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## PUBLIC SECTOR SUPPORT FOR INCLUSIVE AGRIBUSINESS DEVELOPMENT

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### An appraisal of institutional models in Botswana







PUBLIC SECTOR SUPPORT  
FOR INCLUSIVE AGRIBUSINESS  
DEVELOPMENT

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**An appraisal of institutional  
models in Botswana**

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# Preface

The agrifood system is changing rapidly. Structural changes are occurring throughout the system in response to the modernization of agriculture (globalization, coordination and concentration) and shifting consumer and societal demands for safer, better-quality and ready-to-eat food produced in a socially and environmentally responsible manner. This new scenario coexists with more traditional types of family and subsistence farming.

This changing environment places increased pressure on Ministries of Agriculture (MOAs) in developing countries to engage in agribusiness and agro-industry development. However, to what extent are the MOAs empowered and equipped to do so? Many of them have seen their mandates and functions expanded from a strictly productive dimension to a more holistic, farm-to-fork approach. This expansion should be reflected in the provision of an increased scope of public goods and services to deal with post-production issues. MOAs also face the challenge of mainstreaming relatively new approaches such as the design and implementation of value chain programmes; climate-smart agriculture; the use of contract farming; public-private partnerships and other private sector engagement models; and agribusiness programmes with a territorial dimension (e.g., agricultural growth corridors and clusters).

FAO has conducted an appraisal of the organizational arrangements used by MOAs to support inclusive agribusiness and agro-industry development, which included a scoping survey of 71 countries and in-depth analysis of 21 case studies from Africa, Asia and Latin America. The study found that many MOAs have established specific agribusiness units with technical, policy and/or coordination functions concerning agribusiness development. Others have set up clusters of units with complementary individual mandates.

The study analysed how well prepared these agribusiness units and their staff are to deal with both traditional and non-traditional approaches and tools for agribusiness development. This assessment examined the units' staffing, organizational structure and budget allocation, and the range and quality of goods and services they provide.

FAO is publishing this series of country case studies to enhance knowledge and information on best practices for establishing and operating well-performing agribusiness units. The various organizational models applied by countries to cater to the changing agribusiness environment are also explored, including mechanisms to build linkages with other relevant ministries (e.g., of industry and commerce) and private institutions. The series provides an opportunity to raise awareness about the need for stronger public commitment to inclusive agribusiness and agro-industrial growth, reflected in a more generous allocation of human and financial resources to empower agribusiness units and similar structures within MOAs. Refocusing the core functions and/or targeting specific commodity/value chains could also help the units to achieve a suitable balance between the requirements of their changing agribusiness mandates and their existing resource allocations, while maximizing the achievement of social goals (e.g., inclusiveness and job creation).

# Acronyms

AGS	Rural Infrastructure and Agro-Industries Division
AMA	Agricultural Management Association
BCA	Botswana College of Agriculture
BDC	Botswana Development Corporation
BEDIA	Botswana Export Development and Investment Authority
CEDA	Citizen Entrepreneurial Development Agency
DABP	Department of Agricultural Business Promotion
DAC	Division of Agricultural Cooperatives
DFM	Division of Farm Management
DIT	Department of International Trade
GDP	gross domestic product
LEA	Local Enterprise Authority
MFDP	Ministry of Finance and Development Planning
MOA	Ministry of Agriculture
MTI	Ministry of Trade and Industry
NDB	National Development Bank
SACU	Southern African Customs Union
SADC	Southern African Development Community
SMEs	small and medium enterprises
SWOT	strengths, weaknesses, opportunities and threats
TCA	Technical Committee on Agriculture

# Acknowledgements

This report is based on interactions with various stakeholders involved in the promotion of agribusiness in Botswana, including both public and private sector institutions. These stakeholders provided the invaluable information without which this report would not have been possible. Most of these individuals and their organizations are listed in Annex 1 to this report and the author wishes to express his appreciation for the support he received.

Special thanks go to the management and staff of the Department of Agricultural Business Promotion (DABP) who provided most of the information used to compile this report. In addition, the author wishes to thank the following public organizations for providing invaluable information that complemented the information obtained from DABP: the Local Enterprise Authority (LEA), the Citizen Entrepreneurial Development Agency (CEDA), the National Development Bank (NDB), the Botswana Export Development and Investment Authority (BEDIA), and the Botswana Development Cooperation (BDC). The author also wishes to extend special appreciation to the individual clients of DABP such as farmers and traders. Special thanks go to DABP clients such as the Botswana Horticultural Market and the Botswana Horticultural Council.

Without the help of these stakeholders, this report would not have been completed.

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## Executive summary

In 2007, FAO's Committee on Agriculture identified the review and reform of institutional mandates for agribusiness and agro-industry as a top priority. In response, FAO's Rural Infrastructure and Agro-Industries Division (AGS) undertook in-depth studies in several countries, including Botswana. The purpose of these studies was to investigate the driving forces and scope of organizational reforms occurring within ministries of agriculture (MOAs) to reinforce their mandates and capacity related to agribusiness and agro-industry development. The Department of Agricultural Business Promotion (DABP) within the MOA is the core institution mandated to promote agribusiness in Botswana. This study presents an appraisal of DABP based on primary and secondary information sources.

DABP was established in 2007 with the sole mandate for promoting agribusinesses through commercialization of the communal sector and creation of new enterprises, thereby diversifying the agriculture sector. Prior to the department's formation, agribusiness activities were scattered across different departments and divisions of the MOA. For instance, crop and livestock marketing activities were coordinated by the Departments of Crop Production and Veterinary Services, which was responsible for animal production issues. The Department of Cooperative Development dealt with issues concerning agricultural cooperatives, agricultural management associations (AMAs) and farmers' organizations. Most other agribusiness activities were centred in the Division of Agricultural Planning and Statistics, including farm management, policy and project appraisal, and monitoring.

DABP was formed following an organisation and methods review, the main objective of which was to improve the MOA's organizational efficiency. The main recommendation of the review was to create new departments, including DABP, which has four divisions for Agricultural Marketing, Agricultural Trade, Farm Management and Agricultural Cooperatives.

DABP performs most of the activities expected of an agribusiness unit, but its capacity to do so varies. For example, despite its limited staff numbers, DABP has been effective in undertaking the appraisal of business plans for the Citizen Entrepreneurial Development Agency (CEDA), especially for the Young Farmers Fund and the Youth Grant of the Department of Culture and Youth. However, it has not undertaken any feasibility studies relating to the beef value chain, which is very important in Botswana. DABP has capacity to provide marketing support through the establishment of marketing centres such as fresh produce markets and livestock kraals and loading ramps, which are crucial in the marketing of livestock. It also has capacity to promote agricultural cooperatives, AMAs and other farmers' groups, and assists their formation and operations.

The study found that DABP lacks capacity in the area of market research in both local and international markets. DABP is mandated to negotiate Botswana's bilateral and international trade agreements; to perform this function effectively, it requires expertise in research on international trade, including data collection and analysis using appropriate techniques such as econometric modelling. Better analysis of the collected data would greatly help DABP during negotiations, by enabling it to back its negotiating position using the data. To perform this function, DABP needs to collaborate closely with relevant value chain stakeholders.

Enterprise budgets are crucial in helping prospective entrepreneurs select among different enterprises based on their relative profitability. DABP has limited capacity – especially in terms of staff numbers – to develop enterprise budgets, and has mainly been able to develop budgets only for crops, especially horticultural crops, and a few livestock subsectors. Because of staff shortages, these budgets have not been revised and hence they cannot be relied on to represent current profitability, which changes over time. Budgets should be revised every season, to reflect changes in the costs of and returns on specific enterprises.

It should be recognized that DABP is relatively new and hence has not mastered some of the activities it is supposed to undertake. For instance, it does not have the capacity to undertake value chain analysis, although this is very important in fulfilling its objective of improving output, productivity and diversification in the agriculture sector. Most notably, DABP has no capacity to contribute to the beef value chain, which is one of the most important value chains in Botswana.

DABP has linkages with several other public institutions, although most of these linkages are not formal and some are not direct, but through the parent ministry – the MOA. Some linkages are strong, with committees set up to ensure their smooth operation, such as the Technical Committee on Agriculture and the National Committee on Trade Policy and Negotiations. DABP also has linkages with public institutions such as the Local Enterprise Authority (LEA) and CEDA through formal memoranda of understanding. Linkages with private sector organizations appear to be very weak, with the private sector approaching DABP through the MOA when seeking advice on technical aspects of agriculture. In particular, the marketing centres established by DABP could be strengthened through the involvement of the private sector.

The study recommends that in addition to the development paths stated in its strategic plan for 2010–2016 (DABD, 2010d), DABP should undertake the following to improve its service delivery:

- In service areas where DABP lacks capacity, and other public or private institutions offer or could offer similar services, DABP should forge formal linkages with these institutions, such as with the Department of Agricultural Economics, Education and Extension for the development of enterprise budgets.
- DABP should develop close collaboration with LEA, the Botswana Export Development and Investment Authority, the MOA's Agricultural Hub and other public institutions offering similar services. This would ensure that duplication is avoided and complementarities exploited, hence contributing to the development of agribusiness.
- DABP should be more involved in conducting research, and should serve as an information bank on agribusiness. Such research should include enterprise feasibility studies. DABP should strive to provide accurate and timely information to its clients.

FAO assistance is needed to build capacity in market research and trade negotiations, not only through providing short training courses but also by seconding FAO experts to work with DABP staff, which might prove more effective. DABP staff will be able to implement the activities they have learned through training if technical assistance is readily available on the ground. FAO assistance is also needed in the form of technical expertise, through undertaking and – where appropriate – funding consultancies in areas where DABP lacks capacity.



# Chapter 1

## Introduction

### 1.1 BACKGROUND

The new agribusiness era is characterized by a shift from family farms to strategically placed commercial production and processing units linked to exporters and modern retailers. New sophisticated and globalized procurement practices have been mainstreamed to comply with food quality and safety standards, including traceability requirements, and to reduce transaction costs and minimize risks. Recurrent increases in food prices that could heighten food insecurity are attracting serious policy attention, and changing consumer preferences (especially for health, convenience and ethical reasons) and concerns about the impacts of climate change are pushing the agribusiness sector to new heights of performance and innovation.

This changing agribusiness environment is putting increasing pressure on ministries of agriculture (MOAs) to engage in agribusiness and agro-industry development. Some MOAs have chosen to establish specific agribusiness units; others have updated the mandates of existing departments or bureaux dealing with agribusiness aspects and/or have added new substructures to handle issues such as the promotion of value chains and agribusiness public-private partnerships. Botswana has chosen the option of establishing a specific agribusiness unit, the Department of Agricultural Business Promotion (DABP) within the MOA. DABP was established in 2007 with the sole aim of promoting agribusiness as a way of commercializing the agriculture sector to increase the sector's contribution to the economy.

In 2007, FAO's Committee on Agriculture identified the review and reform of institutional mandates for agribusiness and agro-industry as a top priority. As a result, FAO's Rural Infrastructure and Agro-Industries Division (AGS) undertook scoping studies in several countries, including Botswana. The purpose of these studies was to identify MOAs that have initiated programmes and reforms to reinforce their mandates and capacities related to agribusiness and agro-industry development. The results of the scoping survey were used to select appropriate MOAs for in-depth case appraisal, and Botswana's MOA was one of those selected.

This study documents the experience of Botswana in establishing an agribusiness unit within the MOA.

