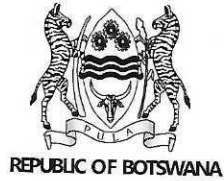


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REPUBLIC OF BOTSWANA

MINISTRY OF FINANCE & Economic DEVELOPMENT,

PRIVATE BAG 008,

GABORONE

2<sup>nd</sup> April 2020

## PRESS RELEASE

### COVID-19 ECONOMIC RESPONSE

The Ministry of Finance and Economic Development informs members of the Public and all the relevant Stake-holders that the Ministers responsible for Economic Cluster have developed an economic response to the COVID-19 pandemic with a view to addressing the following strategic objectives:

- i) Support to workers;
- ii) Stabilization of businesses;
- (iii) Ensuring availability of strategic reserves; and
- (iv) Promotion of opportunities for economic diversification.

2. To respond to the pandemic, Government has established the COVID-19 (Corona Virus) Pandemic Relief Fund with capitalization of **P2 billion** from Government. The private sector, development partners, philanthropists, individuals, etc., are encouraged to contribute to this Fund. Bank accounts linked to the Fund have been opened with various commercial banks to receive donations from the public. Any donation to the COVID-19 Relief Fund shall not qualify as deductible expenditure. The public is encouraged to donate in kind, which is coordinated by the Disaster Office under the Office of the President.

3. The following are the specific interventions:

#### **STRATEGIC OBJECTIVE 1:** Support to Workers

- Wage Subsidy (**up to P1 billion**):
  - Objective is for businesses to retain employees;
  - 50% of basic salary of employees of affected businesses;
  - Subsidy for employees range between P1000 – P2500 per month for 3 months (April, May and June 2020);
  - BURS to administer the scheme and businesses must be registered for tax; and
  - Assistance offered regardless of whether the business owes tax

4. Wage subsidy guidelines have been developed and the following are some of the conditions and eligibility criteria:

- The subsidy is only targeted to adversely affected sectors as per the attached appendix.
- Parastatals and businesses with direct government shareholding are excluded.
- There should be no retrenchments.
- Eligible businesses to supply payroll information to BURS, which will administer the subsidy, including name, Omang, TIN (if available) and basic monthly salary for each employee.
- Claims will be subjected to audits.

**Contact details: Mr. Motsewabagale/Mr. Bakwena/Mr. William Nkitseng**

**BURS**

**Tel: 76806967/73003602/73014534**

**STRATEGIC OBJECTIVE 2: Stabilize Businesses**

5. The following interventions are offers to the private sector to stabilize businesses:

- Government Loan Guarantee (up to P1 billion):
  - 80% Government, 20% commercial banks;
  - BECI to manage the guarantee on behalf of Government
  - Businesses must be tax compliant
  - Cover of guarantee is 24 months
  - Maximum loan size is P25 million per borrower

6. Government has also developed guidelines targeting sectors that have been negatively affected by the Corona virus pandemic. The exact terms and conditions are still to be negotiated.

**Contact details: Mr. Habana at BECI: 71754002 or 3188015**

- Tax Concessions (worth P1 billion):
  - BURS to allow deferral of 75% of any 2 quarterly payments between March and September 2020;
  - Deferred payments to be repaid from March 2021;
  - Reduce VAT refunds period from 60 days to 21 days;
  - Businesses with turnover over P250 million p.a. will be negotiated on a case-by-case basis
- To the extent that Government commits to continue to pay VAT refunds and any outstanding amounts due to businesses during the period, it is expected that

regular tax filing and repayments will continue to be done electronically. In event companies are unable to access the e-service platforms for some reasons, companies will not be penalized for failing to comply.

- Waive training levy for 6 months (worth P150 million).

7. In terms of the Tax Concessions Guidelines, eligible businesses must be those adversely affected and tax compliant.

**Contact details: Mr. Motsewabagale/Mr. Bakwena/Mr. William Nkitseng at the Botswana Unified Revenue Service (BURS)**

**Tel: 76806967/73003602/73014534**

### **Monetary Policy Measures**

- Reduce bank rate;
- Reduce primary reserve requirement when required;
- Remove 6% penalty for commercial banks to access credit from BoB;
- Extension of maturity for repos/reverse repurchase agreements; and
- Inclusion of all corporate bonds listed at BSE in the collateral pool.

