	222.33	237.39	254.04	1,304.40
MCST	330.08	356.49	385.01	415.81	449.07	485.00	2,421.46
MEWT	192.30	207.68	224.30	242.24	261.62	282.55	1,410.69
<b>Total</b>	<b>13,103.00</b>	<b>13,992.36</b>	<b>15,110.71</b>	<b>16,133.35</b>	<b>17,250.73</b>	<b>18,472.61</b>	<b>94,062.82</b>

Source: Ministry of Finance and Development Planning

\*includes Local Authorities

## NDP 9 Manpower Establishment Ceilings

5.37 Table 5.12 presents the manpower establishment ceilings for each year of NDP 9. The total establishment of Government is set to increase from 102,001 at the end of NDP 8 to 113,465 at the end of NDP 9,

an increase of 1.9 percent per annum. A total of 11,464 posts will be created during the course of the Plan, to cater for both development projects and normal growth.

**Table 5.12: Manpower Establishment Ceilings for NDP 9**

Ministry	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Parliament	331	341	349	356	364	374
State Pres.	8,178	8,534	8,945	9,324	9,712	10,138
MFDP	3,741	3,774	3,835	3,890	3,952	4,019
MLHA	4,412	4,522	4,637	4,749	4,867	5,000
MOA	8,353	8,440	8,520	8,602	8,693	8,791
MOE	24,135	24,642	25,097	25,531	26,005	26,217
MTI	614	627	641	655	670	685
MLG	2,601	2,673	2,746	2,821	2,902	2,987
Local Authorities	26,288	26,661	27,041	27,415	27,798	28,188
MWT	8,780	8,869	8,967	9,067	9,164	9,261
MMEWR	2,733	2,785	2,828	2,892	2,947	3,003
MOH	7,889	8,039	8,192	8,348	8,506	8,668
AOJ	767	798	830	864	899	935
Attorney General	238	250	262	273	285	294
MoFAIC	379	386	393	401	408	416
IEC	114	115	117	119	121	123
Ombudsman	37	39	42	45	47	48
Auditor General	150	153	156	159	162	165
MLH	645	676	707	743	777	814
MCST	978	989	1,009	1,043	1,070	1,105
MEWT	2,005	2,049	2,094	2,139	2,186	2,234
<b>Total</b>	<b>103,368</b>	<b>105,362</b>	<b>107,408</b>	<b>109,436</b>	<b>111,535</b>	<b>113,465</b>

**Source: Directorate of Public Service Management, Ministry of Finance and Development Planning**

## CONCLUSION

5.38 In order to enable the country to achieve its NDP 9 objective of sustainable growth through the creation of a globally competitive economy, Botswana will ensure its public finances are on a sound and sustainable footing. To enable the country to achieve its development goals, NDP 9 policy will be directed at maintaining macroeconomic stability, ensuring prudent fiscal and monetary management, encouraging more domestic and foreign investment in Botswana, implementing effective poverty eradication programmes and mounting effective programmes to combat the scourge of HIV/AIDS.

5.39 The public expenditure programme set out above provides adequate resources to achieve those objectives. But success will ultimately depend upon how well those resources are utilised in carrying out the specified programmes and projects. All stakeholders – Central Government, Local Government, the private sector, non-governmental organisations, community based organisations, etc. – have important roles and responsibilities in ensuring that NDP 9 policies are pursued vigorously, and that the resources available for development are put to their most effective uses in securing the benefits of development for all Botswana.