### 1.2 PURPOSE

The objectives of this country study are threefold. First, the study characterizes the institutional profile of DABP: its motivation, mission and functional roles, environment, and capacity in terms of human resources, strategic leadership, other core resources and linkages to other institutions. The second objective is to assess the business model for service provision, including by analysing the scope of services (against the list provided in Table 2) – types of services provided, clients served, main instruments used, and strategies and programmes implemented – and DABP's related capacities; assessing DABP's performance – its capacity to fulfil its functions; analysing the strengths, weaknesses, opportunities and threats (SWOT) affecting DABP; and appraising DABP's institutional comparative advantages in providing services related to agribusiness and agro-industry development. The third objective is to assess capacity development needs and identify priority areas for capacity development, proposing a development path for DABP and identifying options for support from FAO.

### 1.3 METHODOLOGY

This study follows a brief scoping survey undertaken by FAO in 2010, which identified DABP within the MOA as the key institution with a mandate for promoting agribusiness in Botswana. Data for the study were collected from both secondary and primary sources. Secondary sources included the Internet and government publications, while primary data sources included interviews of key personnel at DABP and major stakeholders. Primary data were collected through semi-structured interviews with the staff and clients of a wide range of public institutions mandated to promote agribusiness in Botswana.

### 1.4 ORGANIZATION OF THE REPORT

The rest of this report is organized as follows: section 2 presents the institutional profile of DABP;

section 3 describes the business model for agribusiness service delivery; including services provided, characterization of clients, a review of main instruments and programmes, an analysis of existing capacity, an appraisal of the performance of DABP

and institutional comparative advantage. Section 4 identifies capacity development priorities for DABP and outlines an institutional development path; and section 5 summarizes major findings from the study.

## Chapter 2

# Institutional profile

DABP was established in 2007 following the restructuring of the MOA after an organization and methods review. Previously, agribusiness activities were undertaken by various departments and divisions within the MOA. This section discusses the institutional profile of DABP. The section starts with a discussion of the institutional motivation for establishing the DABP, the drivers behind its establishment and the processes followed in the establishment of DABP. This is followed by the organisational structure of DABP. The section then discusses the institutional mandate of DABP, covering the mission and vision, units within DABP and their main functions. The environment within which DABP operates is then discussed including the administrative/legal, economic, political and policy environment. This is followed by a description and an assessment of the major stakeholders of DABP, including institutional clients. The section is concluded by a discussion of the institutional capacity of DABP, including human resources, financial resources, strategic leadership and governance and inter-institutional linkages.

### 2.1 INSTITUTIONAL MOTIVATION

DABP operates under the MOA whose mandate is overall development of the agriculture sector in Botswana; DABP is one of eight MOA departments and has an important role in contributing to that development. When DABP was established, the agriculture sector's performance was very poor, especially in the communal sector (rural family farming), where farmers were mainly engaged in subsistence production. To improve performance, it was felt that commercialization of this sector, which contributed more than 80 percent of agricultural gross domestic product (GDP), was needed. Thus, the institutional motivation for establishing DABP was to improve production and productivity in the agriculture sector through commercialization of the communal sector.

#### Drivers behind the establishment of DABP

Traditionally, various MOA departments and divisions undertook agribusiness support. For example, the Department of Crop Production and the

Department of Veterinary Services were involved in the marketing of crops and livestock respectively. Most other agribusiness activities were undertaken by the Division of Agricultural Planning and Statistics, which was responsible for planning, farm management and monitoring and evaluation. Others were undertaken by the Division of Cooperative Development, which was then under the MOA with the mandate for promoting all cooperatives, including agricultural cooperatives, agricultural management associations (AMAs) and other farmers' organizations.

The main driver for the establishment of DABP was the recognition that most farming was for subsistence purposes, which did not stimulate productivity improvement. In addition, although the agriculture sector's contribution to GDP is very low compared with its contribution at the time of independence in 1966, the sector still employs the majority of rural dwellers. At independence, the agriculture sector contributed 40 percent of GDP and the beef sector was the main foreign exchange earner. Following the discovery of minerals, especially diamonds, in the late 1970s, the structure of the economy changed dramatically. The mineral sector is currently the leading economic sector in terms of GDP and government revenue, contributing more than 40 percent of GDP, compared with the agriculture sector's mere 3 percent.

However, despite this low GDP contribution, the agriculture sector employs more than 50 percent of the people living in rural areas, and – when backwards and forwards linkages are considered – its contribution is higher than that suggested by macroeconomic indicators. As a result, the government's commitment to developing the sector has not diminished, and there is renewed interest in doing so after the realization that reliance on one sector is risky: during the recent global recession a reduction in diamond sales led to a huge drop in government revenue. Commercializing the communal sector will not only increase output from the agriculture sector, but will also improve the standards of living of those involved in agriculture, thereby achieving the twin objectives of poverty eradication and diversification of the economy away from minerals.

DABP was established to facilitate this commercialization by promoting agribusinesses.

### Establishment

DABP was established in 2007 after an operation and methods review of the MOA undertaken in the early 2000s with the main objective of improving the MOA's organizational efficiency. The OMR report recommended major changes to the MOA with new departments being created and these included DABP. Previously the activities undertaken by DABP were carried by different departments and divisions within the MOA. These departments and divisions included the Department of Cooperatives (DC) and the Division of Agricultural Planning and Statistics (DAPS) both of which were under the MOA at the time. As part of the same restructuring process, the Department of Cooperatives was transferred to the new Ministry of Trade and Industry (MTI), but responsibility for agricultural cooperatives remained with the MOA and was transferred to DABP, together with responsibility for agricultural management associations (AMAs). Some of the areas that were previously managed by the Department of Agricultural Planning and Statistics, (DAPS) such as agricultural trade and farm management, were also transferred to DABP, while others – such as statistics and monitoring and evaluation – were transferred to the new division of Agricultural Research Statistics and Policy Development (DARSPD).

The MOA's eight departments are the Departments of Agricultural Research Statistics and Policy Development; Agricultural Research; Animal Production; Crop Production; Extension Services Coordination – now Poverty Alleviation; Veterinary Services; and Ministry Management.

### Organizational structure

Figure 1 depicts the organizational structure of DABP, which has four divisions and is headed by a Director. In addition to its four operational divisions, DABP has a human resource section at headquarters, responsible for administration and accounting. The Director reports directly to the Deputy Permanent Secretary of Support Services, who in turn reports to the Permanent Secretary, who is the most senior civil servant in the MOA and reports to the Assistant Minister and the Minister, both of whom are political appointees. The Director is assisted by the Deputy Director and the heads of divisions. All the divisions have staff at the MOA's headquarters in Gaborone, where the Director, Deputy Director and heads of divi-

sions are stationed. There are district offices in all the ten rural administrative districts of Botswana, each headed by a head of station. Three divisions are operational at these district offices: those of Agricultural Trade, Agricultural Marketing and Agricultural Cooperatives, with all their units (Annex 3).

## 2.2 INSTITUTIONAL PROFILE

### Mission and vision

The mission of DABP is to provide agribusiness advisory services to the agriculture sector; its vision is to become a dynamic advisory centre of excellence; and its mandate is to facilitate the achievement of a commercial, diversified, sustainable and competitive agriculture sector through the transfer of business skills, negotiation of market access and promotion of agricultural cooperatives and associations.

Alongside promoting commercialization of the agriculture sector, DABP's other main objective is to spearhead the government's drive to diversify the sector to reduce its current dependence on beef.

### DABP units and their functions

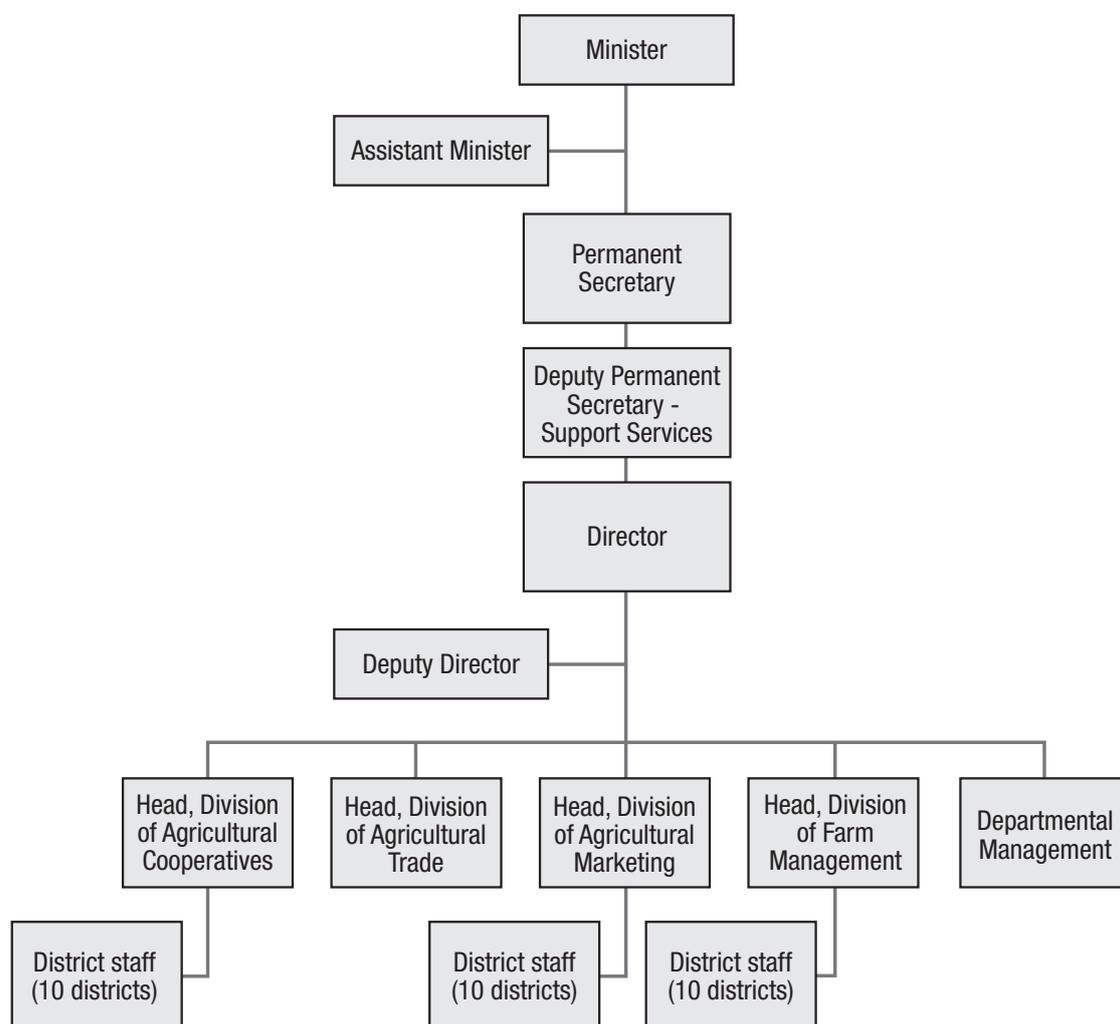
DABP has created four divisions, the main functions of which are described in the following paragraphs.

*Division of Agricultural Cooperatives (DAC):* The main role of this division is to analyse, formulate and implement policies for agricultural cooperatives. Its activities include:

- promoting and facilitating the formation of agricultural cooperatives and AMAs, including their registration and formulation of their by-laws and constitutions;
- facilitating the implementation of agricultural cooperative policies and administering the Agricultural Management Associations Act No. 18 of 1986;
- assessing the financial and management performance of AMAs and cooperatives, including by auditing and inspecting their accounts;
- assisting clients in identifying business opportunities, and guiding them in the preparation of business plans, including by providing training in entrepreneurial and business skills;
- facilitating access to markets and providing support and advisory services to agricultural apex associations.