### **Commercial Banks Interventions: Contact BoB directly**

- Offer 3 months moratorium on loan repayments;
- Restructure existing loans to extend repayment periods;
- Banks will provide additional loans to affected businesses on the basis of the government guarantee; and
- Existing credit lines and undrawn commitments to remain open and accessible

### **Non-Bank Financial Institutions Interventions**

- Life premium payment and retirement contributions to be restructured and rescheduled for at least 3 months;
- Loan instalments to be restructured and rescheduled for at least 3 months;
- Offer discounts on insurance products;
- Reduce interest rates on non-bank lending; and
- Quick turnaround time for processing insurance and medical aid claims

### **NDB Interventions: Contact NDB directly**

- Repayment Holiday;
- Extension of repayment period;
- Waivers to penalty interest;
- Moratorium period extension; and

- Reduction of interest rates

### **CEDA Interventions: Contact CEDA directly**

- P40 million has been set aside to support SMEs affected by the COVID-19 with short-term financing of working capital requirements.
- CEDA to restructure loans waiving interest payments for 12 months

### **Ease of Doing Business**

- All Government institutions to pay purchase order within 5 days and parastatals to pay within 24 hours;
- Address GABS downtime related issues;
- Improve efficiency of procurement processes;
- Government to pay all outstanding invoices (arrears) in 2 weeks (P530million);
- Validity of all outstanding GPOs to be extended – Contact Accountant General;
- Encourage use of digital payment methods e.g. mobile banking, card payments instead of cash as a precautionary measure; and
- MNOs to extend range of retail and service outlets accepting mobile money

### **Communications Sector**

- The sector will assist with dissemination of emergency information on COVID 19 ;
- No price increase for all communication services by all telecommunication operators;
- Access to online portal on COVID-19 will be at no cost to consumers
- E-learning packages to assist both learners and institutions will be accessed at no cost;
- BOFINET has offered 50% more bandwidth to internet service providers;
- BOCRA has allocated the short code 16649 to the Ministry of Health and Wellness; and
- BOCRA to assist with business continuity including working from home

**STRATEGIC OBJECTIVE 3:** Ensure Availability of Strategic Reserves and Other Essential Costs;

8. From the COVID-19 Pandemic Relief Fund, Government will provide funding for strategic reserves and other essential costs as follows:

- Grain reserves (maize, sorghum, pulses) – P200 million;
- Water Supply (browsers, trucks, water tanks, fuel) – P35 million;

- Emergency medical costs (supplies, equipment, tents, beds, accommodation, disinfectant (helicopter), medical-tele consultation, additional health workforce and related welfare) – P200 million;
- Psychosocial support (Counselling services and Burials) – P40 million  
(**Contact: Ministry of Local Government and Rural Development**)

**Contact details: Mr I. Oarabile, MFED: 74938042**

- **The total amount of the proposed Economic response is estimated at P5 billion or 2.4% of GDP.**

**STRATEGIC OBJECTIVE 4:** Promoting Opportunities for Economic Diversification;

9. The following are examples of opportunities in the agricultural sector that are presented by the pandemic to produce our requirements locally:

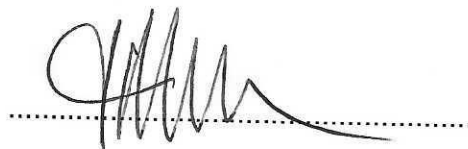
- Upscale production of horticultural produce ;
- Promote market centers for agricultural produce (Lobatse, Francistown);
- Capacitate National Agro-processing Plant (NAPRO) to absorb all excess production of vegetables;
- Enforce procurement of locally manufactured products;
- Promotion of livestock value chains (e.g. fodder production, dairy heads) in the clusters to increase production; and
- Set-up milk collection centres in communal areas, and re-route trucks of milk processors to collect from there

10. The above list is not exhaustive. All the sectors are encouraged to introspect and identify products that can be produced locally so that the country can achieve self-sufficient and economic diversification as the pandemic has exposed our heavy dependency and vulnerability.

11. The Economic Stimulus Package post-Corona will be developed after 6 months to boost the economy. At the moment, priority is containment of the outbreak of the virus to save lives.

12. For any enquiries contact our **Public Relations Office at 3950300/3633645.**

13.. Thank you.



Wilfred J. Mandlebe (Dr.)  
**PERMANENT SECRETARY**