DAC has three subdivisions: Audit and Inspection, which is responsible for the auditing and inspection of associations/societies, including financial management investigations; Coopera-

FIGURE 1  
Structure of DABP



Source: Adapted from the MOA Web site.<sup>1</sup>

tive Business Development, which is responsible for entrepreneurial development and financial management of cooperative societies and AMAs; and Member Education, which promotes and publicizes agricultural cooperatives and AMAs, including by formulating model by-laws and constitutions, assisting with registration and coordinating staff training. The main function of DAC is thus to promote agribusiness through assistance to farmers' groups and associations. DAC also helps farmers' apex organizations such

as the Botswana Horticultural Council and the Botswana Agricultural Union with the effective running of their secretariats.

**Division of Farm Management (DFM):** This division collects and analyses farm-level data and provides information on the productivity and profitability of different enterprises. The information gathered is used in decision-making at both the farm and national/policy levels. DFM also focuses on improving farmers' basic business skills and

<sup>1</sup> [http://www.gov.bw/Global/Ministry%20of%20Agriculture/orgstructure\\_moa.pdf](http://www.gov.bw/Global/Ministry%20of%20Agriculture/orgstructure_moa.pdf) (accessed 3 September 2013)

conducts micro-surveys to generate information for project design. The activities of DFM are to:

- analyse, formulate and implement farm management policies;
- conduct profitability studies on different crop and livestock enterprises, including farm management surveys;
- assist farmers in preparing business plans and enterprise budgets for crops and livestock;
- assist financial institutions and other stakeholders in appraising projects for funding;
- provide support and advisory services on farm business management to other MOA departments and other stakeholders.

DFM has three subdivisions based on commodity/enterprise groups: Crops, which includes horticulture (irrigation), dryland farming (rainfed) and beekeeping; Ruminants, which includes beef, small stock and dairy; and Non-ruminants, which includes poultry, ostrich and pig production.

**Division of Agricultural Trade:** This division's main responsibility is the promotion of international trade through participation in trade negotiations, and the implementation and monitoring of agricultural trade policies. The activities of the division include:

- analysis, formulation and implementation of trade policies, and provision of advice on these policies;
- facilitation of international trade cooperation initiatives, and monitoring and evaluation of the implementation of trade agreements;
- interaction with the industry sector on the development and promotion of agricultural exports and imports;
- facilitation of capacity building on trade issues for various stakeholders;
- trade research and gathering of trade information to promote exports and imports of agricultural products;
- coordination of food security issues within the MOA.

DAT has three subdivisions: Multilateral Trade, whose main responsibility is to promote and negotiate global trade and related issues with the World Trade Organization and other organizations such as the United Nations Conference on Trade and Development; Regional and Bilateral Trade, which deals with regional and bilateral trade issues, including the Southern African Development Community (SADC) Trade Protocol, the

Southern African Customs Union (SACU) agreement and bilateral agreements between SACU and other regional trade blocks or countries; and Food Security, whose main responsibility is to coordinate food security issues within the MOA. (Responsibility for monitoring the domestic food situation has recently been transferred to the new Department of Research Statistics and Policy Development.)

**Division of Agricultural Marketing:** The main responsibility of this division is to analyse, formulate and implement agricultural marketing policies and regulations. Its main activities are to:

- develop marketing networks, conduct marketing research and intelligence and provide marketing information;
- facilitate the provision of marketing infrastructure and provide support and advice on marketing issues to the MOA's extension departments.

This division has three subdivisions: Crop Marketing, which monitors crop production and marketing activities through data collection, compilation, analysis, interpretation and dissemination to stakeholders; Livestock Marketing, which monitors livestock marketing through data collection, compilation, analysis, interpretation and dissemination, and promotes and monitors the use of infrastructure such as livestock marketing centres and loading ramps; and Market Research, which conducts market research and facilitates farmers' linkages to markets.

**Human Resources Section:** The main responsibility of this section is to carry out all administrative duties, including accounting. The section is also mandated to ensure staff productivity and welfare through the implementation of appropriate performance management systems.

### Objectives and priorities

The current objectives and priorities of DABP are stated in its strategic plan for 2010–2016 (DABP, 2010d), which states that DABP's main responsibilities are business skills transfer, market access negotiations and the promotion of agricultural cooperatives and associations. The Tenth National Development Plan (MFDP, 2009) lists the MOA's agribusiness promotion functions: provision of livestock marketing infrastructure and loading ramps; assistance in the development of business plans; and assistance in modern farm management practices such as record keeping, through training of farmers and production of publications. These are the functions performed by DABP, thus aligning

the National Development Plan and Strategic Plan functions with what is obtaining on the ground.

## 2.3 INSTITUTIONAL ENVIRONMENT

### Administrative/legal, economic, political and policy environment

*Administrative/legal and political environment:* DABP is a fully fledged department within the MOA headed by a Director who reports directly to the Deputy Permanent Secretary, Support Services, who in turn reports directly to the Permanent Secretary as the most senior civil servant in the ministry. The PS reports to the Assistant Minister and Minister of Agriculture, who are political appointees, appointed by the President of the Republic of Botswana. The political environment is such that agricultural policies and programmes are formulated at the ministerial level and adopted by Parliament. After adoption, the ministries are responsible for ensuring that the policies and programmes are effectively implemented under the leadership of the Permanent Secretary and high-ranking officials, including directors, in the relevant ministry. The Director of DABP is responsible for ensuring that all policies and programmes regarding agricultural business promotion are effectively implemented. As well as implementing adopted policies, the ministries are also involved in policy formulation, as they have technical expertise in specific sectors – agriculture in the case of MOA. The civil service is therefore expected to provide politicians with advice during the policy formulation process.

*Economic environment:* As a government department, DABP is fully funded by the government and mandated to use its own budget to implement government policies on agribusiness development. Budget allocations to government ministries and departments have recently been dwindling because of the global economic downturn; the drop in diamond sales throughout the world has led to a drastic fall in government revenue resulting in budget deficits, which were not experienced in the past. Despite these drops in government revenue, DABP's budgetary allocations have not declined, (Table 1) increasing by 39 percent between 2008 and 2009, 0.2 percent between 2009 and 2010, and 14 percent between 2010 and 2011.

*Policy environment:* Each MOA department is required to contribute to meeting the broad objectives of the ministry, which have remained unchanged for a long time, apart from the shift from food self-sufficiency to food security in 1991. The broad

agricultural objectives as stated in the Botswana Agricultural Strategy 2010–2012 are to improve food security; diversify into non-traditional agriculture; promote output and productivity growth; adopt environmentally sustainable production systems; promote employment creation in the rural economy, including agriculture; promote the development of marketing and commodity value chains; and mainstream gender and youth issues into agricultural programmes. DABP is required to contribute directly to increasing diversification, creating employment through agribusiness, and marketing agricultural products; and indirectly to other objectives through the development of agricultural value chains.

### Major stakeholders

*Agribusiness entrepreneurs:* DABP's main stakeholders are agricultural entrepreneurs, comprising individual farmers and farmers' groups such as cooperatives, AMAs and commodity groups. Individual farmers include both crop and livestock farmers in both the communal and commercial sectors. The main services DABP provides to farmers are business advisory services through assistance in developing business plans that enable farmers to obtain credit and grants from organizations such as the Citizen Entrepreneurial Development Agency (CEDA), and the Department of Culture and Youth in the Ministry of Youth, Sport and Culture; issuance of permits for importing crops or livestock inputs; and dissemination of information on agricultural trade, including bilateral and multilateral trade agreements, the requirements for entering specific export markets, etc. Most of the farmers seeking advisory services aim to enter commercial agriculture, and are either subsistence farmers or young people entering farming for the first time.

DABP's stakeholders also include individuals and organizations involved in the trading of agricultural products. These clients include traders (hawkers), fresh produce marketers, supermarkets and other retailers. Some of them import products for resale in Botswana, for which they need permits issued by DABP under the Control of Goods Act through the SACU agreement. This agreement allows Botswana to impose import restrictions on horticulture, dairy and other non-traditional agricultural products so it can promote domestic production in these emerging industries.

DABP also provides assistance for the formation and operation of agricultural cooperatives, AMAs and other farmers' associations, including help with formulating the constitution that a group or association requires for registration (for which DABP

provides model constitutions), business advice and audit services. The performance of AMAs, agricultural cooperatives and farmers' groups in Botswana has not been impressive, and DABP is seeking to improve it. This category of clients includes commodity groups such as the Botswana Horticultural Council (BHC), Botswana Federation of Small Stock Association (BFSA), the Botswana Cattle Producers Association (now the National Cattle Producers Council), the Botswana Poultry Association (BPA), the Botswana Ostrich Association (BOA) and many other national and district-level associations.

**Institutional clients:** DABP's clients also include public institutions such as CEDA, the Local Enterprise Authority (LEA), the National Development Bank (NDB), the Botswana Export Development and Investment Authority (BEDIA), the Botswana Development Cooperation (BDC) and private sector institutions such as commercial banks. CEDA offers financing to businesses owned by nationals of Botswana or co-owned by nationals and non-nationals, in all sectors of the economy including agriculture. To acquire this financing, entrepreneurs are required to demonstrate the feasibility and financial viability of their projects by developing business plans. DABP assists CEDA in the appraisal of agricultural business proposals, especially to ensure that they meet technical criteria.

LEA is mandated to promote a culture of entrepreneurship in Botswana, especially by developing small and medium enterprises (SMEs) in all economic sectors including agriculture. DABP assists LEA by identifying potential agricultural SMEs and assessing their viability. NDB offers credit to businesses owned by nationals of Botswana and joint ventures between nationals and non-nationals, in all economic sectors including agriculture. DABP provides assistance in the appraisal of agricultural business plans.

BEDIA's mandate is to facilitate the establishment of export-oriented enterprises and services to promote economic diversification, rapid economic growth and the creation of sustainable employment. BEDIA also identifies market outlets for locally manufactured products and constructs buildings for manufacturing enterprises. BEDIA seeks advice from the MOA and DABP before developing agricultural enterprises.

Some commercial banks have recently established agribusiness units, for which they have sought DABP's assistance. Previously, commercial banks were reluctant to provide credit for agricultural activities, but this situation has recently changed.

CEDA seeks assistance more frequently than do DABP's other clients, because DABP appraises all the applications that CEDA receives. Youth projects are reviewed by the CEDA Young Farmers Fund Investment Committee, whose membership comprises the Department of Culture and Youth, the Botswana National Youth Council, the Ministry of Trade, DABP and the Ministry of Lands and Housing. Other clients – BEDIA, LEA, NDB, etc. – request DABP's assistance occasionally, when the need arises.

**Other MOA departments:** As the government strives to commercialize the agriculture sector, the agricultural extension services are under increasing pressure to provide business advisory services through agricultural projects; DABP is called on to determine the profitability or otherwise of the extension projects proposed by other departments within the MOA. Although the MOA's extension services generally have the required technical skills in crops and livestock production, they lack the business skills that farmers need to become entrepreneurs, and rely on DABP to impart these skills.

**Departments outside the MOA:** Departments from other ministries also request DABP's assistance. For example, the Department of Youth in the Ministry of Youth, Sport and Culture and the Department of Women's Affairs in the Ministry of Labour and Home Affairs require DABP's assistance in the appraisal of agricultural business project proposals, which are funded by government through grants to improve the living standards of disadvantaged groups such as youth and women. The Land Boards in the Ministry of Lands and Housing are mandated to allocate land for various uses. Before they allocate land for agricultural purposes, the boards have to ensure that the proposed uses are viable, and rely on DABP to do so.

**International investors:** DABP's international stakeholders are individuals or companies in other countries seeking to invest in Botswana's agriculture sector. DABP provides these prospective investors with information on possible areas of investment.

## 2.4 INSTITUTIONAL CAPACITY

### Human resources

DABP has staff members with expertise in the various disciplines in which the department offers services. The staff comprise agricultural economists, mainly in the Divisions of Agricultural Trade and Farm Management; business management and marketing specialists; and accounts, adult education and business management spe-

cialists in DAC and the Division of Agricultural Marketing. DABP has a total of 172 posts: 61 professionals; 25 technical staff; ten administration staff; 21 artisans; and 47 former industrial class employees. Of this total, 164 posts are filled, leaving eight vacancies. Recruitment is under way to fill these vacant posts.

The professionals are spread across the four divisions and include agricultural economists/economists, accountants, and finance and business administration specialists; the technical staff are trained in various agricultural areas such as crop and livestock production; the artisans are mainly involved in collecting district-level information from farmers; and most of the former industrial class employees are cleaners and gardeners.

### Financial resources

DABP receives both development and operational budgets from its parent ministry, the MOA. Since its establishment in 2007, DABP has received its budgetary allocations for operational costs starting from 2008. As indicated in Table 1, DABP has received budgetary allocations since its establishment in 2007. The total received has not changed substantially since 2008, apart from a noticeable increase between 2010 and 2011. The major budget line items are salaries and allowances, followed by travelling and transport and general expenses and supplies.

Botswana prepares an annual budget based on the National Development Plan and comprising two main components: the development and the recurrent budgets. The government obtains the revenue to finance these budgets from a variety of sources, such as taxes, mining, loans and grants. Of these resources, the mineral sector, especially diamonds contributes a significant proportion of more than 50 percent.

For the development budget, the Ministry of Finance and Development Planning (MFDP) sets ceilings in consultation with other ministries. Ongoing projects are the first to be considered in the budgeting process, and the balance left is allocated to new projects. For the recurrent budget, the current year's estimates form the basis for calculating the following year's ceiling, with adjustments made for expected inflation and increases resulting from annual salary adjustments and new posts. Ministry departments prepare their budgets according to these guidelines, and submit them to the ministry finance officers, who check the submissions from different departments and consolidate them into a single document for each ministry before submission to MFDP for final approval. The Minister of Finance and Development Planning then presents the overall budget to Parliament for discussion.

### Strategic leadership and governance

DABP's leadership structure is described in the subsection on Organizational structure in section

TABLE 1  
Recurrent expenditure of DABP, 2008–2011

Item	2008	2009	2010	2011
	P	P	P	P
Salaries and allowances	10 555 290.00	18 324 520.00	21 049 440.00	21 121 180.00
Travelling and transport	5 587 000.00	5 152 000.00	4 299 070.00	9 699 070.00
General expenses and supplies	2 541 770.00	2 067 000.00	1 471 925.00	1 231 500.00
Departmental services	494 420.00	398 047.00	138 390.00	241 200.00
Maintenance and running expenses	236 020.00	1 162 020.00	1 900 658.00	961 010.00
Training	332 830.00	500 020.00	504 910.00	420 510.00
Councils, conferences and exhibitions	650 000.00	900 000.00	369 195.00	649 480.00
Special expenditure	1 432 940.00	1 732 703.00	551 342.00	1 032 720.00
<b>Total</b>	<b>21 830 270.00</b>	<b>30 236 310.00</b>	<b>30 284 930.00</b>	<b>35 356 670.00</b>

P = pula. P 1 = US\$0.11  
Sources: MFDP, 2012.

2.1. The operation of DABP is guided by the strategic plan for 2010–2016 (DABP, 2010d).

### **Other core resources**

DABP's other core resources are offices and vehicles at both headquarters and district offices. The vehicles are used mainly for visiting clients in the area. DABP shares these resources with other MOA departments, especially at district offices.

## **2.5 INTER-INSTITUTIONAL LINKAGES**

DABP has links to both public and private institutions. Public institutions include LEA, CEDA and NDB, all of which have a stake in the development of commercial agriculture through the enhancement of entrepreneurial skills and/or financing. DABP also has linkages with other government departments outside the MOA.

Institutional linkage to LEA is through a memorandum of understanding for collaboration in the promotion of agribusinesses. As part of its mandate, LEA has identified four agricultural subsectors with potential for developing SMEs: dairy, horticulture, piggeries and leather processing. DABP's main role is to assess and identify appropriate agricultural businesses.

The memorandum of understanding with CEDA focuses on CEDA's Young Farmers Fund. DABP's assistance to CEDA is through the appraisal of agricultural business plans for young farmers and other clients. DABP provides the same service to NDB, BDC and BEDIA.

DABP's linkage with the MTI's Department of International Trade (DIT) is through the National Committee on Trade Policy and Negotiations, where trade issues, including agricultural trade policy formulation and implementation, are discussed. Members of this committee include MOA parastatals dealing with agricultural marketing and trade, such as the Botswana Agricultural Marketing Board and the Botswana Meat Commission. The committee also includes farmers' organizations and agricultural traders. It is chaired by the MTI, with the MOA represented by its Deputy Permanent Secretary for Support Services

DABP also has institutional linkages with farmers' apex organizations such as the Botswana Agricultural Union and the Botswana Horticul-

tural Council, but most of these linkages have not been formalized. Under its strategic plan, DABP intends to formalize these existing linkages and create new ones.

Linkages with private sector institutions appear to be weak and occur only when a private sector institution such as a commercial bank seeks information and advice on Botswana's agriculture sector. Such assistance has been requested by commercial banks such as First National Bank and Stanbic Bank, which have just established or are about to establish agricultural business units offering credit to agriculture. It should be noted that First National Bank already has a successful agribusiness unit in South Africa. The banks seek DABP's appraisal of agricultural business plans, including production parameters, prices and market availability, and use the information to guide their agricultural lending division and establish new divisions.

Linkages with other stakeholders are through the Technical Committee on Agriculture (TCA), made up of all departments within the MOA, DIT and the Attorney General's Chambers, which provides legal guidance. All stakeholders in agriculture are members of TCA, including individual farmers, farmers' organizations, and parastatals dealing with agricultural issues within and outside the MOA. TCA also has private sector members, such as millers and traders. Its mandate covers all issues related to trade in agriculture, including internal barriers to trade in agricultural products. TCA offers all stakeholders in the agriculture sector an opportunity to air their views and concerns regarding agriculture.

DABP has worked with two development partners: FAO and the Commonwealth Secretariat. The Commonwealth Secretariat funded a consultancy to assist DABP in the development of an agricultural marketing strategy. The consultancy report has just been concluded and the findings presented to DABP.

FAO provides DABP with both financial and technical assistance for training extension staff and farmers and producing extension manuals. FAO has also assisted in the formulation and preparation of DABP's strategic plan, provided consultancy services for studying non-technical barriers to trade, and assisted in the preparation of the *Farm Management Handbook*.

## Chapter 3

# Appraisal of the business model for service delivery

This section covers the appraisal of the business model for service delivery followed by DABP: the services provided; the characteristics of clients; the main instruments and programmes; existing capacity; the performance of DABP according to SWOT analysis; and the institutional comparative advantages of DABP for services offered by other public institutions.

### 3.1 SERVICES PROVIDED

Table 2 summarizes the service areas offered by DABP, categorized as either core or secondary services. This categorization is based on two criteria:

the number of DABP employees allocated to the service area; and whether or not the area is stated as one of the objectives of DABP and its divisions. The service areas were selected by FAO for the purposes of this series of country case studies.

*Appraisal of business models:* DABP's Division of Farm Management (DFM) appraises the business plans submitted for funding. Most of these come through CEDA, which receives proposals for potential agribusiness projects and screens them before passing them on to DABP for approval; CEDA relies on DABP's technical expertise in apprais-

TABLE 2  
Summary of DABP services

Service area	Services offered	Core	Secondary
Appraisal of business models	Feasibility analysis of business plans; development of cost structures based on production parameters	x	
Value chain analysis, including benchmarking, chain coordination and facilitation	Facilitation of the development of the small stock value chain; participation in the beef value chain study; provision of advice		x
Building of business and entrepreneurial skills	Training of extension officers, farmers' groups and individuals in business and entrepreneurial skills	x	
Reinforcement of business and market linkages	Provision of secretarial services to meetings of traders and producers	x	
Support to collective action and alliance building	Assistance to farmers in setting up AMAs, cooperatives and other groups	x	
Finance and investment appraisal and support	Assistance to public investment institutions through appraisal of business plans for agricultural enterprises; development of enterprise guidelines and gross margins		x
Trade and marketing appraisal and support	Provision of information on external market requirements		x
Agro-industry and processing appraisal and support	Training of producers on value addition; appraisal of business plans for national and individual projects	x	
Development of policy and strategy papers	Development of agricultural trade policies through TCA		x
Lobbying and advocacy in the agribusiness sector	Provision of advice		x
Sharing of knowledge and information pertaining to the agribusiness sector	Provision of market information through monthly price bulletins and brochures; provision of information on external market requirements; development of publications (investment guidelines, records, books, pamphlets) radio talks, etc.	x	

Source: Author's elaboration of study findings.

ing agricultural business plans. This activity takes considerable time as DFM has to appraise all the business plans submitted across the country. It collaborates with the Department of Culture and Youth on joint appraisals of some of these plans. Information about the number of applications received is not available, but applications are reviewed at fortnightly meetings, or weekly when required.

**Value chain analysis:** The MOA uses the value chain approach to determine the competitiveness of various agricultural subsectors with the view to improving performance. The value chain approach takes a holistic view of all the actors and activities in the value chain. DABP participates in the development of agricultural value chains through its Division of Agricultural Marketing, which acts as the secretariat for the small stock value chain and is participating in development of the beef value chain, together with DFM. The main clients demanding these services are farmers' organizations: for example, the beef value chain study was initiated by the then Botswana Cattle Producers Association and executed/funded by FAO and the MOA's Agricultural Hub. It is important to note that DABP has not undertaken any value chain study on its own.

**Building of business and entrepreneurial skills:** DABP offers training in entrepreneurial skills for agribusiness to farmers' groups and individual farmers through workshops, short courses and conferences. It also prepares booklets on farm management and enterprise budgets for crops, and assists farmers' groups and individuals in the preparation of business plans, especially for seeking funding from credit agencies such as CEDA. DABP's *Farm Management Manual*, prepared with assistance from FAO, is used by both MOA extension officers and farmers.

**Reinforcement of business and market linkages:** Through its Division of Agricultural Marketing, DABP reinforces business and market linkages between traders and farmers by offering secretarial services to their meetings. These meetings are normally held annually to provide traders and farmers with opportunities to resolve any issues that may be hampering trade. The issues discussed include product quality, quantities and prices, especially for horticultural products.

**Support to collective action and alliance building:** DAC trains farmers on group dynamics, provides sample constitutions for AMAs, and registers AMAs through the AMA Act. These are

the core activities of DAC, whose main function is to promote the creation of farmers' organizations and support them after their formation. DAC also assists cooperatives during their formation, but cooperatives are registered by the Commissioner of Cooperatives in the MTI under the Cooperatives Act. DAC assists farmers' apex bodies in issues such as auditing and general management.

**Trade and marketing appraisal and support:** The Divisions of Agricultural Trade and Agricultural Marketing conduct market research on international and local markets respectively. Information on external markets includes the requirements for entering particular markets in terms of product quality and standards, prices, phytosanitary standards, and the requirements for importing specific inputs into Botswana. Support to local markets includes undertaking market research and providing information, mainly through monthly price bulletins.

**Agro-industry and processing appraisal and support:** This is a secondary service area for DABP and activities are mainly performed by DAC, which provides farmers' groups, cooperatives and AMAs with training in adding value to their products.

**Development of policy and strategy papers:** DABP's involvement in developing policy for the agriculture sector is through its membership of the ministerial Policy Advisory Committee, which is chaired by the Director of the Agricultural Research Statistics and Policy Development Department. In addition, the Division of Agricultural Trade is involved in the formulation of agricultural trade policies, together with the MTI's DIT. DABP is also mandated to implement agricultural trade policies, such as the issuance of import permits for agricultural products.

**Lobbying and advocacy in the agribusiness sector:** This too is a secondary service area for DABP, with activities performed mainly by DAC, which provides support during the formation of cooperatives, farmers' groups and AMAs, and assists them after registration, including by lobbying and advocating for policy change.

**Sharing of knowledge and information pertaining to the agribusiness sector:** One of DABP's main functions is to promote commercialization of the agriculture sector through the setting up of agricultural businesses. One of the strategies used is to inform farming communities and agricultural businesses on potential enterprises and business

opportunities in the agriculture sector. Knowledge is shared through sources such as pamphlets on farm management practices, handbooks, monthly price bulletins, workshops and conferences.

### 3.2 CLIENTS

Table 3 provides information on DABP's clients and their needs, as well as DABP's ability to satisfy these needs.

### 3.3 MAIN INSTRUMENTS AND PROGRAMMES

Table 4 outlines the main programmes and instruments used by DABP to provide its services for promoting agribusiness and agro-industry.

**Appraisal of business plans:** DABP appraises business plans for CEDA Young Farmers, CEDA and the Youth Grant, based on the business plan guidelines prepared by CEDA and the Department of Culture and Youth. The instruments DABP uses in this programme are quite effective as they take into account both the technical and biological aspects of agricultural production.

**Value chain development:** The value chain approach was introduced by the MOA under the auspices of the Agricultural Hub (AH). The approach was adopted with a view to accelerating the commercialization process and improving the competitiveness of the agriculture sector. DABP's mandate includes

TABLE 3  
DABP clients and service provision

Clients	Services demanded	Capacity to meet client needs
Farmers: mostly emerging commercial farmers involved in primary production and based in rural areas	Information on prices, sanitary/ phytosanitary and other requirements for export markets	Limited staff available to collect information on export markets, and limited capacity to analyse the information available
Agricultural traders (supermarkets, hawkers, fresh produce markets and grocery stores): mainly in urban centres and operating at the retail level; range from very small traders to large supermarkets, mostly with headquarters in South Africa	Information on export markets and the implications of free trade within the SADC area and of other bilateral and multilateral trade agreements; issuance of import permits, especially for horticultural crops	Limited staff available to verify that products are in short supply locally and therefore eligible for importation: before imports are banned, staff have to ensure that the product concerned is available in sufficient quantities locally
Cooperatives: small groups involved in production or marketing, and mostly based in rural areas	Assistance with formation, such as preparation of the constitution, and monitoring and auditing after formation	Moderate capacity to assist cooperatives in preparing constitutions and auditing accounts, but staff are sometimes overwhelmed by the number of cooperatives requiring support
AMAs: small associations mostly involved in production and based in rural areas	Training in group dynamics and assistance in forming and running an AMA, auditing and monitoring; registration of AMAs	Adequate capacity and skills available
Farmers' groups: regional/district commodity associations in rural areas and involved in production and/or marketing	Training in group dynamics, and business skills development	Limited staff available to serve the whole country
Farmers' apex bodies: national bodies formed by regional/district commodity associations and involved in production and/or marketing	Assistance in secretariat management and lobbying for issues such as changes in government policy	Because of its limited staff availability, DABP concentrates on apex bodies, which are expected to share DABP's assistance with their member associations
Public financial institutions: mainly in urban centres and involved in providing financing services for agricultural businesses	Appraisal of business plans	Limited staff available to cope with the large number of business plans, especially from CEDA
Commercial banks: in urban centres and involved in providing financing services for agricultural businesses	Information on the state of the agriculture sector to guide the establishment of agricultural finance divisions	Adequate capacity available because there are few banks requesting these services
International investors: individuals, companies and country trade missions seeking to invest in Botswana's agricultural value chain	Information on investment opportunities in the agricultural value chain, including trade	Good capacity available because these services are not demanded frequently

Source: Author's elaboration of study findings.

TABLE 4

**Programmes and instruments used by DABP**

Service area	Programmes	Instruments
Appraisal of business models	Appraisal of business plans	Business plan guidelines and application forms
Value chain analysis, including benchmarking, chain coordination and facilitation	Value chain development	Participation in value chain studies
Building of business and entrepreneurial skills	Enterprise development and investment promotion	Training through workshops and short courses; assistance in the development of business plans and enterprise budgets; preparation of the Farm Management Manual with FAO; publication of information on the Web (enterprise budgets)
Reinforcement of business and market linkages	Market development	Facilitation of meetings between producers and traders; development of market infrastructure; market research
Support to collective action and alliance building	Promotion of AMAs, cooperatives and commodity groups	Provision of model constitutions; monitoring and auditing
Finance and investment appraisal and support	Investment promotion	Meetings with international investors; advisory services
Trade and marketing appraisal and support	Market access	Market research; monthly price bulletins; assistance in trade negotiations
Agro-industry and processing appraisal and support	Industry support and development	Advisory services and training in packaging and grading
Development of policy and strategy papers	Formulation of agricultural trade policies	Participation in TAC; preparation of policy briefs
Lobbying and advocacy in the agribusiness sector	Support for lobby groups	Auditing; provision of model constitutions; assistance to the secretariats of national farmers' groups
Sharing of knowledge and information pertaining to the agribusiness sector	Market development	Market research; monthly price bulletins; pamphlets; enterprise guidelines

Source: Author's elaboration of study findings.

commercialization of the agriculture sector, hence its involvement in the development of value chains in the sector. Currently, the staff of DABP are involved developing two agricultural value chains, and are expected to be involved in developing more chains in the future. The instruments used by DABP in this programme involve participation in committees and are not effective as they do not give DABP overall say in the development of value chains.

**Enterprise development and investment promotion:** The instruments used to promote enterprise development include training workshops, short courses, assistance in business plan development, and farm management manuals. These instruments are effective in imparting skills to the individuals and groups with access to them. The main challenge facing DABP is the limited number of staff available to provide training throughout the country. So far, DABP has developed enterprise budg-

ets for only horticulture, arable crop production and some livestock subsectors (poultry, piggery); it is currently developing ones for small stock and beef feedlots. DABP has limited capacity to upgrade the budgets it has already formulated, as the priority is to develop new ones. DABP could speed up the development of enterprise budgets by collaborating with institutions with sufficient staff to undertake these activities, such as the Botswana College of Agriculture (BCA).

DABP does not have the resources to embark on international visits to encourage international investments proactively; the only international investors it currently assists are those that approach it for information on potential areas of investment in the agriculture sector. Local investors also have to contact DABP for assistance. To improve this programme, DABP needs to be more proactive in seeking both local and international investors through missions, a Web site

providing information on investment opportunities in the agriculture sector, and publications for distribution by Botswana High Commissions and missions in other countries. Regular workshops would sensitize potential local investors to existing opportunities in the agriculture sector, and a database of local investors interested in partnering international investors could be developed to enable matching of the two. The Agricultural Hub already operates a similar database. The DABP strategic plan indicates that improved communication and information dissemination is a core priority, which could be achieved by developing and increasing information centres.

**Market development:** The instruments used in market development include facilitation of meetings of producers and traders, especially of horticultural commodities, an area in which DABP has been effective. However, other instruments such as market research and the development of marketing facilities have been less effective: for example, market research is limited to the provision of monthly price bulletins, with little research on emerging market opportunities or the marketing strategies that farmers could follow. The Commonwealth Secretariat has provided DABP with technical assistance in the formulation of a national agricultural marketing strategy. DABP has built marketing centres, such as livestock holding kraals, loading ramps and fresh produce markets, but most of these centres – especially fresh produce markets – are not operating or are operating at below capacity, mainly because farmers can obtain better prices by selling directly to retail outlets. Farmers also fear that their produce might deteriorate in quality and hence lose value while being marketed through these DABP structures.

**Promotion of AMAs, cooperatives and commodity groups:** DABP has adequate capacity in promoting AMAs, cooperatives and commodity groups and assisting them with the registration process. However, it has insufficient staff to monitor the performance and audit the financial accounts of all the groups across the country.

**Investment promotion:** DABP promotes international investment in the agriculture sector by participating in the trade missions of the MTI and BEDIA and providing international trade missions to Botswana with information on investment opportunities in the sector. Effectiveness depends to a large extent on the number of trade missions

undertaken by the MTI and BEDIA, as DABP does not have the capacity to undertake them alone.

**Market access:** To participate effectively in trade negotiations, DABP needs to have a strong market research team responsible for collecting and analysing trade data for use as supporting evidence in negotiations. DABP has limited capacity in this area as it lacks qualified staff.

**Industry support and development:** DABP provides advisory services on the packaging and grading of agricultural products, especially for farmers' groups, cooperatives and AMAs. Its capacity is limited because it does not have staff with processing expertise and also lacks the necessary facilities. DABP could improve its performance in this programme by collaborating with institutions that specialize in processing, such as the National Food Technology Research Centre, which could help DABP to train stakeholders in adding value to their products through processing.

**Formulation of agricultural trade policies:** In collaboration with the MTI's DIT, which has the overall mandate for developing and implementing Botswana's trade policy, DABP participates in the formulation and implementation of agricultural trade policies, mainly through the multi-stakeholder National Committee on Trade Policy and Negotiations, which meets when trade policy issues arise.

**Support for lobby groups:** DABP has significant capacity to assist lobby groups such as cooperatives and farmers' associations, both during and after their registration. The assistance offered during registration regards the formulation of constitutions; after registration DABP offers free auditing services to cooperatives and associations. However, the effectiveness of these services is hampered by a lack of funds to support associations in establishing fully fledged secretariats at the national level, which in turn hampers the effective performance of the lobby groups.

### 3.4 CAPACITIES

Table 5 presents an analysis of existing capacities related to the different service areas, in terms of human and financial resources.

**Appraisal of business models:** DFM is mandated to appraise agricultural business plans, but has only moderate capacity in this area because some staff have not been trained in agribusiness management

TABLE 5

**Service areas and capacity analysis**

Service area	Staff allocation (estimated number of staff working in the area)	Relative importance in terms of funding allocation/income generated*	Capacity level**
Appraisal of business models	14	2	4
Value chain analysis, including benchmarking, chain coordination and facilitation	8	7	2
Building of business and entrepreneurial skills	18	2	4
Reinforcement of business and market linkages	32	1	2
Support to collection action and alliance building	18	4	3
Finance and investment appraisal and support	18	3	3
Trade and marketing appraisal and support	18	2	2
Agro-industry and processing appraisal and support	14	5	3
Development of policy and strategy papers	6	4	3
Lobbying and advocacy in the agribusiness sector	10	6	3
Sharing of knowledge and information pertaining to the agribusiness sector	51	2	4

\* 1 = highest budget allocation; 7 = lowest budget allocation.

\*\* 1 = none; 2 = basic; 3 = moderate; and 4 = advanced.

Source: Author's elaboration of study findings.

and there are too few staff members to cope with the numbers of business plans submitted. DABP is sometimes overwhelmed by the amount of work in this area.

**Value chain analysis, including benchmarking, chain coordination and facilitation:** Responsibility for value chain analysis has only recently been allocated to the MOA; with technical assistance from FAO, the Agricultural Hub is undertaking a study of Botswana's beef value chain. DABP is participating in this study, which is designed to help the MOA develop capacity to conduct other value chain studies independently. DABP is also involved in the development of the value chain for small stock, with assistance from the SADC Secretariat, but its capacity in this area is still limited. As value chain analysis is a newly introduced concept at the MOA, the funding allocation for DABP's provision of these services is very low.

**Building of business and entrepreneurial skills:** These activities are mainly undertaken by the Division of Agricultural Marketing, which reported hav-

ing good staff capacity. However, DABP sometimes has to rely on training institutions such as BCA to train its staff and clients.

**Reinforcement of business and market linkages:** Facilitation of linkages between producers and traders has a large staff allocation, is performed by all DABP divisions, and receives the most funding. However, DABP's capacity in this area remains moderate.

**Support to collective action and alliance building:** As well as promoting individual agricultural enterprises, DABP also promotes group businesses such as AMAs, agricultural cooperatives and other farmers' groups through DAC, while the Division of Agricultural Marketing supports collective action for the production and marketing of agricultural produce. The capacity of both divisions in this service area is moderate.

**Finance and investment appraisal and support:** DAC offers finance and appraisal support to AMAs, cooperatives and other farmers' groups through monitoring of the groups and auditing

of their accounts. The capacity of the division in rendering these services is moderate.

**Trade and marketing appraisal and support:** The Divisions of Agricultural Trade and Agricultural Marketing provide producers and traders with trade and market information. The capacity of both divisions in this service area is moderate because they lack adequately trained staff.

**Agro-industry and processing appraisal and support:** DABP has only basic capacity in this service area as its staff are not well trained in agricultural processing and only six staff members are allocated to it.

**Development of policy and strategy papers:** DABP is involved in the development of policy papers, especially for agricultural trade policy. It undertakes these activities in consultation with the MTI's DIT, and has moderate capacity in this area. DABP also has a supportive role in the formulation of agricultural policies with the Department of Agricultural Research Statistics and Policy Development.

**Lobbying and advocacy in the agribusiness sector:** DAC is involved in lobbying and advocacy for specific groups in the agriculture sector. Lobbying includes facilitating groups' access to financial assistance and land acquisitions. The groups assisted include women and youth. DABP has moderate capacity in this service area.

**Sharing of knowledge and information pertaining to the agribusiness sector:** To promote agribusinesses, DABP shares knowledge and information

with local and international entrepreneurs. This service area has the highest staff allocation because extension is seen as one of the core components of commercialization of the agriculture sector – DABP's main mandate. The department has good capacity in this area.

### 3.5 PERFORMANCE OF DABP

#### SWOT analysis

The performance of DABP was appraised through the use of strengths, weaknesses, opportunities and threats (SWOT) analysis (Table 6). Strengths and weaknesses are internal to the organization or entity, and are therefore controllable, while opportunities and threats are external, and hence beyond the control of the organization or entity. A major benefit of SWOT analysis is that it helps an organization to improve its performance by matching its strengths with the opportunities and threats present in the external environment, enabling the organization to tap the opportunities and reduce the threats. SWOT analysis also helps the organization by identifying its weaknesses, with a view to addressing these and turning opportunities into strengths.

**Strengths:** A key strength of DABP is its capacity to appraise agricultural business plans, because it has staff with both the technical and entrepreneurial skills required. DABP's other strengths are its ability to produce good-quality information packages; its outreach to clients, with staff in all ten agricultural districts; its knowledgeable and competent staff; and its regular budgets, although its funds may not be adequate to perform all its functions effectively.

TABLE 6  
SWOT analysis of DABP

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▪ Technical capacity to appraise business plans</li> <li>▪ Quality information packages</li> <li>▪ Quality marketing extension outreach</li> <li>▪ Knowledgeable and competent workforce</li> <li>▪ Regular budget</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inadequate staff numbers and capacities</li> <li>▪ Poor service delivery</li> <li>▪ Poor organizational performance</li> <li>▪ Resource limitations</li> <li>▪ Low productivity, with some staff not trained in specialized areas</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Increasing demand for agribusiness services</li> <li>▪ Government support to the agriculture sector</li> <li>▪ User-friendly policy instruments</li> <li>▪ Good stakeholder collaboration</li> <li>▪ Access to global markets for stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer dissatisfaction</li> <li>▪ Inadequate technical transfer/adoption</li> <li>▪ Ageing farming population</li> <li>▪ External interference</li> <li>▪ Disruptions of plans by natural disasters</li> </ul>

Source: Author's elaboration of study findings.

**Weaknesses:** The main weakness of DABP is that it has inadequate staff to perform all of its functions, especially at the district level. Staff are often called on to perform multiple tasks, such as the issuance of import permits and the temporary closure of borders to products for which local supplies are thought to be enough to meet local demand, which requires staff to travel to farms to verify information from producers. As a result, the other functions performed by DABP suffer, with poor delivery of services and poor organizational performance. Other weaknesses are resource limitations, especially in district offices, where DABP staff are often required to share resources with other MOA departments, limiting their ability to provide services effectively when transportation is required; and the low productivity of some staff members, who have not received the specialized training required to perform their functions – for example, some Division of Agricultural Marketing staff have not been trained in agricultural marketing, which limits their ability to provide proper advice.

**Opportunities:** There are several opportunities that DABP could utilize, chief among them being the increasing demand for agribusiness services. Related to this is the government's renewed interest in revitalizing the agriculture sector. As a result, DABP is operating in an environment where there are policy instruments for the promotion of agribusiness. The other opportunities are good stakeholder collaboration, and access to global markets as the country enters into more bilateral and multi-lateral trade agreements.

**Threats:** The main threat that could prevent DABP from effectively performing its functions is customer dissatisfaction, which is partly the result of customers not fully understanding the services that DABP provides. For example, in the area of business plan development, DABP is expected to provide advice, but not to develop business plans as some clients expect. Customer dissatisfaction also arises from border closures and the issuance of permits, with traders often complaining that DABP denies entry to imported products for which traders find the local supply to be inadequate and/or of poor quality. Some customers are also dissatisfied with the supply of information, which is sometimes out of date and hence of little use in business decision-making. In addition, the information provided by different departments of the MOA is sometimes contradictory, and customers are not sure which to rely on.

Another threat is the lack of proper working relationships with other MOA departments. For example, the Departments of Crops and Animal Production are mandated to increase crop and livestock production respectively, and promote projects to these ends. However, when setting up their projects they do not seek DABP's advice on the viability and availability of markets for the products. Instead, DABP is often called on when a project is already at the production stage and is facing problems in finding markets. DABP's advice should be sought early in the project design stage.

The ageing farming population presents challenges because farmers' ability to perform activities that require physical effort declines with age. The resulting in poor productivity and low production defeat the objective of commercializing the agriculture sector.

### **Institutional performance**

As indicated in the SWOT analysis (Table 6), one of the weaknesses of DABP is low productivity in spite of its key strength in having knowledgeable and competent staff. However, staff turnover, especially of older staff, is often very low; turnover of newer staff members – who are younger, have recently graduated and are therefore highly mobile as they seek for jobs – is higher, particularly of staff with finance, accounting and business administration qualifications. As in other departments, each post at DABP has a clear job description stating what the incumbent is supposed to do. For monitoring the performance of staff, DABP and other government departments have adopted the performance management system, in which each employee is required to sign a performance agreement at the beginning of each year. At the end of the year, the employee's performance is measured against this agreement and he/she is rewarded accordingly.

DABP provides most of its services free of charge to both the public and private sectors. The services that are provided for free include advice on business plan preparation; provision of market information; appraisal of business plans; and provision of information on trade and investment opportunities in the agriculture sector for both local and international investors. The revenue earning capacity of DABP is therefore limited, with clients being required to pay only small application fees for permits. It must be recognized that some of the services provided are of a public good nature and cannot be provided by the private sector, such as market information on prices. However, some services can be provided privately, and are offered

privately for a fee. These services include preparation of business plans, which DABP does not offer, although it provides advice on business plan preparation. DABP's appraisal of business plans for agricultural businesses, particularly for CEDA, is provided free of charge.

DABP is involved in constructing loading ramps and marketing centres across Botswana, which it offers free of charge to the public and to commercial entities such as the Botswana Meat Commission and other cattle agents. Under its current strategic plan, DABP is planning to implement cost-recovery measures, and will identify the services for which fees could be charged.

DABP receives assistance from the government and development partners, including FAO and the Commonwealth Secretariat (section 2.5). However, DABP appears not to seek technical assistance actively, especially from the FAO local office, which is based in the MOA. This may be because it has not needed to ask for assistance, as its budget allocated has been adequate. The recent reduction in government revenue and the resultant decrease in DABP's budgetary allocation are likely to create new challenges.

**Client satisfaction:** DABP has recognized the client dissatisfaction indicated in the SWOT analysis and plans to conduct customer satisfaction surveys to measure the level of satisfaction, as outlined in its strategic plan. A questionnaire will be developed, which will be filled in by clients at service points and analysed at the end of the year. The information will indicate service areas that need improvement, and will be particularly relevant for repeat customers – mainly farmers and traders seeking import/export permits – and prospective investors looking for information on issues such as enterprise profitability.

**Administrative system efficiency:** To improve the efficiency of its administrative system, DABP's human resources and accounting section is mandated to identify processes that will enhance staff performance. Such processes include both long and short training courses for all levels of staff, and the establishment of work improvement teams, which operate within the performance management system, bringing teams of workers together to address problems in their common work areas.

### 3.6 INSTITUTIONAL COMPARATIVE ADVANTAGES

Institutional comparative advantages refer to the ability of an institution to provide certain services

better than other institutions do. This section discusses the comparative advantage of DABP in providing services that are also offered by other public institutions.

**Value chain analysis:** DABP's participation in value chain development is limited to providing support; it does not conduct value chain studies itself. Other public institutions that are active in value chain analysis include the Agricultural Hub, which coordinates the Botswana beef value chain study with technical and financial assistance from FAO; and LEA, which engages consultants to undertake value chain studies in sectors where it promotes the development of agricultural SMEs – horticulture, piggery, dairy and leather processing. DABP therefore has no comparative advantage in value chain analysis, as the funds allocated to consultancies have been limited. Although DABP has staff trained to conduct value chain analysis, the number of staff concerned is insufficient.

**Building of business and entrepreneurial skills:** These activities are undertaken by several public institutions and involve helping entrepreneurs to prepare business plans for eventual funding. DABP does not have a comparative advantage in this area, as LEA appears to offer better services by supporting clients from the project initiation stage to implementation. Prospective entrepreneurs present business proposals to LEA, which screens them before accompanying the client through the business plan development stage, ensuring that she/he fully understands the business concerned. Once the business plan has been developed, LEA then assists the client in identifying potential financiers, and continues this assistance after funding, to ensure that the client follows the business plan, thereby minimizing the likelihood of failure for both applications and funded projects. LEA is also ahead of DABP in promoting agricultural businesses, especially SMEs, because it offers business incubation schemes.

Regarding the building of entrepreneurial skills through training using tools such as handbooks, workshops, short courses and conferences, DABP has comparative advantages over other public institutions in most areas, except for short courses, where BCA has the comparative advantage through the courses offered by its Centre for In-service and Continuing Education.

**Finance and investment appraisal and support:** Several public institutions offer services in this area. DABP does not provide funding for agricultural

businesses, but it offers advice on possible sources of financing and provides potential investors with information on Botswana's agriculture sector. These services are also offered by BDC, BEDIA and the Agricultural Hub. BEDIA has a comparative advantage over DABP in this area, especially in the promotion of international investments. BEDIA undertakes frequent missions to other countries to woo investors, including those interested in the agriculture sector, especially manufacturing; has offices in other countries, which it uses to provide information to potential investors and to gather information on the country concerned; and has a Web site containing information on investment opportunities in Botswana and a database of potential investors in Africa. BEDIA also undertakes feasibility studies to design bankable projects ready for sale to both local and international investors.

***Support for collective action and allegiance building:*** Some of the services DABP provides in this area are also offered by other government departments and public institutions. For example, under the Cooperative Act, the Office of the Commissioner of Cooperatives in the MTI is responsible for

the registration and monitoring of all cooperatives in Botswana, while DABP – through DAC – only supports the formation and monitoring of agricultural cooperatives, which have to be registered by the Commissioner of Cooperatives. However, DABP is authorized to register AMAs and other farmers' groups. MOA.

While the Department of Cooperatives in MTI is better staffed than DABP's DAC, the latter has staff with expertise in agricultural issues. Through DAC, therefore, DABP has a comparative advantage in dealing with agricultural production and marketing cooperatives, whose clients are also more likely to associate themselves with the parent MOA than with the MTI. However, DAC has too few staff members to cover all the agricultural cooperatives, AMAs and farmers' groups in Botswana's ten districts.

The Division of Agricultural Trade formulates and implements agricultural trade policy and activities, but overall responsibility for international trade policy, including agricultural trade, lies with the MTI's DIT. Thus, while the Division of Agricultural Trade can design agricultural trade policies, overall authority over these policies is with the MTI.

## Chapter 4

# Capacity development priorities

Appraisal of capacity development priorities is very important in determining the institutional development path, priorities for capacity building and areas where external assistance from FAO is needed.

### 4.1 DEVELOPMENT PATH

The institutional development path of DABP is articulated in its five-year strategic plan for 2010–2016 (DABP, 2010d), which sets targets and measures for determining whether these targets have been achieved. The weaknesses identified in SWOT analysis include poor service delivery and low staff productivity. To address these weaknesses, DABP plans to conduct customer satisfaction surveys, redesign key business processes and develop a communication strategy to ensure efficient internal processes.

To improve its agribusiness promotion services, DABP needs to enhance its collaboration with other MOA departments MOA, which is currently very weak. For instance, DABP is not involved in the projects of other departments, such as those of crop or animal production. In most cases, DABP's assistance to clients with limited business or entrepreneurial skills, particularly market research, is not called on until the project is already in full production and looking for markets. Projects should identify markets before starting production to avoid failure because of lacking outlets for their products.

*The Division of Agricultural Trade's* development path is to become the DABP division that offers information on external markets for Botswana's products. To carry out this function effectively the division needs to conduct research in external markets: collecting data, analysing them, and presenting them in a form that is easily understandable to clients, including farmers, traders and other departments within the MOA. For instance, the division plans to produce simple brochures or pamphlets that summarize market requirements in different markets. As the division's capacity to undertake research is limited, it should form linkages with training and research institutions such as the University of Botswana's Department of Economics and BCA's Department of Agricultural Economics, Education and Extension.

*The Division of Agricultural Marketing* sees its development path as increasing its involvement in marketing research for potential agricultural investments, training in and assessment of the utilization of marketing facilities, and identification of potential commodity markets for produce.

*DFM's* development path is to promote agribusinesses by identifying alternative business opportunities and providing training on agribusiness skills for farmers. To achieve this, DABP needs to develop budgets for various enterprises to determine their viability. There is potential for linkages between DABP and BCA, which is the only degree-awarding institution in the area of agriculture; the degrees offered are those of the University of Botswana. Linkages between DABP and BCA could be in the development of enterprise budgets.

*DAC's* institutional development path is to improve its promotion of group businesses. DAC has noticed that newly formed group businesses often encounter difficulties in obtaining access to land, and is investigating the possibilities for assisting clients in entering joint ventures with international companies, as agribusiness in Botswana is still in its early stages, especially in the area of processing. The hides and skins industry provides a good example where the country has ample raw materials but exports its products in unprocessed or semi-processed form. DABP is looking to establish a model group for commercializing and improving leather processing with a view to adding value to hides and skins.

### 4.2 PRIORITY AREAS FOR CAPACITY BUILDING

Priority areas for capacity building in the *Division of Agricultural Trade* are econometric modelling of agricultural trade issues and trade negotiation skills. This division is mandated to promote Botswana's interests in bilateral and multilateral trade issues, and needs to collect and analyse data for use in the negotiation process. Currently, the division lacks the personnel to collect and analyse data using appropriate models.

Trade negotiation skills are very important when a country is entering into agreements with other

countries. Currently, DABP relies on staff that lack both the skills and time to perform these functions effectively, and needs to train its personnel in econometric modelling and trade negotiating skills.

DAC's priority areas for capacity building are group dynamics and entrepreneurial skills. The performance of cooperatives in Botswana has not been impressive, with many failing to meet their objectives because of lack of management skills. DAC's mandate includes providing assistance in the formation of agricultural cooperatives and AMAs.

DAC also requires training in agribusiness and agricultural business management. Most of the staff currently providing services in this area have been trained in only general business administration or business management and are therefore not specialized in agricultural business management.

The priority area for capacity building in *DFM* is the development of enterprise budgets. Botswana and the MOA have adopted the value chain approach to development of the agriculture sector, and DABP should be at the forefront of establishing this approach. To perform this task efficiently, more staff need to be trained in value chain analysis, so that DABP can spearhead value chains studies in all sectors of the economy, rather than just offering support to or participating in such studies as is the case at present.

The priority area for the *Division of Agricultural Marketing* is market access and there is need to build capacity in conducting market research and intelligence. Market research should not be restricted to the collection of data on monthly prices; more marketing information should be collected and analysed to inform policy.

### 4.3 POTENTIAL ROLES OF AND INSTRUMENTS FOR FAO SUPPORT

The Division of Agricultural Trade sees FAO's potential role as supporting capacity building. FAO has provided the division with short-term staff training and assistance in developing the strategic plan. Additional FAO roles could include

the provision of experts to mentor the division's staff in the areas of econometric modelling, trade negotiation and information gathering. While short courses can help to fill capacity gaps, they are not always an effective solution on their own. Staff sent for short courses often fail to apply what they have learned because of lack of technical support back in their offices or because they are overwhelmed by other duties. It is therefore proposed that an expert be seconded to the Division of Agricultural Trade to train and assist staff in the practical, hands-on issues of preparing for trade negotiations and econometric modelling. This will assist the division in promoting Botswana's position in trade negotiations.

DAC sees the potential role of FAO as building capacity in the areas of group dynamics and entrepreneurial skills development for agriculture. FAO could also assist in the area of project monitoring skills, as government funds are often wasted by being allocated to groups that fail because of poor monitoring by DAC. The division has already embarked on short-term training to address this risk.

The *Division of Agricultural Marketing* sees the potential role of FAO as providing technical assistance in marketing research. There is also need to put the marketing strategy recently developed with assistance from the Commonwealth Secretariat into practice, and the division will require technical expertise for this, especially in the area of market research.

*DFM* sees FAO's potential role as training its staff in business management, and business plan development and appraisal. FAO could also train staff in the development of enterprise budgets, provide technical assistance in this area, and provide training in value chain development and analysis.

In general, therefore, potential roles for FAO are in the areas of capacity building through training and technical expertise. The instruments used could include short courses, workshops and consultancies. There is also need for close collaboration with the local FAO office to determine the kind of assistance that FAO could offer DABP.

## Chapter 5

# Conclusions and main findings

This section summarizes the key findings of the study and makes recommendations for improving the performance of DABP. The study found that the main driver for establishing DABP was recognition that the communal agriculture sector was performing badly, in terms of both output and productivity. As the commercial sector was performing better, it was believed that commercialization would help the communal sector's performance. The Government of Botswana, through the MOA, therefore decided to form a separate department charged with agribusiness promotion. This department – DABP – was to spearhead commercialization of the communal sector to improve output and productivity.

DABP is a fully fledged department within the MOA with its own staff and budget. It has offices at MOA headquarters in Gaborone and staff in the MOA district offices of Botswana's ten rural districts MOA. DABP has four divisions: Agricultural Cooperatives, Agricultural Marketing, Agricultural Trade, and Farm Management. The main mandate of DABP is to promote agricultural production through the promotion of agricultural businesses and the commercialization and diversification of the agriculture sector.

The major stakeholders of DABP are individual farmers, traders, agricultural cooperatives, AMAs, farmers' organizations and institutional clients such as CEDA, NDB, BDC and commercial banks. These clients seek different services, such as investment advice, advice on business plan development, assistance in group formation and management, and advice on market access and the requirements for selling in export markets. Other stakeholders such as traders apply for import permits from DABP when they need to import goods listed under the Control of Goods Act of 1980. Government departments within and outside the MOA mainly seek assistance on the appraisal of agricultural business proposals. The secondary services offered by DABP include trade and marketing appraisal and support, development of policy and strategy papers, and lobbying and advocacy in the agribusiness sector.

SWOT analysis shows that DABP's major strengths are its technical expertise in apprais-

ing business plans, although it has limited staff to perform this function. DABP also produces good-quality information packages and has a knowledgeable and competent workforce. The major weaknesses identified are DABP's poor service delivery, poor organizational performance and customer dissatisfaction. Poor service delivery was also confirmed by clients, who complained that the information they request arrives late or that the various MOA departments MOA provide contradictory information. To address these weaknesses, DABP's strategic plan includes surveying customer satisfaction to identify areas requiring improvement, and redesigning internal work processes. DABP also plans to improve its information dissemination by developing additional information centres.

DABP performs most of the activities expected of an agribusiness unit with varying degrees of capacity. For instance, in the area of value chain analysis, DABP only supports other institutions undertaking such studies. It should be noted that the value chain analysis approach has recently become popular because of its holistic view, which helps identify weak points that need to be developed to improve both the competitiveness and the performance of the value chain. DABP should be capacitated in this approach if it is to make any meaningful contribution to agribusiness promotion.

Most DABP staff are capable of performing most of the activities expected of an agribusiness unit. Its institutional comparative advantages included competency in promoting agribusinesses at both the individual and group levels; competent staff in the areas of trade facilitation and the formation of agricultural organizations; and skills development through training using various methods such as workshops, handbooks, conferences and short courses, although BCA has the comparative advantage for courses because of its large pool of staff and training facilities.

However, the comparative advantages of DABP in promoting agribusinesses are limited, and other institutions are able to perform these functions better, although they obtain advice from the MOA and DABP. For example, LEA appears to have comparative advantage in assisting the development of

business plans, because it accompanies its clients from the project initiation stage, through screening and business plan preparation, to the point where the plan is ready for submission to a prospective financier. Even after funding, LEA continues to monitor projects, which minimizes the failure rate of funded projects.

The other area in which DABP does not have comparative advantage is in attracting investors, especially from other countries. BEDIA provides this service better than DABP because it has offices abroad, which provide information to prospective investors in the country concerned, and a database of potential investors in Africa, which it uses to inform prospective investors when business opportunities arise. BEDIA also has the capacity to undertake and invite trade missions between Botswana and other countries. Instead, DABP relies on prospective investors' visits to its offices to initiate its investment promotion activities. The Agricultural Hub also performs this function and has a database of potential international investors that can partner local investors.

Priority areas for the institutional development of DABP are articulated in its strategic plan for 2010–2016 (DABP, 2010d). One of the main paths that DABP plans to follow is enhancing its service delivery with a view to improving customer satisfaction, which was reported to be very low. This will be achieved by establishing more information centres, conducting annual customer satisfaction surveys and holding consultative fora. To address low productivity, DABP intends to develop work improvement teams, recognize staff's special achievements, conduct staff reviews and redesign its key business processes.

The development path for each division of DABP is set out in the strategic plan. For instance, the Division of Agricultural Trade plans to offer better services for market access by improving its

trade negotiation skills. The Division of Agricultural Marketing plans improvements in monitoring and assessing the utilization of marketing facilities constructed by DABP, which is important because some of these facilities are not being used, especially fresh produce markets. The division also intends to establish commodity markets that will absorb and sustain production.

DAC plans to improve its services for supporting the development of constitutions by farmers' associations, identifying possible agroprocessing projects and monitoring and supervising projects, especially group projects, including by developing a project management manual. DFM plans to improve its service delivery by developing information packages, training farmers on agribusiness skills, identifying alternative investment opportunities and developing databases and upgrading them periodically.

The other important area where DABP lacks capacity is the development of enterprise budgets. So far, DABP has prepared enterprise budgets only for crops, mainly arable and horticultural, and some livestock subsectors. Enterprise budgets have not been prepared for all livestock enterprises because of staff shortages. Enterprise budgets are useful in helping entrepreneurs decide which enterprises to invest in because they give an idea of the profitability of each enterprise. To address its staff shortage, DABP should form linkages with the Department of Agricultural Economics, Education and Extension, which could provide both technical and human resources for the development of enterprise budgets, while DABP provides data from the districts.

The findings of the study indicate that the priority areas for FAO assistance to DABP are capacity building and the provision of technical expertise in international trade research and trade negotiation skills. Other areas for FAO support are the development of agricultural value chains and market research.

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## Annex 1

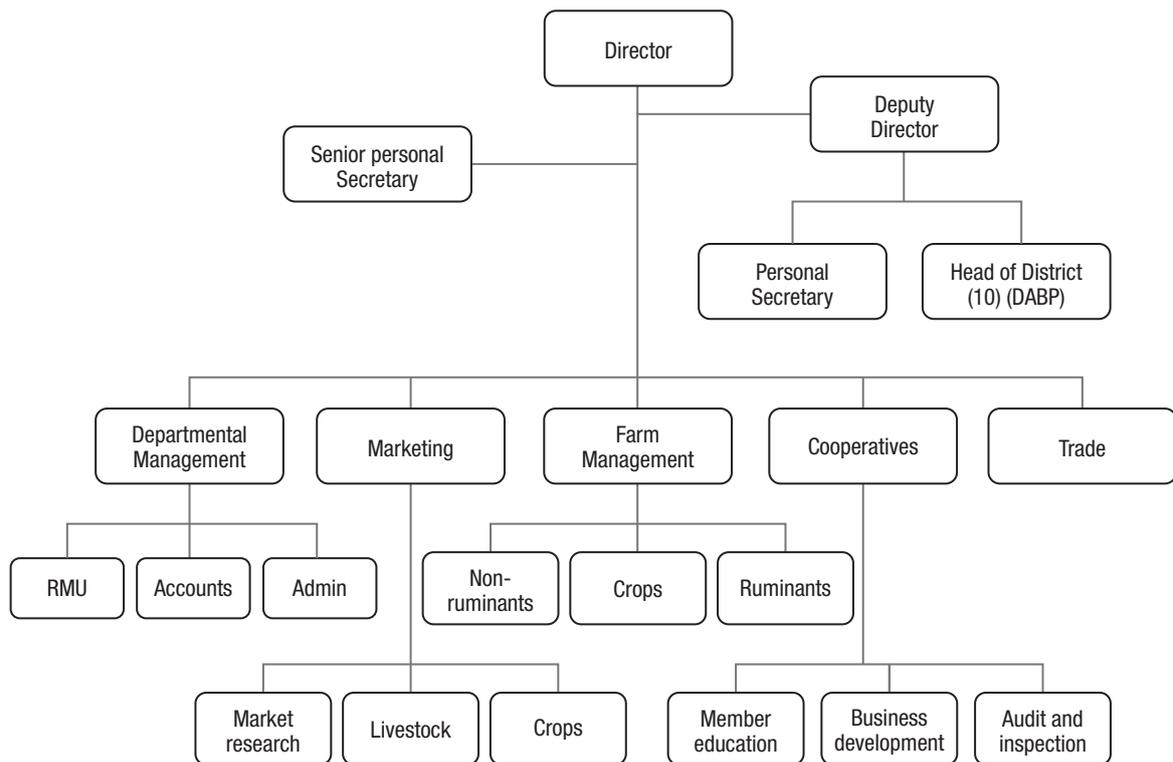
# Stakeholders interviewed

Date	Name	Position, organization and contact details
11 January 2012	Boweditswe Masilo	Director, Department of Agricultural Business Promotions, Ministry of Agriculture Private Bag 00298 Gaborone.
11 January 2012	Kelebonye Tsheboeng	Deputy Director, Department of Agricultural Business Promotions, Ministry of Agriculture Private Bag 00298 Gaborone.
24 February 2012	Doreen Molomo	Head, Division of Agricultural Cooperatives, Department of Agricultural Business Promotions, Ministry of Agriculture Private Bag 00298 Gaborone.
14 February 2012	K. Garebamonu	Head, Division of Agricultural Trade, Department of Agricultural Business Promotions, Ministry of Agriculture Private Bag 003 Gaborone.
14 February 2012	Boitumelo Makunyana	Head, Division of Farm Management, Department of Agricultural Business Promotions, Ministry of Agriculture Private Bag 00298 Gaborone.
14 February 2012	Charles Ntshese	Head, Division of Agricultural Marketing, Department of Agricultural Business Promotions, Ministry of Agriculture Private Bag 00298 Gaborone.
13 March 2012	Kenalekgotla Sebolao	Director, Sector Innovation and Development, Local Enterprise Authority
13 March 2012	Lisenda Lisenda	Director of Research, Botswana Export and Investment Authority, P.O. Box 3122 Gaborone
15 March 2012	Batlang Mmualefe	Public Relations Officer, Botswana Development Cooperation, Private Bag 160 Gaborone
15 March 2012	Rantshabeng	Head, Agribusiness, Botswana Development Cooperation, Private Bag 160 Gaborone
14 March 2012	Barutwa Thebenala	Head, Horticulture Department of Crop Production, Ministry of Agriculture Private Bag 003 Gaborone
2 April 2012	Abakeng Koswane	Botswana Horticultural Market, P.O. Box 40614 Gaborone
2 April 2012	Michael Diteko	Chairperson, Botswana Horticultural Council. P.O. Box 18765 Gaborone
4 April 2012	Lenah Phonchi	Chief Administration Officer, Department of Agricultural Business Promotions, Ministry of Agriculture Private Bag 003 Gaborone.
3 April 2012	P. Aaron	Department of International Trade, Ministry of Trade and Industry
3 April 2012	Molefe	Head of Agribusiness, Citizen Entrepreneurial Development Agency
3 April 2012	Karabo Musa	Public Relations Officer National Development Bank Gaborone



## Annex 2

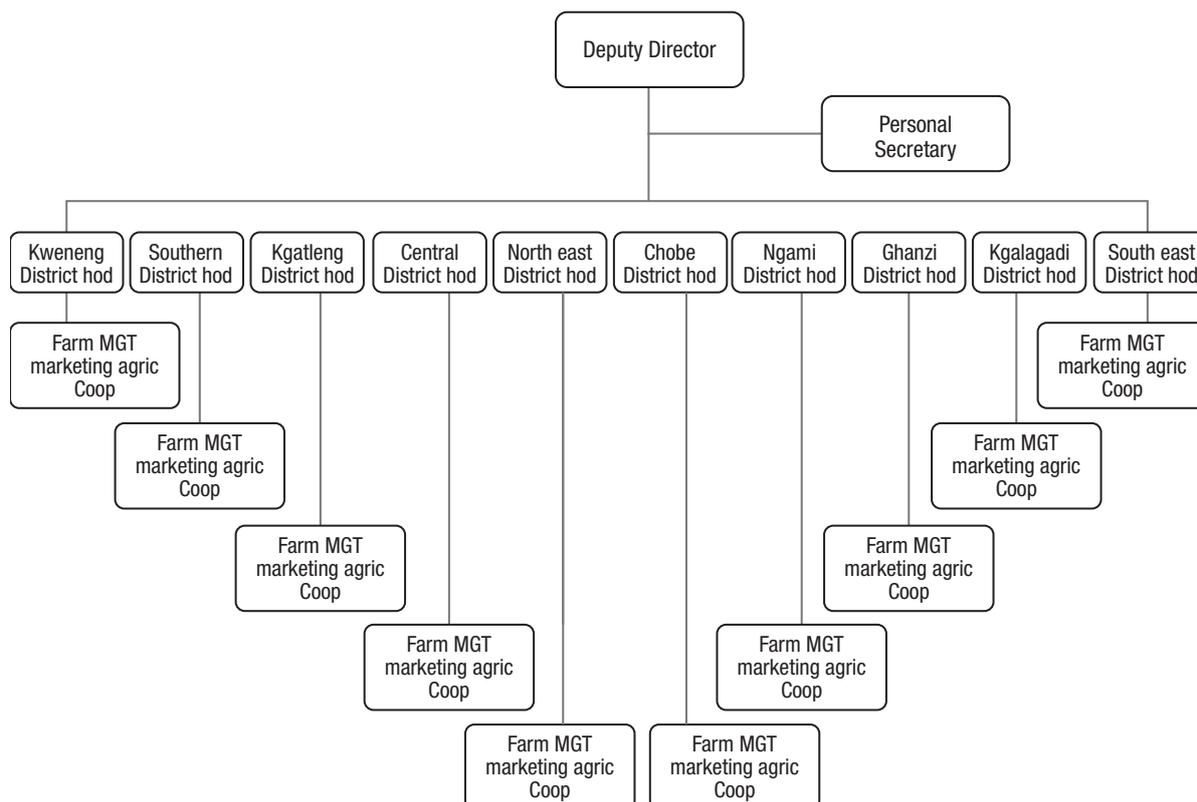
# Departmental Structure (Agribusiness)





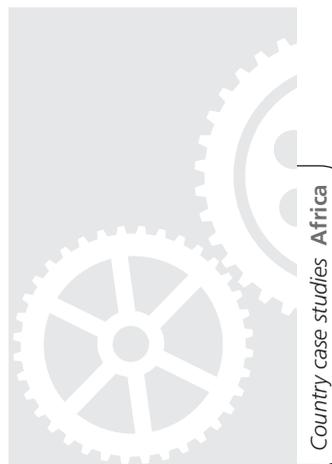
## Annex 3

# Departmental Structure Districts (Agribusiness Promotion)



## PUBLIC SECTOR SUPPORT FOR INCLUSIVE AGRIBUSINESS DEVELOPMENT

### An appraisal of institutional models in Botswana



The agrifood system is changing rapidly in response to agricultural modernization and shifting consumer and societal demands for safer, better-quality and more convenient food. This new scenario coexists with more traditional types of family and subsistence farming.

This changing environment places increased pressure on Ministries of Agriculture (MOAs) in developing countries to engage in agribusiness and agro-industry development. For this reason, over the past decade, many MOAs have established agribusiness units with technical, policy and coordination functions. To perform well, these units should be given clear mandates and sufficient financial resources and qualified staff familiar with current agribusiness developments, such as value chain programmes, climate-smart agriculture, contract farming and public-private partnerships. However, this ideal scenario rarely occurs. A change in the mind-set of MOA staff is required to move beyond the traditional focus on production towards a more holistic, farm-to-fork approach that includes post-production issues; and this might prove to be quite a challenge.

To shed light on the role, performance and empowerment of these agribusiness units, FAO conducted a scoping survey of 71 countries and in-depth analyses of 21 case studies from Africa, Asia and Latin America. The primary objective was to draw lessons that can provide guidance to member countries on how to establish and operate well-performing agribusiness units. The outcome is presented in this series of country case studies, which contribute to enriching knowledge and sharing information on institutional responses for enhancing the public commitment to inclusive agribusiness and agro-industrial growth and job creation.